

**On the Basis of Consent:
Subordinate-State Agency and US Hegemony
in Latin America
(1990-2010)**

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I, Quintijn Benjamin Kat, confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.



Abstract

Most theories of hegemony in international relations assume an active role of, first, the hegemon, which upholds the hegemonic order, and, second, challenger states, which are powerful enough to threaten this order. Subordinate states are generally seen as passive objects within the order, and their agency and influence are largely unexplored in hegemony studies. This is surprising because in several International Relations (IR) theories subordinate-state consent forms an essential feature of hegemony. This project, therefore, questions subordinate-state passivity and, instead, connects consent to agency, which leads to an assessment of the role of subordinate-state agency in the workings of hegemonic order. It hypothesizes that subordinate-state agency is an underpinning element of hegemony, which will be strengthened if the hegemon heeds and addresses the interests of subordinate states, leading these to support it. When the hegemon fails to take subordinate-state interests into account, these states will challenge and weaken hegemony.

This work tests the hypothesis by examining US hegemony in Latin America in the post-Cold War era, a period in which the United States established hegemony with significant levels of consent. Through process tracing, the project examines four case studies that fall within two themes of particular interest to the United States. These are free-trade negotiations (Brazil and Peru) and counternarcotics cooperation (Colombia and Bolivia). Within each theme, the selection of one case of consent and one case of dissent allows for comparison between active cooperation with, and active obstruction of, the United States.

The study finds that in each of the cases subordinate-state agency was indeed highly influential and, at times, even decisive in the turn of events. This finding suggests the need for a revaluation of subordinate-state agency in hegemony studies and renewed attention to the interaction between hegemonic and subordinate states in IR.

Impact Statement

At a time in which rising powers openly question the US-led liberal-international order while offering alternative conceptions of international order and seeking to expand their spheres of influence, there is a need for a detailed understanding of the workings of hegemony in international relations. US hegemony may decline further and eventually end, or it may rebound as it has before. In either case, international order is clearly undergoing change. Questions about what drives such change and about how hegemonic order functions, therefore, deserve the attention of both scholars and practitioners. My research provides a partial answer by focuses on one underpinning element of US hegemony in Latin America in the post-Cold War era: subordinate-state consent and agency.

The thesis is of interest to scholars within the overlapping research fields of Latin American politics, International Relations theory, and US foreign policy. First, the four case studies provide rich detail that may inform further analysis of each individual case and of US-Latin American relations more broadly. Second, the presented analysis may be of value to theory development in two currently evolving subfields within International Relations, ie, hegemony studies and the ongoing debates on the influence and agency of smaller or weaker states. Uniting both, my research makes an important contribution to analysis of the makeup or configuration of hegemony by assessing the role and impact of smaller and weaker states in hegemonic order. Additionally, I suggest the need for, and present a first possible step toward, a theory of subordinate-state agency.

The empirical detail of the thesis may also be of interest to practitioners in government, intergovernmental organizations and non-governmental organizations whose work touches on counternarcotics policy, free-trade negotiations, or US-Latin American relations more broadly. Such interest need not be limited to practitioners working in areas related to the four case-study states (Bolivia, Brazil, Colombia and Peru), but may be equally valuable to those working in or with other Latin American states involved with the United States in matters related to counternarcotics policy or free trade, as well as states in other world regions. For example, my findings can give policymakers insights into the factors that decide the outcomes of interactions between hegemonic and smaller states that they can use in their professional life when confronted with similar interactions.

The dissemination of the findings of the thesis will primarily occur through scholarly journals and/or a possible monograph. One peer-reviewed article, based on two of the case studies, has already appeared. Because my research potentially has explanatory power for the currently perceived crisis of US hegemony, its findings could be disseminated to a larger, non-expert audience through a long-read piece. It is precisely in that area, the scholarly and

wider understanding of the workings of international order, that my research can have its largest impact.

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When several years ago I commenced my doctoral studies, I felt a mixture of excitement and uncertainty. While the prospect of conducting a large research project of my own design from beginning to end promised to be an exhilarating experience in many ways, at the same time the task of turning my four-page research proposal into a book-sized piece of academic writing seemed daunting, to say the least. As it turned out, reality superseded my expectations in both regards. Had I known the true amount of work and perseverance required, I might have reconsidered embarking on this journey altogether, but I would have done so only for having failed to fully comprehend beforehand the thrills that accompany immersed academic study and the immense sense of reward felt when endeavour begets result.

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List of acronyms

ADN	Acción Democrática Nacionalista (Nationalist Democratic Action)
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AFTA	Andean Free Trade Agreement
ALBA	Alianza Bolivariana para los Pueblos de Nuestra America (Bolivarian Alliance for the People of our America)
AP	Acción Popular (Popular Action)
APRA	Alianza Popular Revolucionaria Americana (American Popular Revolutionary Alliance)
ASP	Asamblea por la Soberanía de los Pueblos (Assembly for the Sovereignty of the Peoples)
ATPA	Andean Trade Preferences Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
AUC	Autodefensas Unidas de Colombia (Self-defence Forces of Colombia)
CAF	Colombian Armed Forces
CAFTA	Central America Free Trade Agreement
CAMEX	Câmara do Comércio Exterior (Chamber of Foreign Trade)
CAN	Community of Andean Nations
CARICOM	Caribbean Common Market
CENI	Consejo Empresarial de Negociaciones Internacionales (Entrepreneurial Council of International Negotiations)
CIA	US Central Intelligence Agency
CNP	Colombian National Police
COB	Central Obrera Boliviana (Bolivian Workers' Centre)
CSUTCB	Confederación Sindical Única de Trabajadores Campesinos de Bolivia (Unified Syndical Confederation of Rural Workers of Bolivia)
DEA	Drug Enforcement Administration
DNSA	Digital National Security Archive
DR-CAFTA	Dominican Republic-Central America Free Trade Agreement
EAI	Enterprise of the Americas Initiative
ELN	Ejército de Liberación Nacional (National Liberation Army)
ETF	Expeditionary Task Force

EU	European Union
FARC	Fuerzas Armadas Revolucionarias de Colombia (Armed Revolutionary Forces of Colombia)
FDI	Foreign Direct Investment
FELCN	Fuerza Especial de Lucha Contra el Narcotráfico (Special Force for the Battle Against Narco-trafficking)
FOIA	Freedom of Information Act
FREDEMO	Frente Democrático (Democratic Front)
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
HST	Hegemonic Stability Theory
IADB	Inter-American Development Bank
IEDI	Instituto de Estudios para o Desenvolvimento Industrial (Institute for the Study of Industrial Development)
IFI	International Financial Institution
IICA	Inter-American Institute for Cooperation on Agriculture
IIRSA	Initiative for the Integration of the Regional Infrastructure of South America
ILO	International Labour Organization
IMF	International Monetary Fund
INDECOPI	Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (National Institute for the Defence of Competition and the Protection of Intellectual Property)
INL	International Narcotics and Law Enforcement Affairs
IR	International Relations (discipline)
IRI	International Republican Institute
JTF	Joint Task Force
MANPAD	Man-Portable Air Defence System
MAS	Movimiento al Socialismo (Movement towards Socialism)
Mercosul	Mercado Comum do Sul (Common Market of the South)
MINCETUR	Ministerio de Comércio Exterior y Turismo (Ministry of Foreign Trade and Tourism)
MIR	Movimiento de Izquierda Revolucionaria (Left Revolutionary Movement)

MNR	Movimiento Nacionalista Revolucionario (Nationalist Revolutionary Movement)
MST	Movimiento Sin Tierra (Landless Peasants' Movement)
NAFTA	North American Free Trade Agreement
NDI	National Democratic Institute
NDP	National Development Plan
NED	National Endowment for Democracy
NGO	Non-Governmental Organization
NPE	Nueva Política Económica (New Economic Policy)
NSC	National Security Council
OAS	Organization of American States
OCIAA	Office of the Coordinator for Inter-American Affairs
ONDCP	Office of National Drug Control Policy
PCC	Partido Conservador Colombiano (Colombian Conservative Party)
PDSB	Partido da Social Democracia Brasileira (Brazilian Social Democratic Party)
PLC	Partido Liberal Colombiano (Colombian Liberal Party)
PNP	Partido Nacionalista Peruano (Peruvian Nationalist Party)
PP	Perú Posible (Possible Peru)
PT	Partido dos Trabalhadores (Workers' Party)
SAFTA	South American Free Trade Agreement
SoA	Summit of the Americas
SOUTHCOM	United States Southern Command
TPA	Trade Promotion Authority
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UDP	Unión Democrática y Popular (Democratic and Popular Union)
UMOPAR	Unidad Móvil de Patrullaje Rural (Mobile Unit for Rural Patrol)
UN	United Nations
US	United States
US-PTPA	United States-Peru Trade Promotion Agreement
USAID	United States Agency for International Development
USTR	United States Trade Representative
WHA	Western Hemisphere Affairs
WTO	World Trade Organization

One

Hegemony, Agency and Latin America

'It takes two to tango' conveys the message that two parties involved in a situation must take an active part in, and share responsibility for, that situation if it is to be resolved satisfactorily. The reference to the tango is particularly apt in its acknowledgement of agency that both the man and the woman, traditionally speaking, exert and that is indispensable for a proper execution of a couple's dance. However, the expression does not convey the explicitly different roles the two dance partners fulfil. Without condoning these gendered roles, it may be said that in traditional dance the man leads, and the woman follows. As such, the man is in charge throughout the dance. He decides on different combinations and figures, which direction the couple moves on the floor, and he may indicate which count both dancers follow. His lead is essential and if his partner would contest it, this would instantly deprive the dance of harmony, leading to malfunction. The woman thus follows the man's guide because this is in both their interests. She, like him, wishes to dance, and this demands her followership.

Nonetheless, as the expression recognizes, the woman's agency plays a vital part. Her followership is active rather than passive. She needs to keep rhythm, properly execute each move and spin, and extend her hand at the right moment so that the man may reach for it to lead them both into the next figure. But most importantly, for them to keep dancing, she needs to enjoy the dance. If she does not, it is unlikely she will agree to a second or third dance, leaving the man without a partner. After all, he cannot make her dance by force, for without her consent harmony is lost and the dance will not succeed. He needs to heed her interest at all times. If he does and both are content, the leader-follower relation will prevail, and the dance will go on.

Hegemony is like the tango. The hegemon leads, and the subordinate state follows. It does so consensually, but this consent needs constant nurture. If the subordinate state's interests are heeded—if it enjoys the dance, so to speak—it will consent and keep on dancing under the hegemon's lead and, as such, add its vital contribution for hegemony to function. Its interests discarded, it will object to more dancing and dig in its heels instead, sabotaging hegemony.

This element of hegemony, the subordinate state's active role in hegemony's workings, is the subject of this study. It offers an examination of the dynamic relation between hegemon and subordinate state in the post-Cold War inter-American context and assesses the impact of subordinate-state agency. It specifically seeks to answer two core research questions. First, to what extent do Latin American states have and apply agency vis-

à-vis the United States and thereby affect their own position, and, second, how does their agency affect the larger US hegemonic system? Such assessment, first, requires consideration of questions related to the nature of hegemonic order in international affairs, what differentiates such an order from other types of order, and what agency in International Relations (IR) means and how it may be conceptualized.¹

The term 'hegemony' has widely differing meanings in IR theory, some of which contradict the tango analogy described above. Realism regards hegemony as more or less synonymous with dominance.² Liberalism would subscribe to the tango analogy and characterize hegemony as a relationship between leader and follower that is based on consent. This, however, raises the question how consent is produced. Is it because followership is in the follower's interest? Or is the follower somehow misguided, such as neo-Gramscian thought holds? More importantly, if consent is a condition of hegemony, then what leads to change in hegemony? Does a lack of consent really matter? If so, would dissent be a source of change in hegemony? And what would dissent look like in practice?

These questions touch on a relatively unexplored area of hegemony studies, namely, the role of subordinate states. Instead, the focus of the majority of works on hegemony is on the behaviour, qualities and characteristics of the hegemon and potential challenger states, states that are deemed powerful enough to threaten the hegemon's rule or leadership role. This leaves the majority of states largely neglected in the analysis of hegemony, regarding them mostly as powerless and passive and thus of no significant influence in the hegemonic order. The second section of this chapter provides an overview of different understandings of hegemony in IR, namely the Realist, Liberal, neo-Gramscian and English School perspectives, with particular focus on the main features of hegemony each identifies and possible sources of change.³ Subordinate-state agency hardly features in any of these theoretical perspectives, which is the more surprising because some provide ample room for inclusion of this element of hegemony.

This brings us to a second set of questions that require consideration in our assessment of the role of subordinate-state agency in hegemonic order. First, what is agency in IR, and how may state agency be conceptualised? The importance that several of the above-mentioned theoretical perspectives give to consent as a feature of hegemony, as well as to related concepts such as recognition of the hegemon and legitimation of its leadership,

¹ Following common usage, hereinafter, capitalized International Relations (IR) refers to the academic discipline and lower-case international relations to the relations between states and other international actors.

² Hereinafter, capitalized Realism and Liberalism and derived forms refer to IR perspectives and lower-case realism and liberalism to the larger moral, political and economic philosophies and related policies.

³ This study avoids in-depth discussion of Marxism and Constructivism because neither presents a distinct perspective on hegemony in IR. However, where relevant, it acknowledges links between the discussed literatures and these other perspectives.

quite obviously implies agency on behalf of the subordinate state. After all, consent or dissent would be meaningless terms if no tangible action follows this initial attitude toward the hegemon's rule or leadership. To put it differently, if the woman in the tango analogy merely feels she would rather not dance, while continuing to perform her role perfectly well, her dissent would not be observable and, in effect, would not really exist in terms of the proper execution of the dance.

It may thus be safely assumed that an assessment of subordinate-state agency would further our understanding of the workings of hegemonic order. However, agency is a contested concept within the discipline of IR. Can a state be an agent and truly act on its own? No clear agreement on this question exists. And what constitutes a subordinate state? The third section of this introduction addresses both questions. It eschews a deep engagement with the ontological discussion surrounding agency in IR, but it provides an overview of existing subordinate-state strategies in IR literature and develops a workable conceptualization of the term that is then employed throughout this work.

Besides these conceptual questions, the presumed relation between hegemony and subordinate-state agency invites investigation into the makeup of hegemonic order—of hegemony's architecture, so to speak. What are hegemony's contents? Who are the different actors that operate within hegemonic order, what roles do they perform, what structures enable and restrain them, and how may these structures be challenged? It is this makeup or architecture, and more specifically the part within it of subordinate-state agency, that is the real topic of this study. It questions the supposed passivity of subordinate states and, instead, explores the dynamic negotiation between interests, active roles, and respective costs and benefits that lie at the base of the consensual leader-follower relations on which hegemony is built, and which distinguish it from other types of order in international relations.

This distinction may be observed by looking at the relations between the United States and Latin American states during the Cold War and in the period immediately after the Cold War, the latter of which is the principal case-study period examined here. US-Latin American relations form a suitable case study particularly because of a change in the character of the relationship around this time, from US domination to US hegemony based largely on consent. More specifically, the study examines four country cases that may be divided into two groups, each pertaining to two issues that are particularly relevant to post-Cold War US-Latin American relations—namely, counternarcotics policy (Colombia and Bolivia) and free-trade negotiations (Brazil and Peru). The fourth and final section of this introduction accounts for and explains this choice of themes and country cases, as well as the methodology applied to assess the importance of subordinate-state agency in each of them.

But why the focus on US-Latin American relations? For roughly two centuries the United States has been the most dominant state in the region. During this period, US dominance varied in form and intensity, exhibiting at times characteristics of Realist, Liberal, neo-Gramscian, and English School notions of hegemony. The next section discusses these different perspectives, their features and sources of change, and their utility and relevance in the context of contemporary, post-Cold War US-Latin American relations.

IR theory and US-Latin American relations

Realist perspectives on hegemony

Realists understand hegemony as based on economic and military power. In the words of Mearsheimer, a 'hegemon is a state that is so powerful that it dominates all other states in the system', none of which has 'the military wherewithal to put up a serious fight against it'.⁴ Gilpin adds that, although military power is essential, hegemons radiate 'their influence largely through the exercise of economic power'.⁵ Layne identifies three further conditions for hegemony, namely hegemonic ambitions, unipolarity and hegemonic will. Hegemonic ambitions make the dominant state 'act self-interestedly to create a stable international order that will safeguard its security and its economic and ideological interests'; the overwhelming might of the dominant power makes the international system by definition unipolar; and the dominant power needs to possess the will to 'purposefully exercise' its power 'to impose order on the international system'.⁶ Thus, in the Realist view, a hegemon is a state 'powerful enough to maintain the essential rules governing interstate relations, and willing to do so'.⁷ Hegemony brings order where, normally, anarchy reigns. Realists often present hegemony as largely identical to unipolarity, or a system in which one state is so dominant that balance-of-power theory no longer applies because no state (or group of states) is capable of counterbalancing the dominant state.⁸

The supposed order created by hegemony leads to the first of two major hegemony theories: hegemonic stability theory (HST). In short, HST argues that the existence of a hegemonic power may lead to a stable and open economic system because this is in the interest of the hegemonic power and because it has the resources to provide the collective

⁴ Mearsheimer (2001), p. 40. Also see Posen (2003), pp. 8-9.

⁵ Gilpin (1987), p. 76.

⁶ Layne (2006a), p. 4.

⁷ Keohane and Nye (2012), p. 37. Also see Gilpin (1987), p. 126-7.

⁸ Brooks and Wohlforth (2008), p. 48. For a discussion on distinctions between unipolarity and hegemony, see Beyer (2009); Fettweis (2017); Wilkinson (1999).

goods that are required to make the system function.⁹ HST is particularly ascribed to by Realists, but it also has a Liberal interpretation. It draws from the work of Kindleberger, who argued that the Great Depression was in part the consequence of the lack of a powerful state both capable and willing to mitigate the dire situation of the world economy.¹⁰ For Kindleberger, there is need for a stabilizer that has the responsibility to carry out a set of functions that keep the international economic system in place. Importantly, for Kindleberger, such a dominant state would be a ‘benevolent despot’, acting out of goodwill and in the interest of its fellow, weaker states, and carrying a disproportionate share of the costs of international stability.¹¹ Liberal proponents of HST follow this view, but Realists see the hegemon acting mostly out of self-interest in accordance with its national security objectives.¹²

This may put the hegemon at odds with other states. An open international trade system, shaped and stabilized by the hegemon, logically benefits, first, the hegemon by allowing it to increase its aggregate national income and political power. Assuming that open trade is generally of greater benefit to a larger number of states than protectionism, such a system also enjoys support from small states that are often highly dependent on trade relative to income, while, small as they are, they do not stand to lose or gain much political power anyway. Medium-sized powers, however, may constitute a problem. They may choose to support the system for the economic gains it offers, but they are also incentivized to curtail the hegemon’s dominance. Therefore, the hegemon needs to ‘entice or compel’ such states through ‘symbolic, economic, and military capabilities’ to accept the open-trade system.¹³

Symbolically, the hegemonic state’s development may serve as an inspiration for emulation by other states. Military power may be used to coerce states in cases of extreme asymmetry but is unlikely to be effective against medium-size states. In addition to the economic functions of the hegemon that Kindleberger already pointed out, the hegemon may apply positive economic incentives, such as offering access to its domestic market and to its cheap exports, and negative ones, such as the withholding of aid and efforts to outcompete states in third-country markets, thereby hurting these states’ economy.¹⁴

For Realists, hegemonic stability thus relies primarily on the dominant state’s power to coerce and to keep the international system, or its ‘regimes’, in place. Where hegemony exists, such as during the ‘Pax Britannica’ that lasted until World War I and during the ‘Pax

⁹ Krasner (1982), p. 499.

¹⁰ Kindleberger (1973), p. 302.

¹¹ Kindleberger (1976), p. 38. Kindleberger later asserted that there is a thin line between leadership and exploitation and that both may be observed simultaneously. See Kindleberger (1981), p. 248.

¹² Gilpin (1987), p. 88.

¹³ Krasner (1976), p. 322.

¹⁴ Ibid., pp. 322-323.

Americana' that began at the end of World War II, the international arena experiences relative peace and security.¹⁵ Realist HST argues that this peace and security primarily rely upon the preponderance of material resources held by the dominant state, particularly its control over raw materials, capital and markets (eg, by maintaining a large market for imports) and possession of a comparative advantage in the production of highly valued goods.¹⁶ The more the hegemon dominates in these areas, the more stable the world economy and the more likely that other states are to cooperate within the system. After all, 'the decline of hegemonic structures of power can be expected to presage a decline in the strength of corresponding international economic regimes'.¹⁷

Importantly, the international economic regime that depends on hegemonic stability refers to a liberal international economy. Other types of international economy may exist and function in the absence of a hegemon. However, for a liberal international economy to 'flourish and reach its full development', the presence of a hegemon is indispensable.¹⁸ Once established, the liberal economic system benefits weaker states, thereby redistributing economic and, possibly, military power. The hegemon thus loses relative power vis-à-vis other states within the system it upholds. This happened after World War II, when Japan and Western Europe restored their economies and—with the exception of Japan and Germany, which both faced restrictions in this regard—rebuilt their armies. With the political and economic power of the hegemon thus in relative decline, its capacity to maintain the liberal economic system may eventually wane. In Gilpin's words, 'Capitalism and the market system tend to destroy the political foundations on which they must ultimately depend'.¹⁹ Here we find the main source of change in the Realist hegemony—namely, that once a power achieves optimal dominance, other states will see their power increase, leading to a relative decrease of the dominant state's power.²⁰

To sum up, Realists see power—be that absolute, relative or structural power—as the main feature that produces hegemony. Hegemonic stability may or may not be beneficial to other states' interests. The hegemon is not benevolent; rather, it reaps great benefits from the public goods it provides. Still, upholding the hegemonic order is a costly business, and this may put the hegemon at a disadvantage vis-à-vis would-be challengers that enjoy the advantages of the order but carry few or none of the costs.

¹⁵ Gilpin (1981), p. 145.

¹⁶ Keohane (1984), p. 32.

¹⁷ Keohane (1980), p. 132.

¹⁸ Gilpin (1987), p. 72.

¹⁹ Ibid., p. 77.

²⁰ This idea that hegemony is by nature temporary because the hegemon's relative power declines over time is also found in Marxist-inspired world-systems theory. See Arrighi (1982), pp. 72-75; Wallerstein (2011), p. 38.

The Realist perspective has much explanatory power for historical US-Latin American relations. In the past, the United States often expressed the ambition to be the region's predominant power, beginning with the 1823 Monroe Doctrine. Towards the end of the nineteenth century, this ambition became more realistic as the United States gained in strength vis-à-vis its European rivals and regional neighbours, best exemplified by US President Theodore Roosevelt's (1901-1909) Corollary to the Monroe Doctrine, which designated the United States as police officer of the Western Hemisphere, explicitly laying claim to the role of regional stabilizer.²¹ At this point, the United States certainly exhibited signs of being a hegemon in the Realist sense. It was powerful enough, both militarily and economically, to intervene and coerce where and when necessary, denying any other power the possibility of exerting influence in the region while assuming responsibility for the internal affairs of other states in it.²²

After World War II, the US hegemonic position was further fortified. It was then that the United States laid the foundations on which it built its global hegemony, initiating the Pax Americana. The country's economy was functioning well, unlike that of virtually any other state that had actively participated in the war. Its military had proved its strength, and the United States was the only country in the world to possess the atomic bomb—and it demonstrated its will to use it. The Bretton Woods agreement replaced the gold standard with the US dollar, giving Washington tremendous power over the new global monetary system. Additionally, Europe and Japan lay in ruins and heavily relied on US financial assistance for the rebuilding of their societies. The only remaining rival was the Soviet Union, which became the number one concern in Washington. The United States addressed this issue in Europe through the Marshall Plan, but in Latin America, after an initial but short-lived phase of US support for Latin American democracy-building, the perceived threat of the sprouting communist seed led to conflict instead. What followed were decades of US collaboration with authoritarian, anti-communist regimes, US encouragement of the suppression of communists and more moderate leftists, and US support for, or direct involvement in, the overthrow of democratically elected leftist governments.²³

In Latin America, the Cold War thus signified a period in which US policy was guided by concerns over great-power rivalry and the threat of the Soviet Union gaining a foothold in the Western Hemisphere.²⁴ US power dominated US-Latin American relations, at times with seeming disregard of Latin American interest or consent. Although there were periods

²¹ Remarks to Congress by President Theodore Roosevelt, 12 June 1904, <https://www.ourdocuments.gov/doc.php?doc=56&page=transcript>.

²² McCall (1984), p. 21.

²³ Skidmore et al. (2014), p. 445.

²⁴ Blasier (1986), p. 524; Domínguez (1999), p. 34; Kurth (1986), p. 63.

in which tensions with the Soviet Union somewhat relaxed, thereby somewhat changing the character of US-Latin American relations, such changes were temporary and followed by a renewed focus on security concerns.²⁵ Still, besides the external Soviet threat, US policy was also guided by the wish to maintain the United States' dominant role within the Latin American region; ie, US policy served to weaken the internal threat to Washington's hemispheric political and economic dominance posed by revolutionary movements and governments.²⁶ The Soviet threat at times functioned as a pretext for justifying US hegemonic behaviour in opposition to such movements and governments.

Of course, both principles (the Soviet threat and the maintenance of US hegemony in the hemisphere) were closely intertwined. This is perhaps best exemplified by the case of Cuba. After the Cuban Revolution of 1959, the island nation became closely allied with the Soviet Union, escalating with the Cuban missile crisis of 1962, which posed a clear and direct threat to the US mainland.²⁷ Throughout the Cold War, Cuba was also the most vocal antagonist of the United States in the hemisphere and became a symbol of defiance of US hegemony. US policy, therefore, aimed to prevent or stymie any similar type of subversion in Latin America, be that locally inspired or instigated by extra-hemispherical agents.²⁸ Anti-communism, or anti-leftism more generally, formed the basis of US policy.²⁹ While this policy certainly did not originate after the Cuban Revolution—an earlier expression of it was the 1954 CIA-orchestrated overthrow of Guatemalan President Jacobo Árbenz—US Latin America policy from the 1960s until the end of the Cold War may be summarized as 'no more Cubas' at any cost.³⁰ Although in some states dominant elites embraced US hegemony, against the backdrop of the communist threat, coercion, and not consent, typified US-Latin American relations for most of the Cold War.

The relevance of the Realist perspective for Cold War US-Latin American relations is quite obvious. US hegemony was mostly based on US power and served US interests with seeming disregard for the interests of subordinate states. However, other perspectives, too, can shine light on the period, and an evaluation of these and the Realist perspective has much utility in terms of understanding changes that occurred in US-Latin American relations at the Cold War's end. The first of these other perspectives is Liberal internationalism.

²⁵ Middlebrook and Rico (1986), p. 5

²⁶ Blasier (1986), p. 525.

²⁷ Leogrande (2005), p. 26.

²⁸ Tulchin (2016), p. 81.

²⁹ Carothers (1990), p. 4.

³⁰ Leogrande (2005), p. 26.

The Liberal-internationalist perspective builds on HST in that it also perceives that hegemony stabilizes the international arena through the hegemon's provision of order. However, it differs from Realist HST in several ways. Where for Realists hegemony is in the first place characterized by domination, Liberals rather view it as a form of leadership, emphasizing the element of consent. In following Kindleberger's initial views of the hegemon as a benevolent leader that provides benefits to all states, Nye, for example, believes US leadership is essential for military, economic, and social stability in the world.³¹ Such stability benefits other states, which will therefore support a hegemon as long as it protects their interests—that is, as long as it leads them instead of dominating them.

Preponderant material capabilities are one condition for obtaining hegemonic status but, in and of itself, this is not enough. Hegemony is based not purely on 'basic force', but also on 'force activation', or the desire to 'commit the necessary effort to the task of leadership'.³² Adding the dominant state's desire to lead, as opposed to simply dominate, to a definition of hegemony signifies a departure from broad analyses of hegemony as merely defined by power over others and makes the term applicable to more specific situations in which the hegemon seeks to construct an accepted rules-based order. It also opens the door to questions about the incentives other states have to either challenge or defer to the leader.³³ For Liberals, the issue of asymmetrical cooperation, particularly the establishment of international regimes, provides an answer. In essence, hegemony is a trade-off between leadership and deference, between the upholding of agreed-upon rules and the consent of other sovereign states.³⁴ In the Liberal perspective, balancing and command make room for shared interests and the rule of law.³⁵

Ikenberry makes a useful distinction between 'empire', which is similar to Realist hegemony, and 'liberal hegemonic order', which is characterized by a lead state that 'establishes agreed-upon rules and institutions and operates—more or less—within them [and] negotiates rather than imposes order'.³⁶ Furthermore, liberal hegemony, as the name implies, is 'infused with liberal characteristics. Weaker and secondary states are formally sovereign and the extent and mechanisms of domination will tend to be looser and less formal'.³⁷ What is particularly distinctive in liberal hegemonic order is the bargaining element,

³¹ Nye (1990), pp. 238-242.

³² Keohane (1984), p. 34-35.

³³ Ibid., p. 39.

³⁴ Keohane (1984), p. 46.

³⁵ Ikenberry (2011), p. 61.

³⁶ Ibid., p. 67.

³⁷ Ibid., p. 70.

the exchange of other states' participation and compliance for the hegemon's provision of security, services, institutions, and instruments for cooperation. Benefits from the order foster acquiescence among the weaker states.

The novelty of the Liberal perspective is twofold. First, it presumes the hegemon upholds the system of rules and institutions and operates within it at the same time. The rules apply to the hegemon as much as to any other state. Second, under liberal hegemony, channels of reciprocal communication and influence emerge, further reducing levels of coercion. Through alliances and multilateral institutions other states may voice objections, partake in decision making, and negotiate with the hegemon and with one another the rules and regulations of the order.³⁸ Power certainly plays an important role in hegemony, Liberals admit, but they disagree with the Realist emphasis on power as hegemony's defining feature.³⁹

The focus on consent, negotiation and cooperation, together with power, allows Liberals to explain the enduring unipolarity of the US-led world order in the decades after the end of the Cold War—something, they claim, Realist theory falls short of.⁴⁰ It is precisely the institutional structure of liberal hegemony, Liberals maintain, that explains why conflict or power balancing remained absent during this period. This structure reduced incentives to challenge the United States because it mitigated the power asymmetries between the hegemon and other states, while also reducing the likelihood of the United States either abandoning or dominating these states.⁴¹ In fact, the institutions of liberal hegemony, through their reciprocal and beneficial nature, become so deeply entrenched in the political and economic structures of participating states that alternative ways for handling international relations become unattractive to states over time.⁴² As such, cooperation through international regimes may even outlast hegemony.⁴³

Still, when a hegemon rises, the acceptance of its leadership by other states is the most prominent element that differentiates hegemony from other forms of dominance.⁴⁴ Besides the negotiated consent discussed above, Liberals identify another process that facilitates consent. Socialization, or a 'process of learning in which norms and ideals are transmitted from one party to another', is vital for the establishment of hegemonic power.⁴⁵ Through socialization, ideals prevalent in the hegemonic state can be transmitted to the societies of other states, thereby providing the hegemon's dominance with a certain

³⁸ Ikenberry (2011), pp. 71-73.

³⁹ Ibid., p. 74; Keohane (1984), p. 39.

⁴⁰ Ikenberry (2011), p. 61.

⁴¹ Ikenberry (2002), p. 214.

⁴² Ibid., p. 215.

⁴³ Keohane (1984), pp. 244-246.

⁴⁴ Clark (2011), p. 19; Mastanduno (2019), p. 481.

⁴⁵ Ikenberry and Kupchan (1990), p. 287.

legitimacy. The order in which the hegemon rules acquires a kind of 'oughtness'. Through this process, socialization 'can lead to the consolidation of the hegemon's position and to acquiescence among the states participating within the system'.⁴⁶ The Liberal-internationalist perspective sees socialization as an effect of promoted democratic ideals and well-intentioned foreign policy leadership by the hegemon.

Because Liberals, much like Realists, assume hegemony depends in principle on the preponderant power of the lead state, the main source of change they identify is the decline of the lead state or its replacement by another powerful state.⁴⁷ Such decline or replacement will inevitably happen at some point. However, the important contribution of the Liberal-internationalist perspective is that this change becomes less likely because rivalry is replaced by cooperation. Instead of pursuing change, most states will pursue the maintenance of the institutions, regimes and regulations of the hegemonic order and, therefore, accept rather than challenge the hegemon's leadership. Of course, they will seek to further their national interest, but Liberal hegemony allows them to do so within the existing order through the regimes and institutions it created.

Liberal internationalism has explanatory power for certain periods of US-Latin American relations during the twentieth century that signified a temporary shift away from what Varas called 'coercive control' (Realist hegemony) toward 'hegemonic control' that is 'structured around cooperative policies and multilateral institutions' aimed at fostering consent.⁴⁸ For example, consent creation took place before World War II under President Franklin Delano Roosevelt's (1933-1945) Good Neighbor Policy and also during the Cold War under President John F. Kennedy's (1961-1963) Alliance for Progress, among others. Varas observed hegemonic control during periods of global US dominance, eg, the 1950s and 1960s. However, even during this period the utility of the Liberal perspective remains limited because the United States still resorted to coercion at will. Attempts at hemispheric cooperation and multilateralism, such as the creation of the Organization of American States (OAS) in 1948, often succumbed to the unilateral security concerns of the United States, inhibiting satisfaction with the OAS among Latin American states.⁴⁹ An emblematic example is Washington's abuse of the OAS to justify the overthrow of Guatemalan President Árbenz in 1954.⁵⁰ During the Cold War, multilateralism functioned primarily to reaffirm US

⁴⁶ Ikenberry and Kupchan (1990), p. 290.

⁴⁷ Ikenberry (2011), p. 70.

⁴⁸ Varas (1992), p. 49.

⁴⁹ Tulchin (2016), p. 86.

⁵⁰ Schlesinger and Kinzer (1984), p. 142-144.

leadership and protect the military security of the Western Hemisphere and the economic interests of the United States.⁵¹

This is not to deny that US Latin American policy during the Cold War was subject to debate. However, those who favoured a 'soft power' approach, based on respect for human rights and democracy promotion, were often pushed aside by louder voices that advocated tough measures to prevent communist subversion.⁵² A brief exception was the administration of Jimmy Carter (1977-1981) that sought Latin American consent in its dealings with Panama in the Panama Canal Treaties, with the Sandinista regime in Nicaragua, and through its emphasis on respect for human rights that was an important gesture to Latin Americans living under violent military regimes in Argentina, Chile, and Uruguay.⁵³ After defeating Carter, Ronald Reagan (1981-1989) rejected his predecessor's embrace of détente, declared the communist threat the cornerstone of his foreign policy, and reconstituted the 'third world' (and particularly Central America) as the arena of the East-West struggle.⁵⁴ Reagan's two terms signified a clear return to Realist coercive control.⁵⁵

It was around the end of the Cold War that US-Latin American relations underwent significant change, a consequence of developments in the Western Hemisphere and globally. First, the collapse of the Soviet Union signified the virtual disappearance of the communist threat in the region, removing the main impetus for covert and overt US political or military intervention.⁵⁶ Second, the economic rise of East Asia and Europe turned these regions into competitors of the United States, dividing the world into three economic centres.⁵⁷ Furthermore, the increasing global interconnectedness in terms of technology diffusion, capital markets, industrial organization and trade—in other words, globalization—foreshadowed a future characterized by greater interdependence among states and the need for international and regional cooperation.⁵⁸ With the US as the sole remaining military superpower, global competition would now play out exclusively on the economic front.

Inspired by these changes, a shift occurred in US-Latin American relations which substituted (albeit never entirely) consent, socialization, and cooperation for US unilateralism and coercion, making the Liberal-internationalist lens a useful tool through which to observe US-Latin American relations in the post-Cold War era. The shift was enabled by changes in both US and Latin American attitudes. First, US leaders, without worries about the Soviet

⁵¹ Lowenthal (1992), p. 69.

⁵² Tulchin (2016), p. 83.

⁵³ Kurth (1986), p. 73.

⁵⁴ Leogrande (1998), pp. 52-53.

⁵⁵ Varas (1992), p. 51.

⁵⁶ Leogrande (2005), p. 26; Lowenthal (1992), p. 65.

⁵⁷ Lowenthal (1992), p. 66.

⁵⁸ Varas (1992), pp. 52-53.

Union, pronounced publicly that they no longer sought to dominate the region but, instead, called for partnership and collaboration.⁵⁹ Even if such rhetoric may have been eyed with disbelief and suspicion by many Latin Americans, political instability or the rise of a populist movement in one of the region's states was much less likely to inspire the kind of aggressive reactions that had characterised US Cold War policy now that Washington did not perceive such development as an immediate threat.⁶⁰ Similarly, where the United States had in the past supported authoritarian regimes in several Latin American countries, at times even directly aiding the overthrow of democratically elected governments, now the United States sought to encourage democratic consolidation.⁶¹ This coincided more or less with the transitions to democracy in several Latin American states, creating a sphere of political ideological concordance between US and Latin American democratic ideals.⁶² At the same time, the 'defeat' of communism discredited Marxist-Leninist ideology as a diagnosis of, and prescription for, Latin America's social problems. Its Latin American followers, without Soviet Union support, quickly lost in appeal and numbers.⁶³

In this new climate of Western-Hemispheric relations, multilateralism was soon on the rise. Several Latin American states succeeded in pushing through a reform of the OAS, which they believed had been largely powerless since its creation and occasionally had served as a Washington puppet. Argentina, Chile, Brazil, and Mexico combined forces resulting in the passage of a resolution that committed OAS members to representative democratic practice.⁶⁴

Besides the ideal of democracy, most Latin American governments shared with the United States their views on economic policy. Measures that became known as the 'Washington Consensus', largely imposed by Washington-based international financial institutions (IFI) like the International Monetary Fund (IMF) and the World Bank, such as the balancing of budgets, curbing of inflation, the freeing of exchange rates and prices, and liberalization, deregulation and privatization of the economy, industry, and foreign investment, now became orthodoxy region-wide.⁶⁵ This was, in large part, a consequence of the so-called 'lost decade' of the 1980s that saw almost all Latin American states hit by severe debt crises. The mantra for economic recovery and further development became free trade, embraced by some government elites and imposed on others, inspiring a general enthusiasm for regional integration and the pursuit of deals that removed barriers to trade.

⁵⁹ Tulchin (2016), p. 125; Varas (1992), pp. 51-53.

⁶⁰ Carothers (1990), p. 9.

⁶¹ Domínguez (1999), p. 47; Kurth (1986), p. 67; Varas (1992), p. 54-55.

⁶² Tulchin (2016), p. 111.

⁶³ Carothers (1990), p. 8; Smith (2013), p. 227-228.

⁶⁴ Tulchin (2016), p. 118.

⁶⁵ Ibid., p. 108.

The George H.W. Bush administration (1989-1993) sought to seize the momentum of such conformity when in 1990 it announced the Enterprise of the Americas Initiative (EAI), a project likened to Roosevelt's Good Neighbor Policy and Kennedy's Alliance for Progress. The EAI would work toward the establishment of a Western-Hemispheric free-trade deal, economic reform conforming to Washington Consensus orthodoxy, the establishment of a multilateral investment fund and debt relief for Latin American states.⁶⁶ It was a clear attempt at consent-creation, a project that aimed at fortifying US hegemonic leadership in the Americas in the Liberal-internationalist sense. Negotiations for the free-trade deal (discussed in Chapter Four) would ultimately fail. That being so, the initiative, further pursued by the Clinton administration (1993-2001), led to a true increase in multilateral deliberation in the Americas.

The popularity of free-market policies among Latin American governments at the time is illustrated by their unilateral lowering of tariff barriers and acceleration of trade reform in the late 1980s and early 1990s.⁶⁷ As said, this embrace of the free market was in part imposed by the US government, specifically through the US Treasury and Washington-based IFIs, at a time in which debt-ridden Latin American states were particularly vulnerable and easily persuaded.⁶⁸ Free-market policies decimated several domestic industries and there was certainly opposition to them. Still, after the Cold War little persuasion seemed required at the government level. Latin Americans generally viewed the United States positively as the victor of the Cold War, while their ruling elites favoured closer ties with the United States and acceptance of its economic doctrines.⁶⁹ For example, it was Chilean, Argentine, and Mexican officials, many of whom had been educated in the United States, who sought proximity to Washington at the time and not the other way around.⁷⁰

In short, when the Cold War ended, US-Latin American relations underwent a change in character. Where US coercion through unilateral use of military, political, and economic power typified most of the Cold War, giving the Realist perspective much explanatory power for that period, such coercion now made room (albeit never entirely) for cooperation and initiatives toward multilateralism on the basis of the mutual belief in the value of democracy and free-market policies. Latin American governments seemed to consent to US leadership based on the perception that such leadership was in their state's best interest. In other words, there was ideological concordance that produced followership. This makes the Liberal-internationalist perspective highly relevant for our understanding of

⁶⁶ Vigevari and Passini (2001), p. 23.

⁶⁷ Tulchin (2016), p. 114.

⁶⁸ Smith (2013), p. 219; Tulchin (2016), p. 108.

⁶⁹ Smith (2013), p. 242.

⁷⁰ Long (2015), p. 137-40; Tulchin (2013), p. 122-124.

US-Latin American relations in the post-Cold War era. However, the next theoretical perspective proposes a rather different explanation for Latin American followership.

Neo-Gramscian perspectives on hegemony

Like Liberalism, neo-Gramscianism seeks to explain the phenomenon of subordinate-state deference, but it ends up viewing hegemony much less benignly. Neo-Gramscianism advances the more critical view that hegemony leads to inequality within the hegemonic state's society and to imperialistic behaviour towards weaker states, thus primarily serving the interests of the hegemon's and subordinate states' elites.⁷¹ HST, in its various forms, and neo-Gramscianism are the two dominant strands within hegemony studies.

Gramsci developed his notion of hegemony to describe the workings of the state and society on a national level. As with Liberal internationalism, for Gramsci hegemony rests not primarily on coercion but also on consent.⁷² He explains its exercise as being 'characterised by the combination of force and consent, which balance each other reciprocally, without force predominating excessively over consent. Indeed, the attempt is always made to ensure that force will appear to be based on the consent of the majority [...]'.⁷³ This allows for a distinction between two simultaneously existing forms within one unilateral possession of political power. Hegemony is exercised over classes close to the elite that consent to elite leadership, and domination is applied to those who oppose such leadership.⁷⁴

For Gramsci, consent rested on the existence of a 'historic bloc', a type of alliance between social forces that produces a 'fit between the dominant ideas, social institutions and the dominant mode of production'.⁷⁵ A historic bloc forms when conflict between ideologies results in one managing 'to propagate itself throughout society—bringing about not only a unison of economic and political aims, but also intellectual and moral unity, [...] and thus creating the hegemony of a fundamental social group over a series of subordinate groups'.⁷⁶

In applying Gramsci's understanding of hegemony to IR, Cox defines hegemony as

'dominance of a particular kind where the dominant state creates an order based ideologically on a broad measure of consent, functioning according to general principles that in fact ensure

⁷¹ Parmar (2019), p. 537.

⁷² Anderson (1976), p. 26; Thomas (2009), p. 163.

⁷³ Gramsci (1971), p. 80, n. 49.

⁷⁴ Thomas (2009), p. 163.

⁷⁵ Gill (1986a), p. 323.

⁷⁶ Gramsci (1971), pp. 181-182.

the continuing supremacy of the leading state or states and leading social classes but at the same time offer some measure or prospect of satisfaction to the less powerful'.⁷⁷

Furthermore, like Gramsci's historic bloc, for Cox hegemony is conditional on the existence of an organic relationship between the defining Realist and Liberal features of hegemony—namely, 'material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality'.⁷⁸ Neo-Gramscian hegemony thus rests on three main pillars: the material power of the hegemonic state, an ideology that is presented as universal, and institutions that solidify and implement this ideology.⁷⁹

The main novelty of a neo-Gramscian understanding of hegemony is that social forces are not bounded by state borders but instead operate across nations and on a global level.⁸⁰ National elites and the state bureaucracies of those countries that have similar material interests in the free flow of capital, goods and services form a transnational capitalist class, which becomes the nucleus of a transnational historic bloc.⁸¹ The transnational class shapes norms and rules that support the dominant mode of production. International organizations function as instruments through which such norms and rules are expressed. They are the product of the hegemonic order, but they also ideologically legitimate it; represent, make and enforce its rules; integrate elites from peripheral countries within the hegemonic order; and help to marginalize counterhegemonic ideas.⁸² Hegemony, then, is not the result of material competition between states, as Realists propose, or a system of cooperation between states consensually led by a lead state, as Liberals argue. Rather, it is an order that benefits a transnational leading class, which consents to the global leadership of the lead state's elite and which is supported by subordinate classes as well.

Changing such an order is difficult. Entrenched as it is in institutions with global reach, those attempting to alter the order from within encounter what Gramsci called *trasformismo*, their own co-optation within the hegemonic apparatus through a process of assimilation. As Cox puts it, eventually 'Hegemony is like a pillow: it absorbs blows and sooner or later the would-be assailant will find it comfortable to rest upon'.⁸³ The only way

⁷⁷ Cox (1987), p. 7.

⁷⁸ Cox (1981), p. 139.

⁷⁹ Although largely agreeing with Cox's reading of Gramsci, Hopf argues that Cox explained the ideological component too narrowly as an elite construct, neglecting Gramsci's element of 'mass common sense'. The masses play a vital role in the success or failure of hegemony, and, therefore, Hopf argues for their acknowledgment. See Hopf (2013), pp. 318–321. Wang (2003) makes a similar constructivist argument.

⁸⁰ Gill (1993), p. 42; Gill and Law (1989), p. 496.

⁸¹ Gill (1986a), p. 325.

⁸² Cox (1983), p. 172.

⁸³ Ibid., p. 173.

hegemony may decline, or a counterhegemonic process may succeed, is when the foundation on which hegemony rests—the historic bloc—somehow erodes. Alterations to social and economic relations and the mode of production can have this effect.⁸⁴ For Gramsci, a crisis of hegemony is essentially a crisis of representation, meaning a disconnect between social groups and their political leaders.

Neo-Gramscian theories of hegemony have much value in expanding the concept from a purely state-centred approach and focusing on the deeper structures that define hegemony in international relations. Like the Liberal perspective, neo-Gramscian hegemony presents an explanation for deference to the hegemon, particularly prominent among subordinate states' elites—namely, that these elites' allegiance to their state may be a less relevant factor in their behaviour towards the hegemon than is the social class they share with elites in the hegemonic state. However, there are good arguments against accepting neo-Gramscian hegemony too readily. First, to either assume that subordinate-state elites develop 'false consciousness' with respect to the perceived benefits of hegemony to their state, or support hegemony merely for personal gain and at the expense of their nation's larger interests, is to rob subordinate states of agency vis-à-vis the hegemon. In many cases it is also factually inaccurate. Several subordinate states prospered under the Pax Americana and earlier Pax Britannica, and in some cases the gains of such prosperity were not confined to these states' elites.⁸⁵ Besides, subordinate-state elites may be well aware of the unequal distribution of benefits between the hegemon and other states but still make a cost-benefit analysis and choose to defer to the hegemon.

Second, although the hegemonic ideology may be dominant internationally, in domestic contexts it is likely to be challenged rather easily and effectively—for example, through nationalism, which cannot be used to support hegemony but in fact is a powerful ideological weapon against it.⁸⁶ Taking this critique further, nationalism may be incorporated into neo-Gramscian thought and seen as a counterhegemonic tool that can initiate the breaking down of a historic bloc. The agency of doing so lies not with the unitary state actor, but rather with social forces within the state that object to the hegemony.

One could argue that during the Cold War, as well as during the first half of the twentieth century, at several moments and in varying intensities Latin American elites in certain states formed historic blocs with the dominant US social classes. For example, the earlier mentioned Good Neighbor Policy and Alliance for Progress, instead of instances of Liberal-

⁸⁴ Cox (1983), p. 174.

⁸⁵ Keohane (1984), p. 45.

⁸⁶ Ibid., p. 46.

internationalist cooperation, can also be viewed through a more critical, neo-Gramscian lens as serving elitist transnationalism. Still, during the Cold War it would be hard to find an extended period of wide-spread elitist ideological concordance that amounted to a historic bloc in Latin America as a whole.

During the first decades following World War II, what inspired Latin American civilian- and military-government policies were worries about the vulnerability of their states' economies and industries. This found expression in the rise of nationalism and statism, not particularly the kind of policies favoured in Washington.⁸⁷ Although there was certainly a Latin American inter-elite consensus against the Soviet Union (especially after the successful Cuban Revolution) that favoured anti-communist policies, be that effective democratic governance or authoritarian rule, the fact that during the Cold War the United States regularly felt the need to intervene in some form or another in states throughout the region casts serious doubt on the existence of a historic bloc. After all, with such a bloc in place, what explains the US role in the overthrow of Jacobo Árbenz in Guatemala (1954), the US invasion of the Dominican Republic to prevent the return to power of Juan Bosch (1965), or the US-endorsed coup d'état against Salvador Allende in Chile (1973), to name some examples? Similarly, the left-wing Peruvian military regime of General Juan Francisco Velasco Alvarado (1968-1975), to the dismay of Washington, expropriated US companies, had extensive military relations with the Soviet Union and purchased Soviet tanks and airplanes.⁸⁸ All these leaders favoured leftist policies that Washington perceived as harmful to its interests, which refutes the existence of a historic bloc at least in these instances. But even right-wing, authoritarian regimes that shared with Washington their strong antipathy against communism, at times, were at odds with the United States. The Carter administration's displeasure with Argentina's human rights record pushed the Argentine military regime to strengthen economic and diplomatic ties with the Soviet Union, and Chile under US ally Augusto Pinochet (1974-1990) combined neoliberal economic policy with state-controlled exploitation of the country's national resources.⁸⁹

Furthermore, precisely during the Cold War the United States actively worked to establish what might be understood as a Gramscian historic bloc, which suggests Washington was aware of the divergence in ideology between the region and the United States. An important contribution in this regard comes from Robinson, who argues that in several Latin American states (and the Philippines), the United States promoted 'polyarchy', which he refers to as 'low-intensity democracy', through the marginalisation of social movements and

⁸⁷ Tulchin (2016), p. 87-88.

⁸⁸ Domínguez (1999), p. 43.

⁸⁹ Tulchin (2016), p. 88-89.

the fostering of transnational elites that endorse US-promoted ideologies and corresponding policies. Particularly significant is Robinson's suggestion that hegemonic transnational domination depends not only on the ideological incorporation of dominant peripheral elites, but also of subordinate groups within the centre and peripheral societies.⁹⁰ The United States achieves such incorporation, he argues, through active 'democracy promotion' and 'overall US and transnational elite policy, including coercive and other forms of diplomacy, economic aid or sanctions, international media and propaganda campaigns [...], military or paramilitary actions, covert operations and so on'.⁹¹ This results in a kind of tamed democracy in which the electoral candidates with a realistic chance of winning are indistinguishable one from another and will support and implement the policies preferred by the hegemon. Robinson observed this type of historic bloc-building in Chile, Nicaragua and Haiti during the second half of the Cold War.

Still, while a true neo-Gramscian historic bloc was largely absent during the Cold War, one might be tempted to observe the formation of such bloc when the Cold War ended. After all, as discussed earlier, the 'defeat' of the Soviet Union, in combination with the consequences of Latin America's lost decade, ushered in a period of substantial Latin American conformity with US-promoted liberal democracy and free-market policies. There is a lot to be said for such observation, and it holds validity for at least part of the 1990s. Nonetheless, there are some arguments against it.

First, although said conformity did appear, Latin American elites did not always follow the US lead. For example, Brazil, Latin America's largest economy, followed a path informed by Brazil's national interest that put its elitist leadership often at odds with Washington. Chapter Four provides a detailed discussion of this case. Apparently, to Brazilian leaders Brazil's national interest did not correspond with US interests, which gives grounds to question the existence of transnational elitism. The case also shows that Brazil had quite some room for manoeuvre, as did other states toward the end of the 1990s and early 2000s, something one would not expect under neo-Gramscian hegemony.

Second, even if one accepts the appearance of neo-Gramscian hegemony in much of Latin America at the end of the Cold War, its historic bloc was rather short-lived. Many states' elites followed the US lead, and alternative, left-wing voices indeed lost much support in the 1990s, but before the decade was over the first signs of a return of leftism that, not without reason, has been labelled the *Resurgence of the Latin American Left* and *Latin America's Pink Tide*, were visible.⁹² Between 1998 and 2009 leftists came to power in Venezuela, Chile,

⁹⁰ Robinson (1996), p. 30.

⁹¹ Robinson (2013), p. 231.

⁹² Ellner (2019); Levitsky and Roberts (2011).

Brazil, Argentina, Uruguay, Bolivia, Nicaragua, Ecuador, Paraguay and El Salvador, and several of these governments were re-elected for consecutive terms. These leaders' policies often collided with US interests and some were openly hostile to Washington.

Taking such developments into account, the utility of the neo-Gramscian perspective on US hegemony in post-Cold War Latin America seems questionable. How strong was the historic bloc if forces that opposed US interests could come to power so quickly and easily? This raises questions regarding the level of intensity of dominance and followership required to observe hegemony. Neither Realism nor Liberal internationalism or neo-Gramscianism provide an answer. The last perspective discussed here, that of the English School, does.

English School perspectives on hegemony

Contrary to Realist images of anarchy, the English School sees the international arena as a society of states. Within this society, scholars understand hegemony not as a specific phenomenon but rather as a gradation on a spectrum of great-power preponderance within international order.⁹³ Bull differentiates between 'dominance', 'hegemony' and 'primacy'. Dominance is characterised by the great power's use of force against weaker states and its disregard for norms and rights of these states, such as sovereignty, equality and independence. Primacy is at the other end of the spectrum and occurs when the great power achieves preponderance without the (threat of) use of force 'and with no more than the ordinary degree of disregard' to the norms and rights just mentioned.⁹⁴ With primacy, weaker states fully accept the great power's preponderance in recognition of its contribution to the achievement of common purposes. In between dominance and primacy lies hegemony, which is a kind of negotiation between them. The use of force is 'occasional and reluctant', and the great power is prepared to violate norms and rights of weaker states. However, it does not disregard these norms and rights, but rather recognizes them, and justifies its violation of them 'by appeal to some specific overriding principle'. Bull declares that 'hegemony is imperialism with good manners'.⁹⁵

Accordingly, he sees relations between the United States and Central America and the Caribbean during the first decades of the Cold War, a period that witnessed the use of force ('reluctantly' applied) against Guatemala, Cuba and the Dominican Republic, as hegemonic.⁹⁶ It is the issue of reluctance that is key here. For Bull, under hegemony the

⁹³ Hurrell (2007), p. 262; Watson (2007), p. 19.

⁹⁴ For Bull, some degree of disregard is characteristic of all international relationships (2002), p. 208.

⁹⁵ Bull (2002), pp. 207-209. For a similar argument, see Hurrell (2007), p. 270.

⁹⁶ Bull (2002), p. 210.

(threat of) use of force is only employed in extreme situations and with the realisation on the part of the hegemonic state that it will incur political costs for doing so.⁹⁷

Importantly, the English School overwhelmingly sees hegemony as antithetical to the international society of states, in which no one state should dominate the rest.⁹⁸ Although the existence of several great powers is of importance to the management of international society, in complete disagreement with HST the English School perceives hegemony as essentially a problem to be solved.⁹⁹

Clark attempts to provide a solution by making the English School's understanding of order compatible with the concept of hegemony. While doing so, he addresses an issue that other IR theories of hegemony struggle with—namely, the lack of properly comparable cases of hegemony. Can the Pax Britannica and the Pax Americana, the two most regularly cited examples of global hegemony, truly be included in the same category? Was the British Empire's predominance not markedly different from post-World War II US primacy? Clark's solution, which informs in part the theoretical framework used in this study, is to distinguish between different possible forms of hegemony, each of which relies on two hegemonic features. First, hegemony's composition may be singular or collective—ie, it may be led by one dominant state or by a group of powerful states. Second, with regard to the issue of legitimacy, hegemony's scope of constituency is either coalitional or inclusive, meaning that support for (and the benefits of) hegemony are either restricted to a select group of states or are universal. This results in four ideal types of hegemony: singular coalitional, singular inclusive, collective coalitional and collective inclusive.¹⁰⁰ But, Clark notes, in reality no hegemony is truly singular, collective, coalitional or inclusive. Hegemonies slide along two axes: the horizontal axis that runs from singularity to collectivity, where the hegemon negotiates to what extent it shares power with, or forms a hegemony with, other great powers, and the vertical axis, which represents the variable spread of acceptance within international society by constituencies, or in other words the size of the coalition of subordinate states that legitimizes the hegemony.¹⁰¹ The nature of the vertical axis implies that recognition of the hegemon does not need to come from the totality of international society, but rather may be segmented. This may subsequently lead to friction within international society between the hegemonic coalition and the rest.¹⁰² The movement along the horizontal and vertical axes of hegemony represents the spectrum of change within

⁹⁷ Bull (2002), p. 209.

⁹⁸ Bull (1966), p. 47; Butterfield (1966), p. 142; Watson (1984), p. 24.

⁹⁹ Clark (2009), p. 204.

¹⁰⁰ Clark (2011), p. 61.

¹⁰¹ Ibid., p. 63.

¹⁰² Ibid., p. 65.

hegemony. No ideal-type form of hegemony, or any negotiated practical expression of these types, is likely to be stable in the long run. Hegemony 'is more likely to represent a constant juggling of the four types, to minimize tensions within, and between, each in turn'.¹⁰³

Whether the United States applied force occasionally and reluctantly in Latin America during the Cold War, as Bull believed, may be subject to debate. A valid question would be how occasional and reluctant the use of force needs to be for it to stay within the seemingly arbitrary limits of hegemony. Speaking in Clark's terms, the United States certainly did not share the responsibilities of order management at any point, making its hegemony particularly singular. It is on the vertical axis of legitimacy where one may observe changes during the twentieth century. Once more, the periods of the Good Neighbor Policy and the Alliance for Progress stand out in that both initiatives sought to spread the benefits of US hegemony among Latin American states, thereby increasing support for US hegemony. It is likely that such benefits fortified the constituency of US hegemony as Latin American governments were more willing to legitimize US leadership, only to weaken again when the perceived Soviet threat led to a swing in US policy toward Realism and *realpolitik*. It is precisely this constantly evolving dynamic of hegemony proposed by the English School that has great utility in elevating the study of hegemony from observations of a supposed (largely) static phenomenon in international relations to a constantly changing configuration of asymmetrical relationships between a hegemonic state and several subordinate states. Acknowledgement of this dynamic and application of its theoretical framework to US-Latin American relations during and after the Cold War help in making the changes that occurred during this period understandable. US hegemony existed in Latin America throughout the second half of the twentieth century in several shapes or forms. However, the change of its character after the Cold War, a slide on Clark's vertical axis toward inclusivity and increased legitimacy, supposes that the interests of subordinate states play an important role in post-Cold War US-Latin American relations and should be part of our study of US hegemony in the region.

Post-Cold War US Hegemony in Latin America

All perspectives discussed in this section contribute valuable insights to the multifaceted phenomenon that is hegemony in international relations. However, for this work some are more useful than others. Although the previous subsections already addressed the utility of

¹⁰³ Clark (2011), p. 68.

each perspective to understanding post-Cold War US-Latin American relations, this issue requires some further elaboration because it informs the theoretical framework of this study.

When the communist threat disappeared, so did the need for unilateral US hard power and coercion. At the same time, with communism and socialism delegitimized in the face of the ‘victory’ of capitalism, leftist forces throughout Latin America lost in strength and appeal, initiating a period of ideological concordance between US and Latin American elites best captured by the arrival of the Washington Consensus. Without a great external antagonist and with a mutual belief in free-market policies, Latin American governments and Washington had an opportunity to cooperate under US leadership and address Western-Hemisphere issues multilaterally. In other words, consent came to the foreground while coercion receded (albeit never entirely) to the background.

This is not to say there was no Latin American opposition to US leadership between 1990 and 2010. Brazil’s opposition in hemispheric trade negotiations between 1994 and 2005 (see Chapter Four) and Bolivian opposition the US counternarcotics policy after 2005 (see Chapter Three) are just two examples of Latin American defiance of the United States. Another is Venezuela under President Hugo Chávez (1999-2013), which may serve as a good illustration for the contrast between US-Latin American relations during and after the Cold War. While in office, Chávez increased ties with US-antagonists Cuba, Iran, China and Russia. Chávez’s relations with Iran led to worries in Washington concerning the development of Venezuelan nuclear capabilities, while with Russia Venezuela made arms deals, conducted joint military exercises in Venezuelan waters and airspace, and signed a nuclear-power cooperation agreement.¹⁰⁴ One might ask what the US response to such developments would have been during the Cold War. The history of US intervention against governments that failed to walk in line would certainly predict a strong reaction. The fact that such reaction hardly materialized against the Chávez regime is testament to the changed dynamics of US hegemony in the region. Rhetorical opposition aside, in the absence of true great-power rivalry Venezuela’s actions solicited little discernible change in US policy.

Meanwhile, Latin American opposition to the United States between 1990 and 2010 casts doubt on the utility of neo-Gramscianism, although this does not mean that the neo-Gramscian perspective is completely irrelevant. As Chapter Three details, during the 1990s Bolivian administrations often exhibited clear signs of transnational elitism in their deference to US leadership. However, the fact that Latin American leftism could make a strong comeback within a decade after the Cold War’s end gives grounds to question the appearance of a historic bloc in the region, or at least the longevity of this bloc. The moment Latin

¹⁰⁴ Romero and Corrales (2010), p. 227-230.

American states felt that US policy no longer benefitted, but rather harmed, their national interest, they objected, effectively retracting their recognition of US leadership.

In other words, after the Cold War US-Latin American relations were subject to a dynamic of cooperation, multilateralism and bargaining under US leadership that fostered consent, as the Liberal-internationalist perspective holds. However, within this dynamic, contrary to what Liberals might expect, there could also appear serious opposition to the United States. In the post-Cold War era many Latin American states became constituents of US hegemony, recognizing and legitimizing US leadership over international society but retaining the option to retract such recognition. Western hemispheric cooperation increased, exemplified by the initiatives to hold Summits of the Americas and to begin talks for a continent-wide free-trade area. However, hemispheric cooperation was constantly under review, and Latin American states could choose to use multilateralism against the United States or outright object to US leadership. As such, US hegemony was constantly being re-defined along Clark's vertical axis that represents hegemony's scope of constituency. The Liberal-internationalist perspective and Clark's adaptation of hegemony to English-School theory, therefore, inform the theoretical framework of this study. The last section of this chapter discusses this framework.

First some further conceptualization is required. It may be obvious that after the Cold War Latin American subordinate-state agency increased. This is not to say Latin American states had no agency during the Cold War; at several instances they certainly did.¹⁰⁵ That being said, with the emphasis of US hegemony shifting from coercion to consent, Latin American room for manoeuvre expanded. The next section discusses the existing literature on subordinate-state behaviours vis-à-vis a great power and provides a conceptualization of state agency that will be followed throughout the rest of this work.

Subordinate-state agency

The major IR perspectives discussed in the previous section have varying views on the agency of weaker states vis-à-vis a large dominant state. To be small(er) or weak(er) is to be vulnerable to the decisions and possible aggressions of others. It follows that the nature of smaller and weaker states requires them to defend themselves in a world ruled by more powerful states.¹⁰⁶

As some point out, assumptions regarding this defensive nature of subordinate-state foreign policy lead most scholarship on hegemony to focus on the hegemon's agency, while

¹⁰⁵ Long (2015).

¹⁰⁶ Payne (2004), p. 634; Vital (1967), p. 87.

neglecting subordinate-state roles, motivations and actions.¹⁰⁷ Still, subordinate states may wish to limit the hegemon's power. Realists argue they can do so by engaging in hard or soft 'balancing'. Hard balancing relates to those strategies that seek to increase the military capabilities of the subordinate state (for example, through military build-up or the establishment of counter-alliances) in order to match the opponent's capabilities. The overwhelming military might of the United States since the end of World War II makes hard balancing an unviable option for most states that feel threatened by it. Soft balancing, therefore, is a favoured alternative based on 'limited arms build-up, ad hoc cooperative exercises with other threatened states, or collaboration in regional or international institutions'.¹⁰⁸ The main difference between hard and soft balancing, as pointed out by Walt in relation to US dominance, is that the latter does not seek to alter the existing distribution of capabilities or balance of power but, instead, aims to obtain outcomes within this balance that are preferable to the subordinate state. He defines soft balancing as the 'conscious coordination of diplomatic action in order to obtain outcomes contrary to US preferences—outcomes that could not be gained if balancers did not give each other some degree of mutual support'.¹⁰⁹

Layne proposes a tactic similar to balancing, which he calls 'leash-slipping'.¹¹⁰ This involves a build-up of the subordinate state's military capability, not to prevent aggression from the hegemon but to allow the subordinate state to maximize its ability to conduct an independent foreign policy. It differs from hard balancing because it is projected at possible threats—not embodied by the hegemon, but related to a weakening of the subordinate state's general position in the international arena.¹¹¹

Realists also observe several other behaviours available to subordinate states. Blackmailing involves the formulation of credible threats to the hegemon—ones that it cannot easily defend against—often in combination with reasonable demands with which it can easily comply.¹¹² Subordinate states can also resort to balking, or outright refusal to comply with the hegemon's demands. This may be done by states and in issue areas that are

¹⁰⁷ Cooper, Higgot and Nossal (1991), p. 393; Jesse et al. (2012), p. 2.

¹⁰⁸ Paul (2004), p. 3.

¹⁰⁹ Walt (2005a), chapter 3, paragraph 44. Examples of soft balancing suggest that the tactic is particularly available to 'second-ranking' states such as Great Britain, France, Russia and China during the 2000s. See Krahmann (2005), p. 540; Levy and Thompson (2005); Pape (2005), p. 10; Paul (2005), p. 47. The concept is not without controversy; some authors argue its existence is not supported by persuasive evidence, pointing out that its characteristics do not effectively distinguish it from normal diplomatic friction between states. See Lieber and Alexander (2005), p. 125. Others critique the notion of soft balancing for its proponents' failure to consider alternative explanations for the behaviour they identify in these terms. Economic interests, regional security concerns, policy disputes and domestic politics might cause states to go against US wishes without this being the primary objective. See Brook and Wohlforth (2005), p. 74.

¹¹⁰ Layne (2006b), p. 9.

¹¹¹ Ibid., p. 30.

¹¹² Walt (2005b), p. 115.

not essential to the hegemon's interests. The hegemon may be very powerful, but it too has finite means and cannot force each subordinate state to comply all the time.¹¹³ Another option is bonding. Here, the smaller state's leaders attempt to establish rapport with leaders of the hegemonic state in the hope of influencing the hegemon's policies.¹¹⁴

Peripheral states may also opt to bandwagon with the hegemon.¹¹⁵ However, Realists like Waltz argue that bandwagoning is an unlikely option for states to choose. The anarchic nature of the international arena makes balancing behaviour much more sensible.¹¹⁶ Likewise, Walt argues that bandwagoning is rather rare because it is akin to appeasement, representing not resistance but support for the hegemon and only an option for the very weak.¹¹⁷ For most Realists this disqualifies bandwagoning as a sound strategy for states seeking to influence or restrain the hegemon.

Liberals disagree. Because they believe a strong institutional order can commit the hegemon to binding institutions, thereby mitigating extreme forms of exploitation or dominance, bandwagoning may serve both to support and control the hegemon, making it an attractive option.¹¹⁸ For example, subordinate states may work to establish pacts of restraint within the hegemonic order that can work to limit unilateral actions by the hegemon, influencing its behaviour from within an alliance.¹¹⁹ Other authors have pointed out that bandwagoning is not a matter of 'either/or'; it may be combined with clear criticism of the hegemon.¹²⁰

Ikenberry proposes several additional subordinate-state strategies within the Liberal perspective.¹²¹ Buffering involves the development of 'alternative regional political spheres' that serve to soften exposure to the hegemon's policies. One can, for instance, think of regional governmental organizations that exclude the hegemonic power. Baiting is the practice of building 'principles and institutions that establish international standards or best practices that over time will become universal in scope'. This creates an environment of rules and sets goals that the hegemon may find increasingly hard to disregard, particularly because a large group of other states supports these. Subordinate states may also resort to simple bargaining by combining incentives with threats of non-cooperation. Lastly, they may work to establish a division of labour by acquiring niche specialties in military or economic areas, making their partnership with the hegemon mutually indispensable. This gives the

¹¹³ Walt (2005b), p. 116.

¹¹⁴ Walt (2005a), chapter 4, paragraph 25.

¹¹⁵ Escudé (1995), pp. 154-156.

¹¹⁶ Waltz (1979), p. 126.

¹¹⁷ Walt (2005a), chapter 4, paragraph 10.

¹¹⁸ Ikenberry (2001), p. 37.

¹¹⁹ Press-Barnathan (2006), p. 274.

¹²⁰ Capie (2004), p. 224.

¹²¹ Ikenberry (2003), pp. 18-22.

subordinate state a certain modest influence over the hegemon, which will not be able to entirely dominate the subordinate state or abandon it.¹²²

Other scholars propose similar modes of subordinate-state influence or power, albeit using slightly different terms. Keohane distinguishes among three levels of action: state-to-state negotiation, which concerns regular formal diplomacy; bargaining with specific elements of the dominant state's government with which the subordinate state has particular leverage (eg, its military); and rallying domestic groups and public opinion within the dominant state to get behind the subordinate state's cause.¹²³

Neither neo-Gramscian analysts nor the English School explicitly address the issue of subordinate-state agency. The former largely discard the state as a singular acting unit and, instead, take social forces to be the primary actors in world politics. With regard to the English School, however, some views on state agency may logically be deduced from Clark's models of hegemony—namely, that the possession of agency depends on a state's role within the hegemonic order. First, each subordinate state has the option to recognize and legitimize the hegemon, on that basis becoming a member of the hegemon's constituency and reaping certain benefits. This, however, does not amount to much in terms of agency. Second, in a more collective form of hegemony, other great powers have agency when they share in the responsibility of managing the hegemonic order, as evidenced by Clark's case study of collective hegemony, the Concert of Europe. But other than these great powers, Clark attributes very little agency to the other states.¹²⁴

With respect to the *Pax Americana*, Clark's case study of coalitional hegemony, agency is also reserved for other large powers. Clark points out that US hegemony after 1945 functioned precisely because of restraints the United States voluntarily placed on its own leadership and through the establishment of binding institutions that gave other states reassurance. As such, the US strategy depended less on military or economic coercion and more on policies of 'concession and accommodation, designed to create a working consensus'.¹²⁵ Within this coalition, collective action was required from the large states within the US-led hegemony. Collective security, including that of 'secondary and smaller states', depended on this collective large-state action.¹²⁶ Presumably these secondary and smaller states have no discernible agency in the functioning of coalitional hegemony.

In sum, a plethora of possible weaker-state agency strategies exist that differ widely in method and presumed effectiveness. The English School grants weaker states merely the

¹²² Press-Barnathan (2006), p. 274.

¹²³ Keohane (1971), pp. 164-166.

¹²⁴ Clark (2011), p. 93-96.

¹²⁵ Ibid., p. 141.

¹²⁶ Ibid., p. 143.

power to recognize and legitimize the hegemony, regarding them beyond that as passive objects. Neo-Gramscians deprive weaker states of practically all agency when they assume that the weaker state's elite is either falsely conscious or acting in self-interest. For them, any change to the hegemonic order coming through a weaker state must come from other domestic social classes through social struggle and the establishment of a new historic bloc. Liberals, through their emphasis on cooperation and consent, allow for weaker-state agency by opening up the possibility of a cost-benefit analysis on the part of the subordinate state. However, they also somewhat patronizingly assume that the liberal hegemonic order is beneficial to all states, and they confine any weaker-state agency within parameters of the order (ie, agency is limited to negotiation strategies, multilateralism and bandwagoning). It is unclear what a weaker state may be able to do if it wishes to reject the liberal hegemonic order altogether. Realists do consider this question, and they offer hard and soft balancing as forms of agency. These strategies are available mostly to second-tier states, while weaker states can do little more than offer tacit acquiescence to regimes imposed by the hegemon. The result is a confusing mix of arguments against the agency of weaker states and a hodgepodge of possible Liberal and Realist strategies that may or may not be applicable to weaker states. What is needed, then, is a theory of weaker-state (or, in terms of this study, subordinate-state) agency.

Defining agency

Such a theory first requires a conceptualization of agency, a problematic issue in IR. In fact, as some point out, in spite of its widespread use in the IR literature no clear, agreed-upon conceptualization of the term exists.¹²⁷ In Wight's words, in IR, 'Rarely is it clear what agency is, what it means to exercise agency, or who and what might do so'.¹²⁸ The cause of this lacuna may be found in two main problems central to IR theory, the level-of-analysis problem and the agent-structure problem, that are commonly assumed to logically precede any sound empirical enquiry within the discipline.¹²⁹ The level-of-analysis problem arose with Waltz's discussion of the causes of war, which he assessed on three different levels of analysis—man, the state and the state system.¹³⁰ A revolutionary idea, it posed the question of which level is most relevant to the study of IR and, in related fashion, on which level

¹²⁷ Acharya (2018), p. 12; Wight (2006), p. 11.

¹²⁸ Wight (2006), p. 178.

¹²⁹ Braun, Schindler and Wille (2018), p. 2.

¹³⁰ Waltz (1959).

agency occurs.¹³¹ In turn, the agent-structure discussion asks whether structures of international relations produce the agents of international relations or, on the contrary, whether the agents actually shape the structure.¹³² It is not within the scope of this work to engage with these debates in depth, but the definition of agency employed here may be informed by certain insights they have produced.

IR widely perceives the state as an agent. This raises issues related to individual and collective agency, and it essentially implies that an idea or a structure—which is what a state is, after all—somehow has the ability to act. For this reason, Wendt personifies the state—that is, he claims that ‘states are people too’, have ‘human qualities like identities, interests, and intentionality’, and have a ‘Self’, which is exemplified by the Realist assumption that states are ‘self’-interested.¹³³ In earlier work, Wendt names three intrinsic capacities or causal powers that any agent possesses: to have a theoretical understanding (however inaccurate) of its activities, in the sense that it could supply reasons for its behaviour; to reflexively monitor and potentially adapt its behaviour; and to make decisions. He adds that these ‘causal powers differentiate agents from the non-sapient elements that comprise natural structures, and to the extent that states can be considered goal-directed units of action, they can be considered agents by this definition’.¹³⁴ Wendt’s goal is to differentiate state action from government action, which is simply the actions of individuals, because the state is not reducible to government.¹³⁵ Many scholars disagree with this notion, arguing instead that the state is a structure and that any state action is ultimately the action of individuals in government.¹³⁶

Wight supposes that Wendt personifies the state because he assumes agency is a category only available to persons.¹³⁷ To Wight this is problematic, and he proposes a way to abandon state personification while still accepting the state-as-agent thesis. Agency, for Wight, is multi-layered and comprised of three levels: ‘freedom of subjectivity’, the individual level of agency; ‘the socio-cultural system into which persons are born and develop’, or the way in which individuals of the first level become agents of socio-cultural groups they identify with; and the social role that the individuals take on (diplomat, prime minister, general).¹³⁸ Acknowledging these different levels makes it clear that neither is the state a

¹³¹ Braun, Schindler and Wille (2018), p. 4. Notable contributions to this debate include Buzan (1995); Hollis and Smith (1990); Singer (1961).

¹³² Notable contributions to his debate include Bieler and Morton (2001); Carlsnaes (1992); Dessler (1989); Doty (1997); Hollis and Smith (1994); Jackson (2004); Weber (1998); Wendt (1987); Wight (2006).

¹³³ Wendt (1999), p. 215.

¹³⁴ Wendt (1987), p. 359.

¹³⁵ Wendt (1999), pp. 216-217.

¹³⁶ Benjamin and Duvall (1985), p. 27; Easton (1953), p. 316; Carlsnaes (1992), p. 267; Jessop (1990), p. 367.

¹³⁷ Wight (2006), p. 180.

¹³⁸ *Ibid.*, p. 213.

person that exercises power, nor is 'state agency' merely linguistic shorthand for the actions of free, subjective individuals. Instead, state agency is agency by people, or embodied agents, that are both enabled and constrained by the three levels Wight identifies.¹³⁹

Wight's definition seeks to explain what comprises state agency. For this study, it is also the effects of that agency (specifically, the potential effects of subordinate-state agency on hegemony) that are important. Therefore, accepting Wight's ontological definition of agency, we can return to Wendt's characteristics of agents. After all, in Wight's three-level agency, the collective of individuals that are grounded in a social system and take on specific social roles would still 'have a theoretical understanding (however inaccurate) of [the state's] activities, in the sense that it could supply reasons for its behaviour', be able to 'reflexively monitor and potentially adapt its behaviour', and be able to 'make decisions'.¹⁴⁰ Acharya, in his study of agency and global-order construction, is also more concerned with effects of agency. As such, he adds to the definition that an agent must be 'capable of bringing about a change in something'.¹⁴¹

Combining the above, this study understands state agency as a complex ensemble of different levels of agency (individual, social systemic and social role) that permits representatives of that state as a collective, constrained and enabled as they are by these levels of agency, to have a theoretical understanding of the state's activities; to be able to monitor and adapt these activities; to make decisions; and therefore to be capable of bringing about change in the state's situation, its role in the international arena or the international order itself. The last condition is particularly important. If a state cannot bring about change, broadly conceived, then it is merely a passive object and lacks agency.

So, which states do have agency? As discussed above, in their assessment of an order dominated by one powerful state some IR theories attribute certain types of agency to other states within that order. However, these predominantly apply to second-tier states that possess material capabilities, giving these states power significant enough to speak of agency. Agency thus appears to be intrinsically related to power and, as such, is restricted to powerful states. Long, however, points out that many of the strategies discussed are in fact applicable to small states as well. He usefully groups these into three categories of small-state power: derivative, collective and particular-intrinsic power. Derivative power encompasses both bonding and bandwagoning and enables a weaker state to compensate for its limited capabilities through close association with the dominant state. Collective power groups together strategies of soft balancing, baiting and buffering, all of which rely on the formation

¹³⁹ Wight (2006), p. 222.

¹⁴⁰ Wendt (1987), p. 359.

¹⁴¹ Acharya (2018), p. 13.

of alliances with other subordinate states and support for multilateral institutions. Particular-intrinsic power closely resembles Ikenberry's notion of the establishment of a division of labour and the acquisition of niche specialties, based as it is on specific qualities or characteristics of the subordinate state that raise its importance to the dominant state.¹⁴² This is an important step towards an understanding of subordinate-state agency. A proper conceptualization of this term, however, first requires a clear definition of 'subordinate state'.

So far this work has intermittently used three terms—'weaker state', 'smaller state', and 'subordinate state'—to refer to states other than the hegemon or dominant state. This is confusing because the terms have different meanings. If we add to this the common usage and occasional interchangeability in other works of 'weak state' (as differentiated from 'weaker state'), 'small state', 'small power', 'medium-size state', 'periphery state' and 'dependent state', then the need for clear definitions and a justified choice of one workable term is abundantly clear.

Views on how to classify states other than 'great' or 'middle' powers, which in themselves are problematic terms, have been usefully divided into three broad groups: the 'small/weak state school', 'situation-role analysis', and the 'dependence/compliance perspective'.¹⁴³

For the purpose of this work, the dependence/compliance perspective is most suitable.¹⁴⁴ It focuses its attention on asymmetries in economic leverage. It should not be confused with dependency theory, which holds that peripheral states are dependent on core states and, in this capacity, suffer continual exploitation. Dependence in the dependence/compliance perspective is mutual; every state depends to some extent on other states in economic terms, including even the strongest, most powerful state. However, while mutual, dependence is also asymmetrical, giving strong states leverage over weaker states.¹⁴⁵ Richardson argues that the small state's various modes of economic dependence on the big state allow the big state to reward or punish it, thereby incentivizing its compliance.¹⁴⁶ For Richardson, this is a trade-off, a bargaining process in which the weaker state accepts the costs of compliance in order to receive the benefits of economic association with the

¹⁴² Long (2017a), pp. 194-200.

¹⁴³ Persaud (2001), p. 10. See also Maass (2009).

¹⁴⁴ The small/weak state school runs into issues of arbitrariness by seeking to classify states according to size or strength but disagreeing on how to define these, eg, see Baker Fox (1959), p. 2; Bartson (1971), p. 41; Clarke and Payne (1987), p. 6; Handel (1981), pp. 10-11; Kuznets (1960), p. 14; Marriott (1943), p. 62; Masaryk (1966), p. 23; Rothstein (1968), p. 29; Singer (1972), p. 5; Vellut (1967), pp. 254-256; Vital (1967), p. 8. Situation-role analysis defines smallness or weakness by states' behaviour, ie, small states act according to what they perceive is their role in, or their capacity to have impact on, the international system. For arguments in favour and against this approach, see Baldacchino (2009), p. 35; Keohane (1969), p. 296; Persaud (2001), p. 25.

¹⁴⁵ Persaud (2001), p. 28.

¹⁴⁶ Richardson (1976), p. 1099.

powerful state.¹⁴⁷ Moon adds the element of ideological consensus among the dependent state's elite, which recalls neo-Gramscian thought.¹⁴⁸

This notion of the 'dependent state' thus combines ideological concordance with rational cost-benefit analysis on the part of that state. The dependence/compliance perspective therefore has significant utility for the analysis proposed in this study, particularly because of its focus on asymmetrical relations between states.¹⁴⁹ For the purpose of assessing the agency of small or weak states in hegemonic order, dependence is indeed a relevant defining feature of smallness or weakness.¹⁵⁰

However, the case-study states examined in this thesis certainly could not be grouped collectively under the term 'small' or 'weak', even if defined on the basis of dependence. To some, the definition might seem to fit Bolivia, Colombia and Peru quite well, but to speak of Brazil as 'small' or 'weak' is bound to raise eyebrows. This, then, opens the door to a discussion of other categories, such as 'middle power' or 'rising power'. That discussion is here omitted for two reasons. First, there is no clear agreement in the relevant literature regarding whether Brazil should be viewed as a middle power.¹⁵¹ Second, this study requires a definition that fits all the states under analysis. Such a definition cannot be based on a classification that divides states according to their supposed general level of dependency in the international system. Instead, what unites the cases in this study is their relation of dependency with the US hegemon. Therefore, this work employs the term 'subordinate' states instead of 'small' or 'weak' states.

The term is appropriate because it focuses on the relational position of these states vis-à-vis the United States and a circumstantial (rather than intrinsic) characteristic they share in occupying such position. Whereas 'small', 'weak' or 'middle' are absolute and essential characteristics, 'subordinate' is negotiable and only accurate in direct relation to the United States. If hegemony is a continually contested system that may be accepted or challenged by other states, it follows that the term used to describe these states should express the relative and temporal nature of their position within the order. If US hegemony were to end abruptly, the case-study states would no longer be 'subordinate', while any 'small', 'weak' or 'middle' state would continue to fulfil these characteristics for the foreseeable future, independent of

¹⁴⁷ Richardson (1978), p. 64.

¹⁴⁸ Moon (1983), pp. 316-317; (1985), pp. 307-308.

¹⁴⁹ A similar definition of 'small states' in terms of relational asymmetry is proposed in Baldacchino and Wivel (2020), p. 7, and in Long (2017b), p. 145.

¹⁵⁰ In the late 1970s and early 1980s, Latin American authors situated dependency at one end of a spectrum with autonomy occupying the opposite end. See Jaguaribe (1979), pp. 91-93; Puig (1980), pp. 149-154. Notably, they saw agency and autonomy as linked. See Pinheiro and Soares de Lima (2018), pp. 4-5. It is important here to note that this study does not deal with autonomy but focuses on subordinate states, which are defined as asymmetrically dependent. Although agency may lead to increasing autonomy, and autonomous states have significant agency, here it is precisely the agency of dependent states that is the object of inquiry.

¹⁵¹ See Burges (2013); Cooper (2013); Efstathiopoulos (2018); Jordaan (2003).

the collapse of US hegemony. Second, the relational aspect of the term allows for analysis of obvious differences in levels of subordination. As this thesis will show, Bolivia's level of subordination during the 1990s was not comparable to Brazil's during the same time period (or, for that matter, during any period of Brazilian history). Use of the term 'subordinate' does not rule out such differences. It is important in this regard that the term 'subordinate state' is applied irrespective of a state's acceptance or rejection of US hegemony. The term, as it is used in this work, refers not to state behaviour but to the state's position within the hegemonic order.¹⁵²

Throughout the remainder of this work, 'subordinate states' are understood to be positioned within the US hegemonic order. They may be differentiated from other states by their asymmetrical dependency on the hegemon in three possible areas, military, economic and ideological. Asymmetry is understood, following Womack, as a relationship 'in which the smaller side is significantly more exposed to interactions than the larger side because of disparity in capabilities, and yet the larger is not able to dictate unilaterally the terms of the relationship'.¹⁵³ First, besides the given that the United States holds overwhelming military power vis-à-vis any other state, a state may be directly militarily dependent on the United States for its national security. Second, dependency exists as an economic relationship between the subordinate state and the US hegemonic state, based on ties that give the United States different forms of leverage over the subordinate state. Third, dependency also relates to the level of ideological concordance between the subordinate state's elite (as well as the larger population) and the dominant socio-political ideology of the United States.¹⁵⁴ As such, subordinate states are dependent on the hegemon through a combination of material power and neo-Gramscian assumptions about the workings of hegemony. Although their societies may be subject to socialization, subordinate states also have the capacity to weigh the costs and benefits of their subordinate position and act accordingly (by deferring to, or defying, the hegemon). This combination is important because the decision-making process of subordinate states should neither be perceived as completely rational nor should it be portrayed as an action of docile, uncontested followership of a falsely conscious or self-serving elite.

¹⁵² Other terms, detailed below, are used to distinguish among subordinate-state behaviours.

¹⁵³ Womack (2015), p. 10. The definition of 'subordinate' used in this work has some similarities with that proposed by Abernathy (1986), pp. 105-107. However, he narrows his definition by adding several other conditions.

¹⁵⁴ Clearly, the three forms of dependency differ in intensity. Latin American space for manoeuvre in the area of ideology may be much greater than in military issues.

To sum up the above, this work understands hegemony to be an international order led by one powerful state, the hegemon, that is by definition the preponderant economic and military power within the order. That power is the dominant force in making, and in guaranteeing the working and safeguarding of, the rules, norms and institutions through which the order functions. Second, other states that partake in the order consent to hegemony, and this consent is based both on a combination of socialization, false consciousness, and pursuit of elite self-interest and on a net-positive cost-benefit assessment by state leaders of the perceived effects of hegemony on their state's national interest. As such, hegemony is a continuous negotiation between hegemon and constituents.

These constituents are referred to here as subordinate states, a status that refers to the circumstances of asymmetrical military, economic and/or ideological dependency these states have on the hegemon. Subordinate-state status also varies in intensity, with reference to the relationship of dependency rather than the state's behaviour. Through their capacity to consent, subordinate states may be understood to have agency, which this study understands to function through a complex ensemble of different actors that represent the state and which collectively are capable of developing a national strategy that allows them to effect change in their state's situation and in the hegemonic order. This study thus hypothesizes that the constituents of hegemony, the subordinate states, play an active part (ie, they have agency) in the configuration of the hegemonic system. The system is subject to constant change with regard to the production of opportunities and constraints (the benefits and costs that actors within it experience), which in turn inform these actors' recognition and legitimization of the hegemon (or their failure to do so).

Methodology and case selection

Traditionally, work on inter-American relations tends to focus on US agency and initiative, leaving little room for Latin American agency. Titles of seminal works, although largely accurate in their assessment, illustrate this one-sided view, portraying the United States as *The Hovering Giant*, while Latin American states are *Beneath the United States*, a prey caught by the *Talons of the Eagle*, which perceives the region as *Our Own Backyard*.¹⁵⁵ However, as some authors observe, more recently scholars have devoted increasing attention to the experiences, agency and influence in outcomes of Latin American actors.¹⁵⁶

¹⁵⁵ Blasier (1989); Leogrande (1998); Schoultz (1998); Smith (2013).

¹⁵⁶ Darnton (2013), p. 232; Friedman (2003), p. 625; Long and Murillo S. (2017), p. 8.

These revisionist works draw on previously underutilized sources and materials located not in the United States but in Latin America.¹⁵⁷ This approach results in studies that re-evaluate the decisive part played by Latin Americans in diverse matters, ranging from Latin American initiation of processes of regional integration, the significant role of Brazilian diplomacy in the shaping of Kennedy's Alliance for Progress, and Latin American acts of soft balancing that can be observed as early as the late nineteenth and early twentieth century, to name but a few examples.¹⁵⁸ It is fair to say that a new wave of scholarship on US-Latin American relations that began to build in the 1990s and has grown in the twenty-first century critically redresses the Washington-centric views of the past and explores Latin American influence and agency vis-à-vis the United States and between or among Latin American states.¹⁵⁹ Some of this work convincingly highlights the level of Latin American initiative in working with the United States and questions notions of mere Latin American compliance with Washington's leadership.¹⁶⁰ Renewed attention has also been devoted to Latin American scholarship on US-Latin American relations, which in the past and the present developed and furthered theories on the autonomy of Latin American foreign policies.¹⁶¹

In a similar vein, this work seeks to emphasize the relevance of a diversity of sources, archives, newspapers, policy documents and first-hand interviews, combining US and Latin American perspectives to build an empirically rich foundation from which to pursue an informed understanding of contemporary inter-American relations. The objective of this study is to assess the role of subordinate-state agency in the configuration of the hegemonic system and lay bare the underpinning element of negotiation and interaction between hegemon and subordinate. It seeks to link the architecture of hegemony with subordinate-state strategies of opposition to, and support for, the hegemonic power, an essential objective of what has been called the commencing 'third phase of interstate-hegemony studies' that requires heedful inquiry into the 'rich array of relations and articulated roles and evolving identities, which give hegemony its life and operation'.¹⁶² Hegemons do not build from scratch the world in which they rule. Instead, they emerge in pre-existing Bourdieuan 'fields' that contain other states, institutions and histories.¹⁶³ The contents of these fields, and the different roles and behaviours of states within them, are an essential piece of the puzzle that

¹⁵⁷ Pastor and Long (2010), p. 263.

¹⁵⁸ Darnton (2012), p. 92; Feinberg (2002), p. 130; Friedman and Long (2015), p. 135

¹⁵⁹ Blight and Brenner (2002); Brands (2010); Clark (1992); Crandall (2010); Darnton (2014); Dobbs (2008); Gleijeses (2008); Harmer (2011); Long (2018); Longley (1997); Loveman (2010); Mares (2012); Moulton (2015); Siekmeier (2011).

¹⁶⁰ Long (2015).

¹⁶¹ Jaguaribe (1979); Puig (1980); Russell and Tokatlian (2011, 2013); Santana and Bustamante (2013).

¹⁶² Ikenberry and Nexon (2019), p. 421.

¹⁶³ Nexon and Neumann (2018), p. 679.

is hegemony, not only for our understanding of how hegemony arrives but also for how it prevails or flounders.

As noted elsewhere, hegemonic ideas may be challenged when the hegemon fails to provide opportunities for subordinate states or actively limits those opportunities through its behaviour.¹⁶⁴ When a subordinate state's cost-benefit analysis of acceptance of the order demonstrates a net gain, it will consent. On the contrary, if it deems the balance is unfavourable, a subordinate state will dissent. Importantly, consent and dissent are meaningless in and of themselves unless some consequential action follows. In other words, both need translation into agency to have any real significance. This study therefore hypothesizes that subordinate-state consent translates into 'deference' to the hegemon—ie, subordinate-state agency that changes the hegemonic system's configuration by increasing support for it. On the contrary, subordinate-state dissent translates into 'defiance' of the hegemon—subordinate-state agency that changes the system's configuration by weakening support for hegemony. In other words, in line with the Liberal-internationalist perspective of hegemony as based on consent, and building on Clark's English School-inspired suggestion of the importance of legitimization in the changing nature of the hegemonic system, this work hypothesizes that subordinate-state agency is an underpinning element of US hegemony in Latin America and should be regarded as a decisive factor in its configuration. This element is presumed to function according to the sequence shown below:

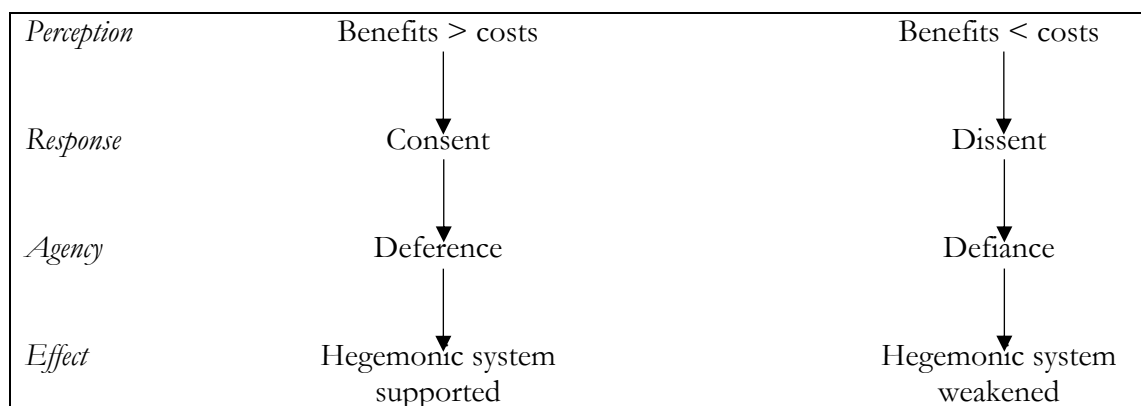


Figure 1: Sequence from subordinate-state cost-benefit analysis to effect on the hegemonic system.

Several considerations may negatively affect the cost-benefit analysis made by subordinate states. States may see a temporary window of opportunity to increase their own power, particularly when a period of hegemonic decline has already commenced. They may also perceive expectations of future cooperation with the hegemon to be shrinking, wish to renegotiate bargains made earlier, act out of resentment or fear, or seek increased autonomy in the international system.¹⁶⁵ But generally speaking, the cost-benefit analysis rests upon the

¹⁶⁴ Parmar (2019), p. 539.

¹⁶⁵ Jesse, et al. (2012), p. 17.

belief that the subordinate state is, in terms of its overall security and economic development, better off by either deferring to the hegemon or by defying its leadership.

Four case studies test the hypotheses proposed in Figure 1 using process-tracing methodology. The small-N design is deliberate and facilitates detailed description, in-depth analysis and causal inference about the specific topic of US hegemony in Latin America.¹⁶⁶ As such, this work is case-oriented, rather than variable-oriented.¹⁶⁷ This approach allows for case selection on the basis of the researcher's context sensitivity and the collection of richer and more multifaceted data.¹⁶⁸ Furthermore, it is particularly well-suited for the identification and interpretation of causal complexity, a likely characteristic of processes within hegemonic order.¹⁶⁹ Process tracing entails analysis of evidence from within a case to make inferences about the series of sequences that led to the outcome in that case. The method is thus not merely descriptive.¹⁷⁰ Rather, it takes a hypothesis of causal explanation and traces back, step by step, how an event took place. This enables assessment of the hypothesized causal mechanism across cases and also of the extent to which the hypothesized cause produced the outcome within each case individually.¹⁷¹ To be effective, the method requires the use of 'histories, archival documents, interview transcripts, and other sources to see whether the causal process is in fact evident in the sequence of the intervening variables of that case'.¹⁷²

In the hypotheses illustrated in Figure 1, subordinate-state consent or dissent translated into subordinate-state agency (deference to, or defiance of, US hegemony) is the independent variable that ultimately leads to the end of a sequence—ie, increased support for, or weakening of, US hegemony, which is the dependent variable. In other words, to validate the hypotheses, a clear sequence starting with subordinate-state consent or dissent and ending with an actual effect on the hegemonic system needs to be observed. The hypotheses would be falsified if such a sequence cannot convincingly be established, or if other causes leading to the outcome are observed.

Case studies

Applying the approach to US hegemony in Latin America, case studies were selected on the basis of their relevance to contemporary US-Latin American relations, diversity in

¹⁶⁶ Goldstone (2009), p. 43; King, Keohane and Verba (1994), p. 44-45.

¹⁶⁷ Ragin (2004), p. 124.

¹⁶⁸ McKeown (2004), p. 159-160; Munck (2004), p. 115-116.

¹⁶⁹ Ragin (2004), p. 134

¹⁷⁰ McKeown (2004), p. 154.

¹⁷¹ Munck (2004), p. 118.

¹⁷² George and Bennett (2005), p. 6. Further literature on process tracing includes Beach and Pedersen (2013); Bennett and Checkel (2015); Collier (2011); Gerring (2007); Mahoney (2010).

subordinate-state characteristics, and diversity in final outcomes of the cases. First, in thematic terms the cases relate in pairs to two important contemporary issues in the region. The first theme is counternarcotics policy, of particular interest to the United States and, as such, forced onto the agenda of several Latin American states that saw increased drug production within their borders to meet US demand. The second theme is free-trade negotiations, which have been propelled by both the United States and Latin American states. Besides importance, these themes were also selected keeping in mind the conceptual relation discussed earlier between subordinate-state dependency and hegemony—that is, in both themes subordinate states are asymmetrically dependent on the United States.

First, with the global rise of cocaine use and the declaration of the US ‘War on Drugs’, US interest in cocaine-producing countries Bolivia, Colombia and Peru increased spectacularly. Washington became substantially involved in these countries’ domestic affairs through extensive financial and military aid programmes and counternarcotics training of Latin American police and military forces. The level of engagement and the continuity of US efforts in the War on Drugs underscore the importance of the theme to US policymakers and, by extension, to Latin American policymakers as well.

Second, the open international trading system forms an essential part of US hegemony and is the basis on which the US-led international order was built. It was precisely at the beginning of the period that this work examines (approximately 1990-2010) that the United States attempted to establish an open-trade system in the Americas through the negotiation of several free-trade agreements. This process began with the North American Free Trade Agreement (NAFTA, 1994) and quickly led to hemisphere-wide negotiations over a Free Trade Area of the Americas (FTAA). Throughout this period, free-trade negotiations arguably became the top overall US policy priority toward Latin America and vice versa, perhaps only rivalled locally by counternarcotics issues and at times by migration crises, which focused primarily on the Caribbean basin, in part because of the region’s geographic proximity to the United States.¹⁷³

The choice of two distinct themes enables comparison in terms of the character and intensity of hegemonic relations. Trade negotiations are by definition a rather cooperative undertaking. Both sides make offers and demands and ultimately hope to find agreement. If no agreement is found, the consequence is at worst continuation of the status quo. As such, although the hegemon may apply pressure in many ways, trade negotiations are relatively unintrusive to the subordinate state. The character of counternarcotics cooperation is

¹⁷³ Undocumented migration is an important issue in US-Latin American relations, and US policymakers generally see it as problematic. However, Latin American states often benefit from emigration flows in the form remittances. As such, these states have little incentive to cooperate with Washington on this issue, making it a less-suitable theme to test the hypotheses.

markedly different. Here, continuation of the status quo has often been unacceptable to US policymakers, making bilateral relations in this respect much more intrusive and demanding on subordinate states. Therefore, in counternarcotics policy there may be less room for subordinate-state agency.¹⁷⁴

Each of the thematic groups consists of two cases that were selected on the basis of the subordinate state's response to the policy issue in question—that is, one case of subordinate-state consent and one case of dissent. This enables comparison between cases that are identical in theme but distinct in response, as well as cases that are distinct in theme but identical in response. As such, this study differs from works that exclude cases of outright dissent and defiance of US hegemony in Latin America and, instead, focus on cases of consent in which Latin American states attempted to guide US policy in a preferred direction.¹⁷⁵ The variation in subordinate-state response and theme among the four cases obviously means that case selection was not executed at random. Instead, cases were selected on the expectation that these are theoretically crucial and, as such, can 'provide decisive tests for theor[y]'.¹⁷⁶ Moreover, this study advances from the first core research question (to what extent do Latin American states have and apply agency vis-à-vis the United States and thereby affect their own position?) to the second question that takes contemporary US-Latin American relations as a larger case for the study of hegemony (how does the agency of Latin American states affect the larger US hegemonic system?). In other words, the tracing of the process in each case, resulting in a detailed narration from beginning to outcome, is a test that seeks to establish if the supposed sequences in Figure 1 are indeed observable.

Chapter Two examines relations between the United States and Colombia during the design phase and early years of implementation of Plan Colombia, which included a massive US financial and security injection aimed at stabilizing the near-failed state that Colombia had become by the late 1990s. A substantial component of Plan Colombia focused on counternarcotics operations. This facet has often been interpreted as a hegemonic US demand on the subordinate state of Colombia, which saw no other option but to consent and defer to US dictates. Chapter Two questions this interpretation and, instead, assesses the role of Colombian agency in the design of Plan Colombia and how the plan eventually led to a strengthening of US hegemony in the northern Andean region.

Chapter Three investigates the role of US counternarcotics policy in Evo Morales's rise to the Bolivian presidency in 2005. Like Colombia and Peru, Bolivia had for decades been a central focus of the War on Drugs, which led peasants that cultivate coca (the main

¹⁷⁴ By making trade benefits conditional to compliance with counternarcotics policy, the United States stimulated overlap between both themes. See Chapters Three and Five.

¹⁷⁵ Long (2015); Méndez (2017).

¹⁷⁶ Collier, Mahoney and Seawright (2004), p. 87. Also see Ragin (2004), p. 125.

ingredient of cocaine) to organize and oppose US policy and the Bolivian governments that consented to it. Once in power, former coca grower Morales turned words into action and began to purposefully question relations with the United States, interactions that culminated in a deterioration of bilateral relations to the point that both states expelled each other's ambassadors. The chapter traces back the causes of Morales's rise to power and the subsequent decline in relations with the United States, and it connects Bolivian dissent and agency to the clear weakening of US hegemony over Bolivia under Morales.

Chapter Four discusses the Brazilian role in hemispheric negotiations for the FTAA. Brazil is commonly portrayed as one of the main opponents of the agreement. The chapter traces the process of US-Brazilian negotiations and examines Brazilian motivations for derailing the agreement. Notably, it questions the dominant view that Brazil was from the outset uninterested in reaching a deal. Instead, the chapter assesses the role of the United States' demands and its refusal to make concessions to Brazilian interests in the process that ended in Brazil rejecting the agreement.

Lastly, Chapter Five continues where the preceding chapter ends—ie, with the failure of the FTAA talks. It picks up the story from the perspective of Peru, one of several states that were keen on closing a trade deal with the United States. The chapter assesses negotiations over the Andean Free Trade Agreement (AFTA) between the United States and Colombia, Ecuador and Peru, and the eventual bilateral talks that led to the US-Peru Trade Promotion Agreement (US-PTPA). It provides what is arguably the most detailed account of the negotiation rounds between the United States and Peru thus far.¹⁷⁷ The chapter especially examines Peru's motivations for actively pursuing a deal with the United States and the many concessions it willingly made to placate US demands.

The choice of case studies within a region as large and diverse as Latin America is never easy. An attempt was made to select states with diverse characteristics. Besides relevance to theme (counternarcotics policy and free-trade negotiations), cases were chosen to reflect the variations in the relative power of the countries involved and variations in the Latin American states' overall importance to the United States.

A subordinate state's power relative to the hegemon naturally plays an important role in its capacity and willingness to dissent and defy the hegemon. Two theoretical possibilities arise. First, the greater the power of the subordinate state, the likelier this subordinate state is to defy the hegemon. After all, the greater its power and potential leverage, the more means it has to challenge or reject the hegemon. Alternatively, one might anticipate that the opposite would also hold—that is, that the lesser the subordinate state's power and potential leverage,

¹⁷⁷ Braun (2012) provides another detailed account with a particular emphasis on the intellectual-property-right negotiations.

the more likely it is to defy the hegemon. Here the logic is that, because of the subordinate state's modest power and potential influence, the hegemon is unlikely to take the threat of defiance as seriously as it would in the case of a more powerful state capable of posing a more serious threat. Less powerful subordinate states may be better suited to apply balking behaviour, for example, because their balking does not affect the hegemon that much. In other words, the greater the subordinate state's power, the greater the threat of defiance to the hegemon, and the more significant the hegemon's potential response.

Which of these two perspectives is more accurate is not the issue here, although it is likely that in practice both have a certain validity. Similarly, consenting states may adopt different behaviours, depending on their distinct relation with the hegemon. Therefore, variation in power disparity is important, which in part explains the choice of case studies in this thesis. The cases range from a regional giant with leadership aspirations (Brazil), to one of the poorest, least developed states in Latin America (Bolivia). This allows for possible observations of a wide array of subordinate-state behaviours that may be applied to effect agency.

Similarly, the case-study countries are distinctive in terms of their importance to US interests. Two of the states are of relatively high importance. Brazil is the largest economy in Latin America and a potential regional challenger. Colombia is a close US ally, the foremost front in the War on Drugs and, at the time of Plan Colombia, seriously destabilized by illegal armed groups to the point of being declared a failed state. Peru and Bolivia, on the other hand, receive notably less attention from Washington. Both countries' economies are of indiscernible size in terms of their potential as markets for US exports. Moreover, for most of the 1990-2010 period both states were reasonably stable in comparison with their War-on-Drugs counterpart Colombia. Bolivian policy aligned with US demands and policy prescriptions for most of the second half of the twentieth century, and the country never experienced any serious domestic insurgency during this period. Peru was engaged in combatting a violent domestic guerrilla group during the 1980s and early 1990s, but by the mid-1990s the insurgency ceased to be a real threat. For these reasons, Washington's interest in Bolivia and Peru ebbed during the 1990s and 2000s in comparison to Brazil and Colombia.

However, as pointed out earlier, in the post-Cold War era US-Latin American relations are no longer defined predominantly by US interests but also by Latin American interests and, therefore, revolve around US-Latin American cooperation. The chosen themes and corresponding case studies fit within the Liberal-internationalist dynamic that characterises US hegemony in Latin America in this period. Although mainly a US incentive, counternarcotic policy's success is dependent on cooperation between the United States and source countries. As the cases in Chapters Two and Three assess, consent and dissent likely

played a vital role in cooperation between Washington and, respectively, Colombia and Bolivia. With respect to free-trade negotiations, besides cooperation and the pursuit of mutual interests, multilateralism, another characteristic of Liberal-internationalist hegemonic relations, comes into the picture. Chapter Four explores Brazil's use of multilateralism to constrain US dominance and the incentives that led it to do so. Similarly, Chapter Five investigates the Peruvian impetus to pursue a trade deal with the United States, first multilaterally and then bilaterally, and its role in the final closure of the agreement. As such, in line with Liberal-internationalism, both US interests and Latin American interests inspire the case selection.

Certain practical constraints inevitably play a role in the selection of cases, too. First, only three states potentially qualify for analysis in relation to the War on Drugs, the coca-producing states of Bolivia, Colombia and Peru. Only one of these, Bolivia, is a case of dissent, making it unique in this regard. As a counterpart to Bolivia, the selection of Colombia is logical because US involvement in the only other potential candidate (Peru) was, albeit substantial, by no means as extensive as US involvement in Plan Colombia. Similarly, in terms of the second theme, there are not many recent Latin American cases of failed free-trade negotiations with the United States. Ecuador withdrew from the AFTA talks, which would later break up into separate bilateral agreements between the United States and Peru and Colombia, and the hemisphere-wide FTAA failed especially because of opposition from Brazil. Here, then, the choice of Brazil is based on the importance of the entire FTAA project to US hegemony in the region, as opposed to a failed agreement with a small country like Ecuador.

The choice for a case of consent in free-trade talks offers more options. After NAFTA, the United States successfully completed such talks with Chile, Peru, Colombia, Panama and a group of Central American states plus the Dominican Republic. Selection of this last deal (DR-CAFTA) for close analysis would have required research in all signatory states besides the United States because none of them stands out in terms of clear overall importance to the United States. The choice of Colombia would make the country a case study in both thematic areas and would, therefore, limit the diversity of the cases selected. Chile would have been an interesting choice, but its bilateral trade negotiations with the United States overlapped with the FTAA both in timespan (the talks began when the FTAA talks were still fully under way) and in substance (Brazilian opposition to the FTAA took place in part through the Common Market of the South [Mercosul], in which Chile at times also played a role). For these reasons, it may be difficult to treat both Brazil and Chile separately, drawing conclusions in one case that are independent of the other. The final

choice therefore involved Panama and Peru, where economic size and consequent importance to US interests tipped selection in favour of the latter.

The case selection employed here does have one clear limitation. Although this study assesses US hegemony in Latin America, the cases are confined to South America. No case is located in the greater Caribbean Basin. With regard to the counternarcotics theme, this neglect is inevitable because all cocaine-producing countries are located in South America, but that limitation does not hold with regard to free-trade negotiations. This limitation must be clearly acknowledged, and one can argue that South America's geographical remoteness from the US mainland better places South American states to explore subordinate-state agency. States located closer to the United States may very well be less politically inclined to do so, keeping in mind their shared recent history with the United States and the relevance of Realist US notions of power and interests that often led to intervention and invasion during the Cold War. That said, one may reasonably expect that with respect to free-trade negotiations the small Central American states had an experience quite similar to that of Peru in terms of required concessions in the face of overwhelming US leverage. Therefore, although each individual case is subject to distinct conditions and circumstances, the Peru case may be cautiously seen as representative of other such cases, including the Central American one.

Finally, the four case studies rest on rigorous data collection to ensure the highest possible validity of causal explanation. The study bases its findings on archival materials, newspaper articles, policy documents, speeches and secondary literature originating from the United States, Europe, each of the case-study countries and Latin America more broadly. It also builds its conclusions on the basis of extensive fieldwork conducted in the United States, Bolivia, Brazil, Colombia and Peru. Elite interviews formed an essential source of information. The author conducted a total of 38 interviews with former government officials and other relevant policy actors between May 2017 and December 2018 in Washington, D.C., Bogotá, Lima, São Paulo, Rio de Janeiro, La Paz and Santa Cruz, among other locations. The appendix provides a list of these interviews.

Two

Deference: Plan Colombia¹⁷⁸

At the end of the 1990s, most analysts agreed Colombia was on the brink of state failure. Illegal armed groups, particularly the Fuerzas Armadas Revolucionarias de Colombia (Armed Revolutionary Forces of Colombia, FARC), Ejército de Liberación Nacional (National Liberation Army, ELN) and Autodefensas Unidas de Colombia (Self-defence Forces of Colombia, AUC), had grown in numbers thanks to increased revenues from the flourishing drug trade, which led to an increase in political violence and a Colombian government that had little to no control of, or presence in, large swaths of the national territory. The combination of armed conflict and drug trafficking increased US interest in Colombia and came to be the centre of deepened US-Colombian relations in the late 1990s. One result was Plan Colombia, which aimed to be an all-encompassing strategy for dealing with a wide array of issues faced by the government of President Andrés Pastrana Arango (1998-2002) of the Partido Conservador Colombiano (Colombian Conservative Party, PCC). The plan set out to combat the narcotics industry, but it also aimed to foster peace and protect human rights, build and strengthen democracy, and encourage economic recovery and development.

This chapter examines the design phase of Plan Colombia and assesses the roles played by Colombia and the United States in its inception. The second section presents a brief overview of the existing literature on Plan Colombia, which frames the plan largely in Realist and neo-Gramscian terms by overwhelmingly presenting it as produced in a realm of US dominance and Colombian passivity.

The third section presents a brief historical context of the years preceding the case, particularly the Samper administration's (1994-1998) difficulties in maintaining good relations with Washington and the deterioration of Colombian security over the same period. As such, the section serves as a prelude to the fourth section, which narrates the Pastrana administration's policy plans designed to retrieve control of the country, including its immediate active deference to the US hegemon and requests for US involvement. The fifth section then examines US involvement itself, discussing the Colombian request for US help and how US and Colombian officials began to cooperate to produce a viable plan that would work for both states. These descriptive sections make a case for viewing Plan Colombia in a Liberal-internationalist sense, ie, as a project of cooperation against the backdrop of a highly asymmetrical relation between a dominant leader and a dependent but active follower. The

¹⁷⁸ Material in this chapter was presented as a paper at the Latin American Studies Association XXXVII International Congress, Boston, USA, 24-27 May 2019, and the British International Studies Association 44th Annual Conference, London, United Kingdom, 12-14 June 2019.

chapter identifies subordinate-state behaviours that the Colombian government exhibited in its dealing with the United States, among which were bonding and bandwagoning behaviour. The sixth section particularly seeks to debunk certain persistent myths regarding US militarization of Plan Colombia which are based on misguided interpretations of Pastrana's original plan and ignore the almost constant Colombian push for more US military aid. Nonetheless, relations with the United States were certainly hegemonic, which found expression in conditions Washington attached to its aid. The seventh section discusses the Colombians' acquiescence to these conditions with particular emphasis on those pertaining to human rights, which other works address only briefly.¹⁷⁹ Finally, the last section places the case in the context of US hegemony by connecting Colombian dependence, consent and agency as the main drivers behind the realisation of Plan Colombia.

The dominant narrative

Overwhelmingly, existing work on Plan Colombia assumes the active, imposing role of the Clinton administration (1993-2001) in the design of the plan.¹⁸⁰ A looming presidential election in 2000 led US Democrats to seize on Pastrana's call for help by intensifying counternarcotics operations in Colombia, in the hope of convincing the US electorate that Republican accusations that the Clinton administration was 'soft on drugs' were inaccurate.¹⁸¹ As such, many authors hold, the final Plan Colombia focused primarily on counternarcotics.¹⁸² This had not been Pastrana's original intention, but the Colombian president saw no other option than to comply with US demands because of the precarious state of his country and government.¹⁸³ Disagreement exists on the intensity of US dominance and dictates, but the general, Realist- and neo-Gramscian-inspired consensus is one of US agency versus Colombian passive acceptance. Some hold that Washington presented Pastrana with a take-it-or-leave-it offer, making US funding conditional to the inclusion of a strong counternarcotics element.¹⁸⁴ Others see a US refocus of the plan on military efforts to which Pastrana docily agreed.¹⁸⁵ Going much further, some analysts claim Bogotá essentially yielded all control over Plan Colombia, and by extension Colombia's

¹⁷⁹ Long (2015); Méndez (2017).

¹⁸⁰ Notable exceptions are Long (2015) and Méndez (2017). This study largely concurs with the findings of both these works.

¹⁸¹ Crandall (2008), p. 32; Pardo 2000.

¹⁸² Arnson (2007), p. 149; Crandall (2001), p. 96; Jones (2009), p. 354; Kline (2009), p. 23; Leogrande and Sharpe (2000), p. 5; Pardo (2001), p. 45; Rosen (2014), p. 25.

¹⁸³ García (2001), p. 211; Kline (2007), p. 80; Pardo (2001), p. 46; Restrepo (2001), p. 329.

¹⁸⁴ Crandall (2001), p. 114; Crandall (2008), p. 119; Ramírez Lemus, Stanton, and Walsh (2005), p. 142; Tickner (2001), p. 223.

¹⁸⁵ Brohy and Ungerman (2003); Dugas (2005), p. 241; Dugas (2014), p. 153; Palacios (2012) p. 200; Stokes (2005), p. 93.

internal affairs, to Washington.¹⁸⁶ And lastly, according to still others, the final version of Plan Colombia was entirely ‘made in USA’.¹⁸⁷

Counternarcotics most certainly played an important role in Washington’s interest in Plan Colombia. By increasing its involvement in Colombia in the late 1990s, the United States sought to intensify its ‘War on Drugs’. However, as detailed below, this was not the Clinton administration’s main incentive for aiding Pastrana. The War on Drugs, which had been escalated under President Ronald Reagan (1981-1989), became truly internationalized by Reagan’s successor, George H.W. Bush (1989-1993), who in 1989 made available the resources of the US armed forces in efforts to combat the international drug industry. Most significantly, he called for a big increase in spending on interdiction and foreign-supply reduction.¹⁸⁸ This meant that cocaine-producing countries Bolivia, Colombia and Peru became recipients of large amounts of US counternarcotics aid through Bush’s Andean Initiative, a US\$2.2 billion five-year plan that aimed to significantly weaken drug production in these countries, thereby lowering the amount of narcotics that reached US shores.¹⁸⁹ A reduction in supply would cause a rise in price, or so it was believed, and this would lead to less drug use by US citizens.

By the time Clinton became president, the Andean Initiative had achieved little, which was confirmed by an ‘extensive classified review’ of interdiction programs in the Andes and led the new administration to significantly cut the foreign counterdrug budget.¹⁹⁰ The Clinton administration favoured a softer anti-drug policy that saw the drug problem more as a public health issue than as a law-enforcement concern.¹⁹¹ Among Clinton’s immediate measures were a severe downsizing of the Office of National Drug Control Policy (ONDCP), created under Bush, from 146 staffers to 25, as well as significant cuts in its budget. Eventually, Congress disapproved of the move and forced the president to double the ONDCP’s proposed budget and retain 40 staffers. Still, it was clear that under Clinton the United States was changing course on drug policy.

However, the Republican victory in the 1994 midterm elections soon led to increasingly louder congressional disapproval of Clinton’s drug-reform policies.¹⁹² Under pressure from a hawkish Congress, Clinton took a tougher stance on drugs right around the time a new Colombian president, Ernesto Samper of the Partido Liberal Colombiano

¹⁸⁶ See various chapters in Estrada Álvarez (2001); Godoy (2003), p. 2.

¹⁸⁷ Crandall (2008), p. 124; Estrada Álvarez (2001), p. 36; Livingstone (2003), p. 185; Livingstone (2009), p. 118; Pardo (2000); Rosen (2014), p. 31; Sweig (2002), p. 129; Tickner and Pardo (2011), p. 239; Tokatlian (2008), p. 98; Villar and Cottle (2011), p. 109.

¹⁸⁸ Bertram et al. (1996), p. 114.

¹⁸⁹ Crandall (2008), p. 30.

¹⁹⁰ Ibid., p. 31.

¹⁹¹ Bertram et al. (1996), p. 118.

¹⁹² Ibid., p. 124; Williams and Jawahar (2003), p. 167.

(Colombian Liberal Party, PLC), came into office.¹⁹³ When it surfaced that Samper had received US\$6.1 million in campaign contributions from the Cali drug cartel, the Clinton administration's response to 'decertify' Colombia meant a significant decrease in US aid, which greatly reduced the Colombian Armed Forces' (CAF) ability to combat both drug traffickers and guerrillas and thus further contributed to a deterioration of Colombia's security situation.¹⁹⁴ Therefore, the election of Pastrana—whose campaign was untainted by drug money—in 1998 signified to the Washington policy-making community a new opportunity to intensify counternarcotics operations in Colombia.

These events, which led up to the design phase of Plan Colombia, lead many analysts to the above-mentioned conclusion that the plan was, first and foremost, about counternarcotics and that the United States took the lead in designing it. Some suggest additional motives for US support for, and its supposed hijacking of, the project. A leftist, critical literature argues that the United States assisted Colombia in order to promote and protect a neoliberal agenda in Latin America, especially important at the time because of on-going negotiations for, and opposition to, the Free Trade Area of the Americas (FTAA).¹⁹⁵ Against the backdrop of a supposed decline in neo-Gramscian hegemony, these scholars insist that Plan Colombia should be seen through an economic-geopolitical lens and as a US reaction to the rise to power of President Hugo Chávez (1999-2013) in Venezuela and the growing prominence of social movements in countries like Ecuador, Bolivia and Peru.¹⁹⁶ Aiding Colombia, a US ally, would allow that 'some geopolitical opening remain[ed] in the grasp of the United States', increasing Washington's opportunities for 'regaining regional political-economic authority'.¹⁹⁷ Some go further and regard the (unofficial) Plan Colombia objective of defeating the FARC guerrillas as nothing more than a piece of the larger goal of making the Andean region fit for 'neoliberal globalization'.¹⁹⁸ A movement like the FARC, it is claimed, is merely one of several targets of US policy in Colombia, such as 'broad swathes of Colombian civil society that threaten US economic and strategic interests both in Colombia and in South America more broadly'.¹⁹⁹

¹⁹³ Crandall (2001), p. 101.

¹⁹⁴ Bagley (2001), p. 6. Under the Andean Trade Preferences Act (ATPA), Andean states received preferential access to the US market, while allowing the United States to unilaterally 'certify' them on basis of their supposed cooperation in the War on Drugs. 'Decertification' led to a revoking of trade preferences and the withholding of aid and support in international financial institutions.

¹⁹⁵ Leech (2011), p. 81.

¹⁹⁶ Caicedo Turriago (2001), p. 202; Estrada Álvarez (2001), p. 49; González (2001), p. 282; Herrera Zgaib (2001), p. 302; Mason and Tickner (2006), p. 92; Ramírez (2001), p. 107.

¹⁹⁷ Brittain (2010), p. 278.

¹⁹⁸ Libreros Caicedo (2001), p. 96; Petras (2001), p. 163. Rodas Chaves (2008), p. 31.

¹⁹⁹ Stokes (2005), p. 84.

One supposed US interest behind aid to Colombia is access to Andean oil.²⁰⁰ Because the United States imports significant amounts of oil from Venezuela and Colombia, a Colombian state under attack from rebels unsympathetic to Washington represents a national security risk to the United States. More specifically, terrorist attacks on the Caño Limón-Coveñas pipeline, which connects the Arauca oil region with the Caribbean Sea, harmed US interests.²⁰¹ The fact that 44 per cent of oil transported by the pipeline was owned by US oil company Occidental Petroleum leads several authors to make allusions or explicit statements about oil as the US motivation for allocating US\$98 million in aid in 2003 towards protection of the pipeline against rebel attacks.²⁰² Similarly, others argue that lobbying by military hardware producers Lockheed Martin, Sikorsky and Textron, all of which manufactured equipment for the CAF via Plan Colombia, should be seen as an incentive for US involvement.²⁰³

There is something to be said for most of these arguments. Counternarcotics definitely played an important role in the US domestic discussion surrounding Plan Colombia. The War on Drugs was a real congressional concern in the late 1990s. Furthermore, geopolitical considerations regarding the rise of leftist, often anti-US populism in the region likely worried many in Washington. And perhaps even the interests of a few large US corporations did play a role in the decision-making process. However, what such explanations have in common is that they do not appear grounded in empirical research based on the facts at hand regarding the creation of Plan Colombia. Indeed, some of them seem akin to speculation. Moreover, many of these works focus on the US side of the story, while largely neglecting the Colombian perspective. This approach logically leaves little or no room in the analysis for consideration of Colombian initiative, influence or strategies in the process. Colombian agency, it seems, is absent, not because it cannot be found but because few actually have cared to look for it.²⁰⁴

The rest of this chapter, therefore, sets out to do precisely that—assess Colombia’s active role and motivations in the realisation of Plan Colombia. It argues that the main motivation for the United States to participate actively in Plan Colombia was the belief that Colombia needed help—and quickly. Importantly, contrary to what several of the above-mentioned works assert, the initiative lay with the Pastrana administration, which actively courted the Clinton administration and had a pivotal role in convincing the US Congress to

²⁰⁰ Petras (2000), p. 4618.

²⁰¹ Crandall (2008), p. 148.

²⁰² Livingstone (2009), Mason and Tickner (2006), p. 92; p. 162; Stokes (2005), p. 107; Tickner and Pardo (2011), p. 69.

²⁰³ Isikoff (2000).

²⁰⁴ Notable exceptions are Long (2015), Méndez (2017) and Tickner (2007b).

approve the US contribution to the plan. Agency lay particularly with the Colombian government, and the United States assisted more than it dictated. It was the Colombian government that realized it needed the hegemon's help, and that accepting US hegemony would be of great benefit and easily outweigh the costs of massively increased dependence and loss of sovereignty, two inevitable consequences of Plan Colombia.

What follows is a narration of how Plan Colombia came about, its main objectives and the dynamics of cooperation between US and Colombian officials involved during the design phase. The next sections aim at debunking some of the myths that surround Plan Colombia, especially regarding US imposition and Colombian docility. Instead, the more persuasive case is that Plan Colombia was a Colombian initiative that aimed to exploit the benefits of deference to US hegemony. As such, it is a suggestive example of Liberal hegemony in action.

What Samper left behind

The drug trade has dominated US-Colombian relations since the late 1970s. Although both states passed an extradition treaty in 1980 (followed by years of disagreement over its constitutionality in Colombia's courts), successive Colombian administrations differed in terms of their alignment with, or independence from, Washington, inspiring ongoing debates in Colombia about counternarcotics measures, including eradication of drug-related crops and the involvement of the military.²⁰⁵ However, it is important to note that the drug trade was not only a US concern; it had dire effects on Colombian society itself, best illustrated by widespread drug-related violence during the 1980s and 1990s, which included assassinations by drug cartels of high-profile Colombian politicians such as Justice Minister Rodrigo Lara in 1984 and presidential frontrunner Luis Carlos Galán in 1989. Drugs harmed the Colombian state, and cooperation with the United States was a potential remedy.

In the early 1990s, Colombia defeated (with US assistance) the powerful Medellín drug cartel. Nonetheless, under President César Gaviria (1990-1994) relations gradually deteriorated, partly because of his unwillingness to support the counternarcotics focus that Washington insisted on. Still, in overall terms the US government saw Gaviria as a reliable partner in the Andean counterdrug effort.²⁰⁶ This changed dramatically under Gaviria's successor Samper when revelations that his presidential campaign had accepted contributions from the Cali drug cartel led to a serious crisis in US-Colombian relations. Counternarcotics efforts continued, but generally the United States bypassed the president

²⁰⁵ Steiner (1999), p. 161-162.

²⁰⁶ Tickner (2007a), p. 316.

wherever it could and embarked on a policy that damaged Samper's reputation even further. The United States publicly humiliated the Colombian president when it revoked his visa and sidelined him in counternarcotics policy, opting instead to deal directly with the head of the Colombian National Police (CNP), Rosso José Serrano. Meanwhile, US Ambassador Myles Frechette regularly intervened publicly in matters unrelated to his diplomat post.²⁰⁷ In spite, or perhaps because of this, Samper complied with US counternarcotics demands whenever he could, intensifying fumigation and crop eradication efforts and increasing jail sentences for drug-traffickers. Some even argue that, under Samper, Colombian counternarcotics efforts became completely 'North-Americanised' and the most prohibitionist they had ever been.²⁰⁸ Nevertheless, the Clinton administration decertified Colombia in 1996 and 1997.

An unintended consequence of US sanctions against Colombia, Washington's open dislike of the president, and Samper's lack of presidential legitimacy was the weakening of the Colombian state. The largely ineffective fumigation campaigns in those parts of the country with high levels of poppy and coca cultivation provoked protests and resentment among people dependent on the plants for their livelihoods. At the same time, the FARC increased its presence in these areas, mostly located in the southern departments of Putumayo, Cauca, Caquetá and Guaviare. This enabled the guerrillas both to increase their revenues from the drug trade and strengthen their support base in these locations, posing as the protectors of the rural population's interests against the state's fumigation operations. In turn, the growing strength of the FARC and the intensification of the so-called para-state functions that the guerrillas fulfilled in areas under their control, combined with a complete lack of state authority in those areas, led to an intensification of paramilitary activity aimed at countering the guerrillas. The ultimate effect was thus a strengthening of illegal armed groups and a worsening of the internal Colombian conflict.²⁰⁹ Although US policy during the Samper administration cannot be blamed solely for this escalation, it certainly damaged the legitimacy and the credibility of the president and contributed to the downward spiral Colombia found itself in.²¹⁰

This spiral was most clearly visible in increased levels of violence during Samper's administration and continuing into Pastrana's term. According to the US Department of State, 399 massacres (killings of three or more people outside of combat situations) took place in 1999, compared to 235 in 1998.²¹¹ Similarly, the national murder rate increased from 15 to 92 per 100,000 inhabitants between 1974 and 1995. For males between the ages of 14

²⁰⁷ Ramírez (2001), p. 20.

²⁰⁸ Tokatlian (2000), p. 76.

²⁰⁹ Tickner (2007a), p. 335.

²¹⁰ Shifter (1998), p. 6.

²¹¹ US Department of State (1999).

and 44, the increase was significantly higher, climbing from 29 per 100,000 inhabitants in 1980 to 394 in 1995.²¹² Furthermore, in 1999 288,000 civilians were internally displaced due to violence and instability, with the total number of internally displaced persons between 1995 and 1999 exceeding one million.²¹³

High levels of impunity accompanied the increase in violence as a result of a nearly completely ineffective justice system. During the late 1990s and early 2000s a whopping 95 to 98 per cent of crimes went unpunished.²¹⁴ Institutional weakness, combined with corruption at various levels of government, nullified the deterrence function of the justice system in Colombian society. Perpetrators knew they were unlikely to get caught and therefore more often resorted to violent crime, while at the same time lack of trust in the justice system pushed Colombians to increasingly take justice into their own hands via revenge killings and 'social cleansing' massacres.²¹⁵

The CAF, which were supposed to exercise the state's monopoly on violence, were in a dismal state. Defence spending during the 1990s had averaged 3.2 per cent of GDP and shrank to 1.9 per cent in 2000. This was insufficient for a country experiencing an internal armed conflict. The Colombian military numbered 103,000 soldiers and officers, of which just over 20,000 were professionals. The rest consisted of conscripts (approximately 47,000) who served 12-to-18-month tours of duty, and 35,000 so-called *soldados bachilleres* (high-school graduate soldiers) who according to Colombian law could not be deployed in combat situations.²¹⁶ Clearly, this force was nowhere near large or professional enough to cover the 1.4 million square kilometres of Colombian national territory or effectively guard and control the 6,300 kilometres-long national border. It also proved inadequate to protect Colombian electrical infrastructure, oil pipelines, roads and communications infrastructure, which often came under attack from guerrilla forces.²¹⁷

The Colombian military was also severely deficient in operational and tactical capacity. First, in order to effectively conduct counterinsurgency operations against mobile guerrilla forces, the CAF itself needed to be highly mobile. In 1999, the guerrilla forces moved at an estimated average speed of seven kilometres per hour, while Colombian military units managed about six.²¹⁸ Second, to neutralize the operational and tactical advantages of the guerrillas the CAF desperately needed air mobility. The mere seventeen operational

²¹² Rabasa and Chalk (2001), p. 6.

²¹³ US Department of State (1999).

²¹⁴ Marcella (2003), p. 14.

²¹⁵ World Bank (1999a), p. 10.

²¹⁶ DeShazo, Mendelson Forman and McLean (2009), p. 13.

²¹⁷ Marcella (2003), p. 10.

²¹⁸ Méndez (2017), p. 102.

helicopters that they had at their disposal were insufficient against guerrilla forces that regularly mined roads to inhibit troop movement over land.²¹⁹

While the Colombian military was deficient in numbers, equipment and capacity, illegal armed groups, aided by revenue from the drug trade, grew in numbers, influence and combat capacity. The FARC, the largest insurgency group in Colombia, saw its numbers go up from an estimated 3,600 in 1986, to 7,000 in 1995, and then to 15,000 combatants by 2000. Similarly, the smaller ELN grew from 800 insurgents to approximately 5,000 in 2000. This growth in numbers meant that the guerrillas could spread their foot soldiers over larger zones, leave the sparsely populated peasant areas they traditionally controlled, and move into more populated, urban and strategically important parts of the country. In 1996, analysts estimated that nearly 60 per cent of Colombian municipalities saw some guerrilla presence.²²⁰

At the same time, and partly as a reaction to the growing guerrilla numbers and the struggling state forces, the numbers of paramilitary forces, their geographic spread and the intensity of their activity increased as well. In the early 2000s, estimates gave the AUC, which was comprised of roughly 80 different groups, a total of between 4,500 and 5,000 fighters.²²¹

Toward the end of the twentieth century, then, the growth of illegal armed groups and the lack of revenue for, and reform of, the CAF tilted the balance on the battlefield in favour of the guerrillas. Battalion-size FARC fronts were defeating and overrunning large Colombian army formations and a 'Farclandia', a territory run entirely by the FARC, became a serious prospect.²²² In 1998, the FARC was believed to control, or at least move around virtually unobstructed in, 40 to 60 per cent of Colombian territory, while it had effective control over most of southwestern Colombia. The areas under FARC-control were responsible for large amounts of Colombia's narcotics production, which generated for the insurgents an estimated US\$200 to US\$400 million a year and constituted about half the guerrillas' total annual revenue.²²³

The lack of state presence inevitably further weakened the Colombian state by inhibiting its ability to collect taxes from the areas not under its control. Rampant tax evasion in other areas of Colombia further added to the dire revenue situation, which meant that the Colombian state was failing at two of the most important state functions: extracting revenue from its citizens, and using this revenue to provide these citizens with security through exercise of the state's monopoly on violence.²²⁴ It was perhaps not surprising that some

²¹⁹ Rabasa and Chalk (2001), p. 104.

²²⁰ Safford and Palacios (2002), p. 362.

²²¹ Ibid., p. 366. Estimating the number of AUC members proved difficult, leading to alternative reports of 12,000 fighters in the same period. See Marcella (2003), p. 19.

²²² Marcella (2003), p. 32.

²²³ Ramírez Lemus, Stanton and Walsh (2005), p. 106.

²²⁴ Marcella (2003), p. 18.

Colombians began to discard the state and, instead, perceived the paramilitaries as the only effective counterweight to the FARC and ELN.²²⁵

Although the drug trade did not lie at the root of Colombia's diverse problems, the enormous rise of coca cultivation (and to a lesser extent poppy cultivation) in the 1980s and 1990s greatly exacerbated the situation. Besides providing illegal armed groups with revenue that made them serious competitors of the Colombian state, the trade also made drug traffickers extremely large profits, which enabled them to easily corrupt officials at various levels of government. Crime and violence spiked as a consequence of corruption, impunity and the promise of easy money generated from criminal activity. In other words, the narcotics industry eroded the social fabric and institutions of Colombian society and disabled the state's ability to govern effectively.²²⁶

Finally, the drug trade had a negative effect on the Colombian economy because the industry 'acted as a catalyst that accelerated a process of "delegitimation of the regime" that [...] contributed to the country's stagnation'.²²⁷ This delegitimization led to a decline in trust and an increase in violence and crime, which in turn, contributed to capital flight while increasing the government's security costs. In this situation, the 1997 Asian financial crisis was an external shock that further damaged the Colombian economy.²²⁸ The Asian crisis alone would probably not have been enough to cause severe economic malaise, but combined with the political crisis that resulted from President Samper's alleged ties with drug traffickers, a fall in global coffee prices and a contracting construction sector, it pushed Colombia into its worst recession in fifty years.²²⁹ Samper's weak macroeconomic policies further exacerbated economic problems, leading to a growing fiscal deficit, rising unemployment and increasingly debilitated national industry.²³⁰

Summing up, when Pastrana won the 1998 presidential election, he faced the colossal task of leading an increasingly dysfunctional state that was credibly threatened in its existence and legitimacy by violent and powerful insurgencies and paramilitary organizations, plagued by crime and an enormous narcotics industry that had corrupted people in the highest echelons of government, and in its worst economic recession in the post-World War II era. Increasingly, analysts and policymakers began to regard Colombia as a 'weak', 'failing' or 'failed' state. They attributed most of the country's problems to the fact that the state was not 'capable of performing its most elementary functions—protecting its citizens and

²²⁵ Safford & Palacios (2002), p. 364.

²²⁶ Thoumi (2003), p. 200.

²²⁷ Ibid., p. 191.

²²⁸ Graham, Scowcroft and Shifter (2000).

²²⁹ Rabasa and Chalk (2001), p. 5.

²³⁰ Leal Buitrago (2006), p. 178.

upholding the rule of law'.²³¹ This was more true every day in most of the country, except for densely populated urban areas.²³² At the time, two analysts at the US Army War College, arguing for US assistance to Colombia, warned that, 'There can be no turning back if Colombia is to avoid becoming a "failed state," at war with itself and the region'.²³³ Another policy paper summed up the doom scenarios that analysts thought likely at this point: 'Absent political and military reforms, Colombia risks either becoming a "narcostate" or disintegrating; popular discontent with government policies indicates Colombia is ripe for a "dirty war"; the FARC and ELN will continue their involvement in the drug business to increase their wealth; insurgent activity will increase, especially in areas where government control is limited; the potential loss of democracy in Colombia threatens regional stability'.²³⁴

Pastrana's plan

Upon taking office in August 1998, Pastrana was well aware of the many challenges his country faced. One entry in his presidential memoirs, titled 'A country on the edge of the abyss', identifies the intensification of the internal armed conflict, the legitimacy crisis facing state institutions and the rapidly deteriorating economy as the most urgent policy challenges. Pastrana pointed to poverty, embattled international relations and the drug trade as the 'nucleus of Colombia's problems'.²³⁵ Some might argue that he gained such insight in Colombia's predicament, and especially his understanding of the drug trade as a main issue, in hindsight. After all, memoirs are not necessarily factually accurate, and one's remembrance of events might change over time. As noted above, some studies of Plan Colombia hold that Pastrana's original plan, pre-US involvement, did not focus on counternarcotics at all. However, contemporary documents and communications contradict this view.

Like his memoirs, Pastrana's 1998 election brochure mentioned narcotics as one of the fundamental problems facing Colombia. Citizens' loss of faith in institutions, corruption, insecurity, international isolation and the existence of criminal organizations and paramilitary forces were all consequences of the drug trade, according to the brochure. It explicitly referred to the battle against drug trafficking as a principal goal; 'Colombia need[ed] to be willing to be an important ally' in this battle, while making sure to 'take care of the national interests'.²³⁶ It is hard to think of any international battle against drug trafficking that would

²³¹ Graham, Scowcroft and Shifter (2000).

²³² Palacios (2006), p. 263.

²³³ Marcella and Schulz (1999), p. 37.

²³⁴ Zackrisson and Bradley (1997), p. 1.

²³⁵ Pastrana and Gómez (2005), p. 39.

²³⁶ Pastrana (1998), p. 32.

not involve the United States and its War on Drugs. Therefore, it is likely Pastrana was already at this stage planning to intensify Colombia's partnership with the United States. Moreover, the brochure stressed the international community's co-responsibility with regards to the global drug issue and the need to cooperate internationally to reduce both the demand and supply side of the problem.²³⁷ Co-responsibility would remain the basis on which Pastrana addressed the international community several times during his term in office, and mention of it in the election brochure makes it likely that co-responsibility already was a part of his policy plans during the election.

Similarly, military strengthening, something often attributed to policymakers in Washington, also featured among Pastrana's election promises.²³⁸ The brochure called for expansion of state authority over Colombia's entire national territory, and it stressed the need to reform and professionalise the Colombian military.²³⁹ This raises questions whether it was the US government alone that pushed 'militarization' of Plan Colombia.

Pastrana reiterated these intentions at his inauguration, stating that he saw 'a Colombia, proud and with enough authority to challenge other nations to control their demand for drugs because we were able to combat both the supply and the demand inside our own country'. He added that he would 'recuperate [...] for the state the monopoly of force'. Furthermore, the new president announced his plan for a 'Fund for Peace', which he requested the international community to support financially.²⁴⁰ In sum, on the first day of his presidency, Pastrana clearly conveyed that he intended to combat the narcotics industry, establish state control over the national territory and reinstate the state's monopoly on violence, while appealing to the international community for help.

Campaign brochures and speeches may give an indication in terms of an administration's aims and policy plans, but both could equally be regarded as rhetoric for the electorate. Neither should be mistaken for official government policy proposals. Instead, these can be found in Pastrana's National Development Plan (NDP). Every new government in Colombia is obliged by law to prepare an NDP in which it outlines its entire policy plan for the next four years. Unlike campaign brochures or speeches, the plan is a detailed proposal that is sent to the Colombian Congress for approval. A look at Pastrana's NDP, designed by his close confidant Jaime Ruiz, therefore gives the best insight into the Pastrana administration's points of focus and policy objectives.

²³⁷ Pastrana (1998), p. 33.

²³⁸ Brohy and Ungerman (2003); Dugas (2005), p. 241; Dugas (2014), p. 153; Palacios (2012), p. 200; Stokes (2005), p. 93.

²³⁹ Pastrana (1998), p. 46.

²⁴⁰ Pastrana, inauguration speech, Bogotá, Colombia, 7 August 1998, <https://www.youtube.com/watch?v=beJA-V-gUSE>, accessed 15 March 2018.

The NDP's content shows remarkable similarities with the later Plan Colombia that was designed with the help of Washington. Besides a strong focus on the peace process, negotiations for which Pastrana had started with the FARC shortly after his election, the issues and policy areas the plan addressed were impunity and corruption, education, youth and health policy, agriculture (including crop substitution to reduce coca production), justice reform, strengthening of Colombia's defence and security capabilities (including the explicit mention of the need for helicopters and improved intelligence capabilities) and policies aimed at boosting foreign trade.²⁴¹ Although the structure and composition of the later Plan Colombia differ from those of the NDP, all policy proposals and objectives are present in both. Importantly, the NDP, as a comprehensive, all-encompassing policy plan, had by definition a much broader scope and therefore inevitably addressed many more policy issues than the narrower Plan Colombia. Nonetheless, the NDP did include a subchapter titled 'Plan Colombia'. In this early use of the term, the plan focused on participatory projects to increase productivity in rural areas, provision of humanitarian assistance to victims of violence and stimulation and protection of human capital, institutional development and the strengthening of social capital. It also included infrastructure development 'for Peace', which was related to socio-economic development projects that stimulate social and economic productivity and would, in turn, mitigate conflict. Finally, the chapter contained an environmental sustainability component.²⁴²

This first mention of Plan Colombia is what led many analysts to conclude that the plan was later 'militarized' by the United States, at the expense of social and economic policy.²⁴³ The sixth section of this chapter challenges this interpretation in more detail, but here it may be said that the final version of Plan Colombia still contained social and economic components. Instead of a militarization of the plan, what seems to have happened is that the final Plan Colombia was broadened to include many of the policies that were not part of the subchapter 'Plan Colombia', but that *were* included in the NDP. In other words, the differences between the NDP subchapter and the final version of Plan Colombia do not point to a change in policy proposals so much as to a reallocation of existing policy plans to fall within what became known as Plan Colombia. This should not be surprising because both the NDP and Plan Colombia for a long time were works in progress. In fact, Jaime Ruiz, author of both the NDP and the later released document known as Plan Colombia, insisted in an interview with one scholar that 'all the aspects of the eventual Plan Colombia

²⁴¹ Departamento Nacional de Planeación de Colombia (1998).

²⁴² Ibid.

²⁴³ Brohy and Ungerman (2003); Dugas (2005), p. 241; Dugas (2014), p. 153; Palacios (2012), p. 200; Stokes (2005), p. 93.

were present in the government's early plans'.²⁴⁴ The only element in the final version of Plan Colombia that cannot be found in the NDP is the strong focus on counternarcotics operations. As detailed below, emphasis on this element certainly came from Washington, but this does not necessarily mean that the United States changed or took control of Plan Colombia or that the Pastrana administration gave away control over it. US and Colombian interests may have come together symbiotically, and the counternarcotics element may have been added in close consultation.

Essential to the Pastrana administration was the international community's involvement, particularly in the form of contributions to the Fund for Peace. In order to get other states to donate, Pastrana mounted a charm offensive that demonstrated to the world that Colombia needed help and that it had a solid plan for moving forward. Although Pastrana actively tried to send out his message to a variety of countries, particularly in Europe, he began by improving ties with the United States. This should not come as a surprise. Washington had long been an important partner and strong ally of Colombia, but as noted above, relations had deteriorated under Samper. One of the first actions Pastrana took after being elected, therefore, was to contact the White House to schedule a meeting with President Clinton. The meeting was Pastrana's initiative, and it is testament to the importance the Colombian president gave to US support for his plans.²⁴⁵ Pastrana sought to bond with Clinton, knowing that a close alliance with the United States would allow Colombia to bandwagon on US power. That is not to say that Washington was not likewise eager to engage Pastrana. Curtis Kamman, US ambassador to Colombia at the time, remembered being surprised, not necessarily by Pastrana's eagerness to improve ties but by the readiness in Washington to accommodate him and establish better relations.²⁴⁶ US openness in this regard was a consequence of the Clinton administration's understanding that Colombia was becoming increasingly unstable and that Washington's policies during the Samper administration may have contributed to this development.²⁴⁷ It seems that the Clinton administration was keen on giving Pastrana a proper chance.

On 3 August 1998, still as president-elect, Pastrana travelled to Washington in the company of Guillermo Fernández de Soto, his future minister of foreign affairs; Rodrigo Lloreda, who would become minister of defence; and Luis Alberto Moreno, who took on the role of Colombian ambassador in Washington. The visit was a success in that Pastrana met with Enrique Iglesias, then director of the Inter-American Development Bank (IADB), to discuss credit supply for Colombia's peace plan, and that he had lunch with Secretary of

²⁴⁴ Long (2015), p. 192.

²⁴⁵ Méndez (2017), p. 87.

²⁴⁶ Author's interview with Kamman.

²⁴⁷ Tickner (2007a), p. 336.

State Madeleine Albright and Clinton's 'drug czar' (head of the ONDCP), General Barry McCaffrey.²⁴⁸ However, most importantly, Pastrana met personally with Clinton and immediately established rapport. Anne Patterson, who in 2000 succeeded Kamman as US ambassador in Bogotá and who played a significant role in the implementation of Plan Colombia, remembered that over the course of the next two years the presidents would establish an excellent relationship. According to Patterson, Clinton simply really liked Pastrana and wanted to help him.²⁴⁹ Assistant Secretary of State for Western Hemisphere Affairs Peter Romero echoed this sentiment, recalling that Clinton and Pastrana 'hit it off big time'.²⁵⁰ When his Washington trip was over, Pastrana had succeeded in his main goal. His brief visit to the US capital had resulted in a commitment from Clinton to work with Colombia.²⁵¹

The visit was the first step in a long process of collaboration between the Pastrana and Clinton administrations that would eventually lead to a US\$1.3 billion US aid package for Colombia. However, it would be incorrect to refer to this package as being Plan Colombia. The amount provided by the United States was only a part, even if an important part, of Pastrana's entire peace, security and development plan, the total value of which was US\$7.5 billion. Colombia devoted US\$4 billion on its own to the plan with the help of credit from the IADB and the World Bank. Pastrana hoped to obtain the remaining US\$2.0-2.2 billion from other countries, particularly the European Union (EU) and Japan.

In order to encourage these other states to contribute, the Colombians embarked, independently from the United States, on an international funding campaign. Speaking at the United Nations General Assembly, Pastrana presented 'Diplomacy for Peace', a request to the world to donate to the realisation of his comprehensive plan for peace.²⁵² One month later, he took another step with the official launch in Colombia of the Fund for Peace. With the IADB's director in attendance—a demonstration of the bank's support for Colombia's plans—Pastrana made another appeal to the international community, comparing Plan Colombia to the post-World War II Marshall Plan.²⁵³

Pastrana presented Plan Colombia to the Colombian people on 19 December 1998 in Puerto Wilches, a municipality that traditionally saw considerable guerrilla and paramilitary activity. The president emphasized that the plan would focus on rehabilitation of those areas

²⁴⁸ Jaramillo (1998).

²⁴⁹ Author's interview with Patterson.

²⁵⁰ Author's interview with Romero.

²⁵¹ Méndez (2017), p. 88.

²⁵² Pastrana, speech at the United Nations General Assembly, New York, United States, 23 September 1998, https://www.youtube.com/watch?v=OMxleER_1wI, accessed 16 March 2018.

²⁵³ Pastrana, speech at the launch of the Fund for Peace, Bogotá, Colombia, 22 October 1998, <https://www.youtube.com/watch?v=Moc3scsrVts>, accessed 16 March 2018.

most affected by the conflict and that it consisted not only of peace talks and the desire to reach a political solution to the conflict but included serious government investment in a social and economic project that would benefit all of Colombian society. He furthermore spoke of a social contract and explicitly invited the guerrillas to participate in the design and execution of Plan Colombia.²⁵⁴ It is clear that at this point Pastrana had serious hopes of achieving a negotiated peace with the FARC. In fact, the peace talks were a principal component of his overall government policy.²⁵⁵

Importantly, Pastrana managed to convince the Clinton administration to support the peace talks during an official state visit to Washington in 1998, in which he also secured a significant part of the funding for his plan.²⁵⁶ In a press conference at the White House, Clinton emphasized that he

‘welcomed [Pastrana’s] efforts to open talks with insurgent groups. We stand ready to help. We hope the insurgents and paramilitaries will seize this opportunity the President has offered them by ending terrorism and hostage-taking and involvement with drug traffickers’.²⁵⁷

This was not mere rhetoric; it was the Department of State’s policy line. As Kamman recalled

‘[...] the US felt that [Pastrana] deserved support in anything that he thought would be effective in bringing an end to the violence, as well as stopping the flow of drugs. And it was quite clear to everyone that the FARC especially was funding its activities through illegal drugs, and paramilitaries in many ways were doing the same thing. So, we [...] were somewhat sceptical that his approach to these negotiations would work. At the same time, we felt that he had to do this, both to see if it would work and for his own domestic audience, and we were as supportive as possible and in all of the things that he did’.²⁵⁸

A slightly more critical view came from Thomas Pickering, who was under secretary of state at the time and tasked by Albright with overseeing US involvement in Plan Colombia. He remembered the peace talks were something the State Department viewed ‘very negatively’, but that there was the realisation that the United States should support Pastrana in his

²⁵⁴ Pastrana, speech at Puerto Wilches, Colombia, 19 December 1998, <https://www.youtube.com/watch?v=3jZlqaMa46U> accessed 16 March 2018.

²⁵⁵ For discussions of the peace talks with the FARC, see Long (2015), pp. 188-191; Méndez (2017), pp. 95-108.

²⁵⁶ Sabogal (1998).

²⁵⁷ Clinton, news conference with President Andres Pastrana of Colombia, Washington, D.C., United States, 28 October 1998, <https://www.youtube.com/watch?v=GA1vj2d4lsg>, accessed 16 March 2018.

²⁵⁸ Author’s interview with Kamman.

negotiations ‘in order to buy time’ in relation to the strength of the FARC and the weakness of the CAF.²⁵⁹ Whatever the precise motivation, Washington respected Pastrana’s attempt to negotiate and did not press him to end the talks.

Colombian requests for US involvement

Although Pastrana seemed bent on negotiating a political settlement of Colombia’s internal armed conflict, it would be a mistake to think his government did not also from the start focus on strengthening the Colombian military. There were two reasons for this. First, should negotiations fail (as they did in 2002), the Colombian military would need better training and equipment to combat and defeat illegal armed groups on the battlefield. Second, the guerrillas’ strength made a peace deal less appealing to the FARC. With defeat unlikely, why would the guerrillas make concessions? Pastrana and his cabinet were very aware of the need to tilt the balance on the battlefield in their favour. As the president himself put it a few days after his inauguration, ‘The armed forces that I command can be armed forces for peace or for war. In both cases they need to be efficient. Paradoxically, that is the point of departure for serious negotiations’.²⁶⁰ Military reform and reinforcement thus were essential objectives of Pastrana’s administration. The president understood that for this he needed US help.

Only days after Pastrana took office, Minister of Defence Lloreda began to reorganise the Colombian military. He started by appointing a new chief of the army, General Fernando Tapias. Reportedly, the general’s impeccable record played a key role in his appointment. First, so Lloreda hoped, this would make the United States more willing to become involved. Second, it was a sign of goodwill to the FARC that Tapias had no known links to paramilitaries, increasing the likelihood of the guerrillas continuing to negotiate.²⁶¹ Shortly after appointing Tapias, Lloreda announced a military professionalization scheme that aimed to add 10,000 new professional soldiers who were to be specifically trained in counterinsurgency operations and deployed in regions with high levels of guerrilla activity. The defence minister emphasized that ‘the circumstances of the current public order demand professional soldiers who are better trained and have more stability in order to form counterinsurgency battalions’.²⁶² This initiative demonstrates Colombian intent to improve military capabilities independent of any observable US pressure. Indeed, the detectible pressure at this point came from the Colombians who pressed Washington for assistance. Lloreda’s plans needed funds, but Colombia had none. US military aid was the only possible

²⁵⁹ Author’s interview with Pickering.

²⁶⁰ Pastrana and Gómez (2005), p. 77.

²⁶¹ Méndez (2017), p. 89.

²⁶² *El Tiempo*, ‘Otros 10.000 soldados contra la insurgencia’, 20 August 1998, online edition.

way of financing the reforms. Lloreda, therefore, started explicitly linking the guerrillas with the drug trade, knowing the US Congress would be more likely to support overseas counternarcotics operations than counterinsurgency.²⁶³ Colombian officials also began to stress the essential role the United States could play through military aid, linking this to the peace talks as part of the larger strategy. A diplomatic cable, sent by Kamman in September 1998, stated that

‘effective military reform will be essential to the success of the government’s strategy. In fact, one political figure close to Pastrana has told us that peace negotiations are necessary to buy time to create a more effective military force. The [US government] occupies a unique position in this regard—able to assist reform efforts that can yield increased military pressures on the guerrillas [...]’.²⁶⁴

Kamman’s message demonstrates, first, that the Colombians realised they needed to buy time and that their military capacity was inadequate for defeating the guerrillas. Second, just as Lloreda’s explicit linking of the guerrillas to drug trafficking did, the cable shows how Colombian officials were starting to lobby the US government for military aid.

In spite of this, some authors claim that the initiative to strengthen the CAF came from US officials, particularly from the ONDCP’s McCaffrey and from General Charles Wilhelm, commander of the US Southern Command (SOUTHCOM). Supposedly, Wilhelm needed to ‘convince President Pastrana [...] that military pressure should be a key component of any effective negotiating strategy’.²⁶⁵ Pastrana himself strongly disputes this assertion, stressing that he always emphasized the need for the military to remain on the offensive and that he never argued for suspension or slowing down of military operations.²⁶⁶ Rather, it seems the ONDCP and SOUTHCOM backed Pastrana’s plans to improve the CAF’s military capability and train new, professional counterinsurgency battalions. After a visit to Colombia by Wilhelm, Lloreda announced that the US had confirmed it would start funding the Colombian army, whereas previously it had only funded the CNP to fight drug trafficking.²⁶⁷ Much later, Wilhelm echoed the Colombians’ belief that a stronger military was a condition for successful peace negotiations when he said

²⁶³ Méndez (2017), p. 89.

²⁶⁴ Kamman, ‘The Colombian Peace Process: Implications for U.S. policy’, 9 September 1998, Digital National Security Archive (DNSA).

²⁶⁵ Cook (2004), p. 148.

²⁶⁶ Pastrana and Gómez (2005), p. 212.

²⁶⁷ Méndez (2017), p. 90.

‘Insurgencies tend to be resolved at the bargaining table. The question is how Colombia is going to achieve a position of strength at the bargaining table. My own feeling is that they need the leverage of improved performance on the battlefield’.²⁶⁸

This feeling the Colombians certainly shared, and they expressed it on numerous occasions to US officials through requests for more military aid throughout the year preceding Wilhelm’s remarks.

During Pastrana’s first visit to Washington, still as president-elect, Clinton had invited him for an official state visit, which took place in October 1998. Here, again, the Colombians emphasized the need to strengthen their military, specifically in relation to the War on Drugs.²⁶⁹ Shortly thereafter, in early November, Assistant Secretary of State Romero, accompanied by his director of Andean affairs, Phillip Chicola, travelled to Colombia. He recalled the impact the trip had on the Department of State’s understanding of the situation in Colombia:

‘What we had concluded from my trip there was that we’re not talking anymore about the luxury of being able to pick who is the recipient of our aid and that sort of thing in Colombia. We’re talking about an existential threat to Colombia. Not that the federal government would collapse, but that the bad guys were controlling more and more territory and the country was being eaten away like a cancer. And this is existential now [...]. This is a western government with a lot of flaws that wants to do the right thing and reform itself, and also beat back the narco-traffickers and the guerrillas and the paramilitaries and we need to work with them [...].’²⁷⁰

Romero and Chicola concluded that ‘something big needed to happen’, based on two closely-related observations: ‘The drastically deteriorating security situation, and what we saw was the incapacity of the existing military and police structure to deal with it’.²⁷¹ On the plane back to Washington, both officials decided to come up with a quick outline of what was needed to pull Colombia out of its crisis. They scribbled down bullet points that focused on military capacity and intelligence-gathering, but also on the issues of education, land distribution and other non-military topics. Military power alone would not do the trick, Romero recalled, because more was needed to win the ‘battle for hearts and minds’, the core goal of any counterinsurgency strategy.²⁷²

²⁶⁸ Robinson (1999).

²⁶⁹ Méndez (2017), p. 98.

²⁷⁰ Author’s interview with Romero.

²⁷¹ Ibid.

²⁷² Ibid.

As Méndez notes, this story has been taken out of context and presented as evidence that the plan was made by the United States and imposed on the government of Colombia.²⁷³ The literature that takes this position draws the simplified conclusion that Romero and Chicola's bullet points formed the basis of what eventually became Plan Colombia.²⁷⁴ However, as Méndez stresses, both men had just spent days with their Colombian counterparts in 'brainstorming sessions' that were undoubtedly reflected in the points they came up with.²⁷⁵ Second, it would be a mistake to assume that the scribbles actually came to be the blueprint for the final Plan Colombia. As demonstrated below, US and Colombian officials developed the plan together in what was a cooperative relationship. That said, after Romero and Chicola's visit the US government apparatus truly began to think about ways of aiding Colombia, with the involvement of several agencies within the Department of State, the White House, and the Department of Defense.

Still, the Colombians felt the need to continue their push for military aid. In December 1998, Defence Minister Lloreda presented US Secretary of Defense William Cohen with a Colombian plan for 'the creation of a dedicated counterdrug battalion and proposal for wide-ranging investment in military hardware to expand the fight against narco-trafficking'. Lloreda furthermore

'laid out a series of specific requests for US assistance [asking for] help in reforming and restructuring Colombian intelligence collection, analysis, and assimilation capabilities, and in developing mechanisms for intelligence cooperation among the services and the national police. He requested US training and planning assistance in order to help make the transition to an all-volunteer force and to increase the effectiveness of the troops. Finally, he repeated the request for AH-1 Cobra helicopters, emphasizing that the UH-60s are still vulnerable and do not fulfil the need for mobility and air coverage during combat'.²⁷⁶

If anything indicates that the Colombians themselves actively requested military aid, it is this diplomatic cable. The mention of a Colombian plan and the fact that Lloreda *repeated* certain requests demonstrate clearly that the push for military aid was not imposed on the Colombians. In fact, although Washington policymakers were still deciding what to think of the new Colombian president and looking into ways of aiding his administration, the Colombian government continued to take the initiative and pressed Washington to fund its military. According to some, recent defeats of the CAF by the guerrillas had convinced

²⁷³ Méndez (2017), p. 101.

²⁷⁴ Sweig (2002), p. 129.

²⁷⁵ Méndez (2017), p. 102.

²⁷⁶ Kamman, 'Pastrana Breakfast and Colombia Bilateral', 2 December 1998, DNSA.

Pastrana and his military staff that the military needed modernization and improvement.²⁷⁷ However, Pastrana's NDP, the main policy outline of his administration, reflected this conviction as well, making explicit mention of the need to acquire helicopter gunships. The NDP was developed well before US involvement in Plan Colombia.²⁷⁸

In mid-July 1999, realising how essential US military support was, Minister of Defence Luis Fernando Ramírez travelled to Washington with General Tapias to meet with Washington policymakers. Precisely what they discussed remains unclear, but it seems likely that Ramírez and Tapias went to convince the United States that they needed more military aid, especially in light of a recent increase in guerrilla attacks.²⁷⁹ Their apparent success was evident when McCaffrey released a memo that outlined an aid package worth US\$1 billion, with a strong focus on military aid, that same month.²⁸⁰ Also around that time, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (INL) Rand Beers learned during a briefing he, together with SOUTHCOM's General Wilhelm, gave to the congressional Republican caucus that the Republicans were planning to propose a supplemental appropriation package of counternarcotics aid to Colombia. Beers passed on this information to National Security Advisor Sandy Berger, who requested that he prepare several aid proposals larger than the Republican proposal, so that the Clinton administration could preserve the initiative on the issue. Beers recalls preparing three proposals, of which the largest totalled around US\$2 billion. He soon got the green light from Berger to go and talk to the Colombians.²⁸¹

Before the end of July, Beers had a meeting with Ramírez and Tapias in Colombia in which he acknowledged the need for better air mobility and offered the Colombians eighteen Huey UH-1N helicopters that belonged to INL (instead of UH-60 'Black Hawk' helicopters that the Colombians preferred). He further explained that, taking congressional concerns over narcotics into account, any possible aid package would be 'tied to the [Government of Colombia's] movement against illicit coca fields in [the southern Colombian department of] Putumayo and expanding aerial interdiction'.²⁸² The focus on counternarcotics, in this instance, clearly came from the United States, but it would be a mistake to assume it was imposed on the Colombians. In fact, as discussed further below, the counternarcotics focus was a restriction on a much broader military aid package that the Colombians desired. In the meeting with Beers, Ramírez and Tapias even felt it necessary to stress they had received 'an

²⁷⁷ Rabasa and Chalk (2001), p. 101.

²⁷⁸ Departamento Nacional de Planeación de Colombia (1998).

²⁷⁹ Rohrer (1999).

²⁸⁰ Vacius and Isacson (2000).

²⁸¹ Author's interview with Beers.

²⁸² Kamman, 'A/S Beers meets with MOD and Armed Forces Chief, 27 July 1999, DNSA.

“attractive” offer from the Russians who had promised immediate delivery of MI-17’s and MI-35’s [helicopters] at sixty per cent of the cost of the Blackhawks. Both Ramírez and Tapias added that they would be much happier with U.S. equipment’.²⁸³ This interaction between Colombian and US officials, instead of fitting the US-militarization narrative, rather shows a Colombian push for militarization. This was not a hegemon imposing its demands on a passive subordinate state; rather, a subordinate state was actively requesting aid from a reluctant hegemon. The near-constant Colombian insistence on military aid suggests the Colombians applied bonding behaviour, particularly targeting US officials that worked on the drug issue (eg, McCaffrey and Beers). This gave them some leverage and provided direct incentives for US involvement.

Washington becomes supportive

The Colombians successfully convinced the Department of State to support them publicly as well. Soon after Beers’s visit to Colombia, Secretary of State Albright published an op-ed in the *New York Times* calling for the United States to help its Andean ally. Among other issues, she advocated US support for Pastrana’s peace talks and the need not just for military or counternarcotics aid but also for crop substitution, economic development and criminal justice reform.²⁸⁴ Contrary to the US-militarization narrative advanced by some authors, the US focus was thus not merely on the Colombian military.

On the same day that Albright published her opinion piece, Under Secretary Pickering travelled to Colombia with Beers and Romero. Several accounts of this visit claim Pickering went to warn the Pastrana administration not to make any more concessions to the FARC and instead work on a plan to strengthen the military, halt Colombia’s economic free-fall and fight the narcotics trade.²⁸⁵ These works base their position on an article published in the *Washington Post* in which the author mentions that ‘sources familiar with the talks’ indeed said that Pickering ‘warned’ Pastrana.²⁸⁶ Much meaning has been attached to the use of the word ‘warn’, leading to the conclusion that the US government imposed a counternarcotics reorientation of US aid. As noted, the counternarcotics push certainly came from Washington, but when asked about the visit, Pickering recalled that Pastrana did not need much convincing and easily accepted his proposals.²⁸⁷

²⁸³ Kamman, ‘A/S Beers meets with MOD and Armed Forces Chief’, 27 July 1999, DNSA.

²⁸⁴ Albright (1999).

²⁸⁵ Ramírez (2001), p. 85; Tate (2015), p. 151; Vacius and Isacson (2000).

²⁸⁶ Farah (1999).

²⁸⁷ Author’s interview with Pickering.

Pastrana, in fact, remembered the meeting as very positive. Instead of the one-year US commitment that Pastrana hoped for, Pickering surprised him by promising three years of aid, the full remaining time of Pastrana's presidency.²⁸⁸ A more intense counternarcotics focus was a small price to pay for the benefits of receiving three years of much-needed funding.

What appears to have happened is that Colombian and US interests came together in a policy that served both simultaneously. Pastrana needed a stronger military as a counterweight to the guerrillas, while the United States wished to combat drug trafficking. US military aid served both objectives. On the one hand, it strengthened the CAF, while on the other it targeted the narcotics industry, which would supposedly lead to a decline in the volume of drugs supplied to the US mainland and a reduction in the revenues available to the guerrillas, thereby further tilting the balance to the CAF's advantage.

Still, in the eyes of Department of State officials, the focus on counternarcotics was mostly a vehicle to gain congressional support in Washington. Simply put, in order to justify the spending of hundreds of millions of dollars overseas, something had to be in it for the United States. Referring to the same visit to Colombia in which he and Romero accompanied Pickering, Beers disputed the notion that the United States imposed the counternarcotics element on the Colombians.

'I don't feel we ever dictated anything other than to say that the way we would be able to get the money is with a stronger counternarcotics policy. You've seen what we're talking about, we've seen what you're talking about. We seem to be on the same wavelength. But we will have to show, in order to keep it going, that progress is being made'.²⁸⁹

The eventual document that came to be Plan Colombia was written by Pastrana confidant Ruiz, who combined the Pastrana administration's objectives as articulated in the NDP with the only issue the United States pressed Colombia on, a stronger counternarcotics element.²⁹⁰ As some analysts noted, the fact that Ruiz wrote the plan in English led to much speculation as to whether the plan may have been written in Washington rather than in Bogotá.²⁹¹ Such speculation was later convincingly refuted. Ruiz, a speaker of perfect English who holds a degree from a US university, wrote the plan in English to save time and speed up US governmental approval.²⁹²

²⁸⁸ Pastrana and Gómez (2005), p. 203.

²⁸⁹ Author's interview with Beers.

²⁹⁰ Méndez (2017), p. 112.

²⁹¹ Arnson and Tickner (2010), p. 172.

²⁹² Marcella (2001), p. 7; Méndez (2017), p. 113; Pastrana and Gómez (2005), p. 204.

Pastrana presented Ruiz's completed plan to the Colombian people on national television in September 1999. The president highlighted five essential parts of Plan Colombia: efforts to pull Colombia out of economic crisis; the peace process; the battle against the narcotics trade, which he explicitly linked to the financing of illegal armed groups; justice reform; and citizen participation.²⁹³ Pastrana announced that his plan would cost US\$7.5 billion. Of this total, Colombia would itself pay US\$4 billion and it would appeal to the rest of the world for the remaining US\$3.5 billion. Roughly a month after Pastrana's televised address, Clinton announced a US contribution worth US\$1.6 billion.²⁹⁴

Convincing the US Congress

However, the US contribution first had to make it through the US Congress. What followed was half a year of lobbying by the Clinton administration, but mostly by the Colombians themselves.²⁹⁵ Among other steps, they actively invited US congressional representatives to visit Colombia, receiving around 120 of them between August 1998 and summer 2000. The Pastrana administration established a routine, hosting tours that catered to the specific interests of each individual US legislator, maximising chances of gaining their support.²⁹⁶ In the words of Ambassador Kamman, 'Pastrana generally would bend over backwards to treat visitors right and to make sure they had a positive impression'.²⁹⁷

One specific anecdote illustrates how courteous the Colombians were to their US counterparts. When Joseph Biden, then senator for Delaware, was about to depart after visiting Colombia, his plane could not take off because of technical issues. Biden was running late for a meeting in Caracas with Venezuelan President Chávez and called Pastrana, who immediately offered him his presidential plane.²⁹⁸ Later, Biden became one of the staunchest proponents of Plan Colombia, writing a report for the US Senate Committee on Foreign Relations, arguing strongly in favour of funding.²⁹⁹ This is not to say Pastrana's gesture produced Biden's support, but it does demonstrate how the Colombians left nothing to chance and used any means necessary to please their US visitors.

²⁹³ Pastrana, 'Alocución del Presidente Andrés Pastrana antes de su viaje a la Asamblea de la Organización de las Naciones Unidas en Nueva York', Bogotá, Colombia, 17 September 1999, <https://www.youtube.com/watch?v=BRCzzo38yEM>.

²⁹⁴ Clinton, 'Statement Announcing an Assistance Package for Colombia', Washington, D.C., United States, 11 January 2000, https://1997-2001.state.gov/regions/wha/000111clinton_colombia.html.

²⁹⁵ An excellent description of the lobbying campaign can be found in Méndez (2017), while Vacius and Isacson (2000) provide a detailed narrative of the debate in the US Congress.

²⁹⁶ Méndez (2017), p. 138.

²⁹⁷ Author's interview with Kamman.

²⁹⁸ Ibid.

²⁹⁹ Biden (2000).

In Washington, too, Colombian Ambassador Luis Alberto Moreno soon excelled in ‘soft diplomacy’. The embassy held a large gala in the US capital, attended by many influential figures, and it began to host salsa lessons and parties aimed at junior congressional staffers in an effort to gain access to their superiors.³⁰⁰ Another tactic Moreno and his deputy, Juan Esteban Orduz, adopted was to ride back and forth on the Capitol subway, which moves people between the Senate and House chambers, and pretend to coincidentally bump into members of Congress, taking the opportunity to quickly make their case to them face to face.³⁰¹ Both Moreno’s work in the US capital, and the Colombians’ hospitality when receiving US congressional representatives, exemplify the bonding behaviour the Pastrana administration applied to influence the US hegemon.

Ultimately, these efforts paid off, and Clinton signed the US aid package (reduced to US\$1.3 billion) into law on 13 July 2000. Subsequently, the US president travelled to the Colombian city of Cartagena to publicly confirm the US contribution to the plan and demonstrate support for Pastrana, whose popularity had dropped significantly because of his continued peace talks with a seemingly uninterested FARC. In a memorandum for Clinton, Albright noted that Clinton’s ‘trip to Colombia presents an opportunity to provide badly needed support for President Pastrana’s peace initiative [...]’, which indicates that the United States supported the peace talks until at least the summer of 2000.³⁰²

The US-militarization narrative refuted

As noted before, a common misconception regarding Plan Colombia is that it was supposedly altered by the US government from a socio-economic plan into a military or counternarcotics plan that Washington then forced upon a weak and docile Colombia. The previous section casts doubt on such a narrative by highlighting several instances of active Colombian requests for military and counternarcotics aid. Still, addressing this issue further allows for greater insight into the level of Colombian agency in the development of Plan Colombia.

The dominant contention is that Pastrana’s ‘original’ plan was a rural development plan, and that Pastrana presented a ‘new’ plan after the United States became involved.³⁰³ From a ‘program for peace [...] Plan Colombia ended up as a war plan aimed at remedying the Colombian government’s fiscal and military deficits’.³⁰⁴ Some authors even argue that the

³⁰⁰ Méndez (2017), p. 98.

³⁰¹ Ibid., p. 137.

³⁰² Albright, ‘Your trip to Cartagena, Colombia’, 25 August 2000, DNSA.

³⁰³ Vacius and Isacson (2000).

³⁰⁴ Palacios (2012), p. 185.

‘social and political conceptions’ of the Colombian conflict ‘were disqualified, and the weight of the counterdrug and counterinsurgency battle was reduced to a matter of Blackhawk helicopters, professional battalions, [...] and heavy firepower as well as air cover and expanded mobility’.³⁰⁵ Evidence of the militarization of the plan can be found, according to several studies, in the eventual allocation of funds, approximately 75 per cent of which went to the CAF or the CNP.³⁰⁶ None of these works, however, discusses relative changes in budgetary allocations between the supposed ‘original’ Colombian plan and the final ‘US’ plan. Besides the empirical evidence presented earlier, the US-militarization narrative is misguided for a number of reasons.

First, to take the percentage of military aid in the total US aid package and conclude that this is where the emphasis lay ignores the differences in costs between military hardware and, for instance, the training of judges or social development programmes. Of the US\$1.3 billion package, US\$330 million had been provided through an earlier supplemental package, the majority of which was destined for security assistance. The remaining funds were to be allocated as follows:

1. Support for human rights and judicial reform: US\$122 million;
2. Expansion of counternarcotics operations in Southern Colombia: US\$390.5 million (for helicopters and humanitarian and development assistance);
3. Alternative economic development: US\$81 million for Colombia, US\$85 million for Bolivia and US\$8 million for Ecuador;
4. Increased interdiction efforts: US\$129.4 million;
5. Assistance for the Colombian police: US\$115.6 million.³⁰⁷

Security spending clearly made up the largest part (indeed, roughly 75 per cent of the package), but this should not come as a surprise because a single helicopter costs several millions of dollars. In all, during the first phase of Plan Colombia, the United States sent 18 Black Hawk and 30 Huey II helicopters to Colombia. This alone sharply tilted the balance toward military and security spending.³⁰⁸ However, as Robert Charles, who served as assistant secretary of state for INL, explains, ‘Always pieces of hardware, whether it’s a gun, a truck, an airplane or a helicopter, are going to be more expensive than just teaching something. So

³⁰⁵ Palacios (2012), p. 200.

³⁰⁶ For example: Dugas (2005), p. 241; Dugas (2014), p. 153; García (2001), p. 211; Ramírez (2001), p. 103; Rosen (2014), p. 34; Stokes (2005), p. 93; Tickner (2007), p. 336; Williams and Jawahar (2003), p. 163.

³⁰⁷ Marcella (2003), p. 33.

³⁰⁸ Ibid.

historically the hardware related [components] cost more money'.³⁰⁹ The percentage of military spending is thus not in itself necessarily an indication of a focus on the military component; financial share is not a proper measure of priority. Thomas Pickering supported this interpretation:

'The fact is that [...] the money doesn't in a linear way follow exactly your objectives because the military part is much more expensive than the non-military part, which is exactly what we told the Congress, because we had this question from the Congress right away, 'Why is all this money going to military?' Well, we said a lot of things. One, Colombians are handling a lot of the non-military pieces and a lot of the military manpower and training. The second is that we're handling the high-end technology stuff, which we think makes a critical difference in the capacity of their military to be effective [...]'.³¹⁰

This relates directly to the second reason the 75 per cent security focus should not be interpreted as an indication of 'militarization', namely that the US aid package was only one part of the entire Plan Colombia funding, which Pastrana had envisioned to total US\$7.5 billion right at the start of his presidency. As mentioned, Pastrana had hoped for roughly US\$2 billion in donations from the EU and Japan. Specifically, the funding from these countries was intended to cover the 'softer' components of the plan.³¹¹ Colombian Ambassador Moreno pointed out during his testimony before a joint hearing of the US Congress on the US contribution that his government requested aid specifically in areas of US expertise, emphasizing the Clinton administration aid package was 'weighted heavily in favour of the kind of assistance the United States alone can provide'. He added that Colombia was 'seeking aid from the United States to bolster [its] counter-drug programs', in addition to funding in several other areas.³¹² As Pickering stated a few months earlier in a hearing before the US Senate, the Clinton administration received a Colombian 'final plan' in September 1999, while the Pastrana administration also shared details of other funding so that the United States would be aware of which parts of the plan were covered. That, Pickering pointed out at the time, 'is not irrelevant, obviously, in the process of examining what we do'.³¹³

³⁰⁹ Author's interview with Charles.

³¹⁰ Author's interview with Pickering.

³¹¹ Arnson (2007), p. 151; That the Colombians had from the outset planned to obtain US funding for the military component of Plan Colombia was also confirmed in an interview the author conducted with a senior Colombian official (who wished to remain anonymous) involved at the time.

³¹² US Congress (2000).

³¹³ US Senate (1999).

What the United States did, according to one calculation based on the entire US\$7.5 billion budget, was provide military aid that made up only about seven per cent of the total.³¹⁴ This obviously paints a rather different picture in terms of funding allocation and a supposed US reorientation of Plan Colombia toward security spending. The mistake many analysts seem to have made is that they assumed Plan Colombia was designed by the United States and imposed on Colombia, and that the US contribution represented the complete plan, despite what Clinton administration and Colombian officials repeatedly stressed about the US providing a contribution to a much larger project.³¹⁵

The Europeans also generally saw Plan Colombia as a US military plan and were therefore not eager to contribute. They supposed Washington dominated the project and felt left out in its formation.³¹⁶ By framing their request as a fundraiser for the peace talks and economic reconstruction, the Colombians did still manage to obtain significant funding from Europe. Instead of directly contributing to 'Plan Colombia', however, Europeans (the EU plus individual countries, most notably Spain) and Japan contributed approximately US\$1 billion to Pastrana's Fund for Peace.³¹⁷ Still, in his memoirs Pastrana notes that in the end this fund itself was part of his plan, meaning that the European contribution did in fact form part of Plan Colombia.³¹⁸

According to one study, the need for a European contribution became less important in the 'US' version of Plan Colombia.³¹⁹ Again, the evidence supports a different interpretation. The Department of State understood the importance of the Colombian campaign to raise more funds and actively assisted in it. In June 2000, it sent a cable to all US diplomatic missions in Europe, instructing staff regarding how to speak about Plan Colombia with their European counterparts, emphasizing the need to stress that it was not a US plan and that it did not focus purely on military aid.³²⁰ At the time of Clinton's announcement of the US aid package, the Department's Western Hemisphere Affairs (WHA) office sent out another communication to missions in Latin America, informing them that the United States would be asking European and Asian states to contribute their part.³²¹ The Colombians themselves, however, took the lead in courting Europeans for contributions through repeated fundraising trips to Europe.³²²

³¹⁴ Marcella (2003), p. 40.

³¹⁵ US Congress (2000); See, for example, Under Secretary Pickering's and Colombian Ambassador Moreno's testimonies.

³¹⁶ Long (2015), p. 203.

³¹⁷ Rabasa and Chalk (2001), p. 64.

³¹⁸ Pastrana and Gómez (2005), p. 209.

³¹⁹ Godoy (2003).

³²⁰ 'U.S. Support for Plan Colombia', June 2000, DNSA.

³²¹ State Department, Western Hemisphere Affairs, 'Proposed U.S. Assistance Package for Colombia Announced', 12 January 2000, DNSA.

³²² Méndez (2017), p. 144.

In sum, US militarization is not evident when looking at the entirety of funding for Plan Colombia. In fact, the US-militarization claim seems based on an erroneous comparison of the original NDP subchapter titled ‘Plan Colombia’ (which focused on ‘softer’ areas, as noted above) with the eventual US financial contribution to the later Plan Colombia. The title of the NDP subchapter was eventually reused by the Pastrana administration to signify the entire US\$7.5 billion plan, to which the US contributed US\$1.3 billion. This is where the mistake lies. The later, broadened use of the term ‘Plan Colombia’ included many of the defence and security components to which the earlier NDP already allocated US\$1.4 billion in a separate chapter, as well as several other components of the NDP. As noted, most of the US contribution went to military and counternarcotics spending. At the same time, the NDP did not provide a clear budget allocation for its subchapter titled ‘Plan Colombia’, probably because of the diverse components of the plan and the fact that it remained a work in progress.³²³ This makes even more puzzling the widespread claim that a supposed change in budget allocation proves the United States militarized the plan.³²⁴ No such change can be observed in the absence of a supposed original budget. Instead of a budget reallocation, a comparison of the NDP with the later presented Plan Colombia suggests a policy reallocation. That is, policies present in the NDP were moved to what later became Plan Colombia.

Another argument against US militarization of Plan Colombia is that in October 1999 US Senators Paul Coverdell (Republican-Georgia) and Mike DeWine (Republican-Ohio) presented their own aid package proposal for Colombia, titled the ‘Alianza Act’, to the US Senate. Like the Clinton administration, the senators stressed their package had been put together after close consultation with the Colombians during their own visits to the country and during Pastrana’s visits to Washington. Much like the assertions made by Department of State officials discussed above, Coverdell insisted that the Alianza Act was only one part of a much larger US\$7.5 billion Colombian project, adding that ‘the general outline of [the Alianza Act] is in reasonable concert with what [the Colombians] are looking for us to do’.³²⁵ Besides offering further testimony about the highly successful Colombian lobbying campaign in the US Congress, the Coverdell-DeWine proposal once more indicates that the Colombians approached the United States with requests for primarily (though not exclusively) military aid. After discussions with Bogotá, these two Republican senators,

³²³ Departamento Nacional de Planeación de Colombia (1998). The NDP’s budget allocation is given in 1998 Colombian pesos. For conversion to US\$, the average 1998 exchange rate of 1426.24 Colombian pesos to 1 US\$ was used, as provided on <https://www.dolar-colombia.com/en/year/1998>.

³²⁴ Coincidentally, the US\$1.4 billion allocated to ‘defence and security’ in the NDP—developed, according to the available evidence, without US interference—roughly corresponds with the eventual US contribution of US\$1.3 billion.

³²⁵ US Senate (1999).

independently of the Democratic White House, produced a plan that in terms of budget allocation was remarkably similar to the Clinton administration's aid package.³²⁶

All this should give ample reason to question the assertion that the United States was responsible for a supposed refocus on the military component of Plan Colombia, and certainly that Plan Colombia was 'made in USA'. Rather, examination of the plan's inception leads to clear indications of Colombian agency. In fact, the Pastrana government ticks all the boxes of subordinate-state agency as defined in Chapter One. It had a theoretical understanding of the state's activities; it was able to monitor and adapt these activities; and it made decisions. In other words, the Pastrana administration was capable of developing a national strategy (the NDP and, later, Plan Colombia) and, by doing so, it managed to effect change in the Colombian state's situation. That said, in the process it depended on the United States, intensifying its asymmetrical relationship with the hegemon. Such a relationship carried conditions the Colombians had to accept.

US conditions and Colombian acceptance

As a first condition, Washington stipulated security assistance could only be used in counternarcotics operations. This was a consequence of the so-called Vietnam syndrome (fear of getting stuck in another counterinsurgency quagmire) that then prevailed in the US Congress.³²⁷ The restriction greatly frustrated the Colombians because they were very aware of the overlap between counternarcotics and counterinsurgency in their country, something Pastrana would later recall in his memoirs.³²⁸ This was confirmed by Ambassador Patterson, who was often at the receiving end of Colombian complaints on the matter. However, she told the author that the Colombians 'knew the rules. [...] And they made sure they expressed frustrations [...]. We were pretty ruthless about following the rules because we did not want to endanger our funding'.³²⁹

Pickering also stressed the effect the political reality in the United States had on use of the funding. He recalls that because of the 'Vietnam hangover' funds had to be channelled to Colombia in inventive ways:

³²⁶ US Senate (1999). The Alianza Act allocated substantially less funding to justice reform and human rights than the eventual US contribution (4.7 per cent and 12.2 per cent, respectively), and substantially more to regional drug interdiction in states neighbouring Colombia (24.3 per cent and 17.4 per cent, respectively). In all other areas, funding allocation differed by no more than three percentage points.

³²⁷ Cook (2004) 134.

³²⁸ Pastrana and Gómez (2005), p. 264.

³²⁹ Author's interview with Patterson.

'I had a very strong feeling that the drugs piece was a convenient and useful way to start; that we should be careful about how deeply we got into what was essentially a civil war that had been going on for thirty or forty years; that that was really a Colombian concern, but then by focusing on the counternarcotics piece we could begin a process that would better equip the Colombians to deal with the civil war in the long term, and that it was impossible to exclude the fact that financing the civil war was a fundamental proposition of a big piece of the counternarcotics trade that had morphed from cartelization to essentially a civil-war financing mechanism for the FARC and for the ELN'.³³⁰

Beers expressed a similar view, recalling how the policy prescribed that US equipment was to be used against the FARC only when and where the guerrillas were involved in the drug trade.³³¹ Romero gives another important reason for the focus on counternarcotics instead of counterinsurgency:

'The reality of it is that we were helping the Colombian government from becoming a failed state. That was the reality and that was what this was for, to stop that from happening. But how can you possibly use that as your rationale publicly? Can you say to Congress, and let that get back to the Colombian people, that we think that the Colombian government is in the process of failing, that the country is failing? You can't do that! [...] It would create all kinds of problems, and then a lack of faith in the Colombian government by its own people. So, you had to mask it [...]'.³³²

Still, the effect was that the Colombians had to abide by the rules Washington set. Nonetheless, Pastrana felt the need to make appeals to US officials for an easing of the restrictions on use of aid. He did so shortly after the 9/11 terrorist attacks in the United States.³³³ To the president's delight, Washington's refocus on terrorism soon lifted the arbitrary distinction between counternarcotics and counterinsurgency, making it possible to utilise the funds more widely.³³⁴

Instead of a military counternarcotics plan that the United States imposed in a Realist sense on Colombia, Plan Colombia came into existence through collaboration between US and Colombian officials who found that their countries' interests overlapped. This, then, suggests a Liberal-hegemonic, largely cooperative relationship. For Colombia, the plan aimed to strengthen the Colombian military, economy, state institutions and civil society, while

³³⁰ Author's interview with Pickering.

³³¹ Author's interview with Beers.

³³² Author's interview with Romero.

³³³ Gómez Maseri (2001).

³³⁴ Pastrana and Gómez (2005), p. 264.

decreasing coca cultivation and drug trafficking and thereby lowering the revenues flowing to illegal armed groups. These, particularly the FARC and ELN, would then be more open to serious peace talks, possibly leading to their demobilization, which would in turn take away the original *raison d'être* of the paramilitary forces established to oppose the guerrillas. As one analyst put it, Plan Colombia was in essence 'a grand strategy for the remaking of the nation into a secure democratic society freed of violence and corruption'.³³⁵ The United States, meanwhile, was concerned about cocaine reaching its shores, which made the counternarcotics component important and politically viable domestically.

When interviewed, several former US officials described their relationship with Colombian colleagues as harmonious and collaborative. Patterson called the plan 'truly a joint effort' and characterised the relationship between the Colombian and US officials involved as 'members of a family' that could get 'pissed off at each other' but also had 'a lot of respect' for one another.³³⁶ A close aid to John Walters, the US 'drug czar' from 2001 till 2009, agreed, characterising the relationship as 'truly a shared partnership'.³³⁷ A Colombian official, interviewed separately, used exactly the same words to describe the relationship with Washington.³³⁸

These accounts may not rule out the possibility of Plan Colombia having been imposed by the US on Colombia. Still, the lack of reliable accounts that confirm such an imposition gives reason to question it. Contrary to works that claim Plan Colombia was entirely 'made in USA', its design was, the publicly available evidence indicates, indeed a product of partnership. The plan was not designed by the Department of State or other US government bodies, but rather produced through consultation between Colombians and the United States. In Pickering's words,

I would say it is a really stupid mistake to think that the Colombians didn't play the major role in putting this together. But it is a really dumb mistake to believe that this was totally conceived of by the Colombians, totally produced by them. The US impetus, the US pressure, and the US offer made it very important'.³³⁹

Pickering's use of the words 'pressure' and 'offer' are telling. The US hegemon offered Colombia aid in return for Colombian cooperation with US objectives, while also putting pressure on the Colombians to deepen efforts in certain areas. Colombia gave in to the

³³⁵ Marcella (2001), p. 7.

³³⁶ Author's interview with Patterson.

³³⁷ Author's interview with Murray.

³³⁸ Author's interview with Senior Colombian official.

³³⁹ Author's interview with Pickering.

pressure and readily accepted the offer. Similar statements from other former Department of State officials confirm Pickering's account.³⁴⁰ Before the US Senate, Pickering also stressed that Plan Colombia was 'formulated, drafted, and approved in Colombia by President Pastrana and his team'.³⁴¹ This confirms conclusions reached by earlier in-depth research into the design of Plan Colombia.³⁴²

Besides the counternarcotics issue, another important motivation for Washington to become involved in Plan Colombia was a genuine belief that the country, a close US ally, needed help and that the United States could offer such help. Pastrana appealed to the United States on the ideological grounds that it was the defender of freedom and democracy in the world; in other words, he appealed to the hegemon's sense of pride, responsibility and solidarity. This is especially evident from the words of Marc Grossman, under secretary of state under George W. Bush (2001-2009):

'Certainly in my time, my philosophy was these people in Colombia are fighting for their way of life, they're fighting for their country and they're fighting for their democracy. And they're fighting against some really bad people. And we ought to be honoured to help them and support them. So that's what we did. And I think Plan Colombia—it's not called Plan United States, it's Plan Colombia—is a Colombian idea that we were lucky enough to support'.³⁴³

Similarly, Kamman pointed out that the United States felt it was important to come to the aid of a democracy and ally in the Andean region:

'For us, Colombia, being one of the largest and most democratically inclined countries in all of Latin America, with a very strong resource base, a country that we wanted to continue to rely on not simply for counternarcotics [cooperation] but to have a strong diplomatic partner in the area. All of these things meant that somehow helping them to solve the problem of this long-standing insurgency by the FARC and the countereffort by the paramilitaries, this was really the underlying assumption that we needed to help this country put itself back together [...]'.³⁴⁴

Both these statements indicate that ideological concordance—ie, the Colombian allegiance to US-style liberal democracy—played a role in the US decision to assist Colombia. A state

³⁴⁰ Author's interview with Beers; Romero.

³⁴¹ US Senate (1999).

³⁴² Long (2015), p. 200; Méndez (2017), p. 114.

³⁴³ Author's interview with Grossman.

³⁴⁴ Author's interview with Kamman.

that followed the US lead deserved US support in times of crisis, a clear example of the potential benefits of ideological deference to the hegemon.

Human Rights

That said, direct funding of the CAF remained a thorny topic in the US Congress, with many legislators raising concerns over human rights abuses carried out by the Colombian military and supposed links between the CAF and AUC paramilitaries, who were also highly implicated in gross human rights violations.³⁴⁵ Besides the greater emphasis on the counternarcotics component (a condition particularly stressed by Republicans), Democrats pushed more strongly for checks on the human rights record of Colombian recipients of military aid. So-called human rights vetting procedures formed the second US condition for funding part of Plan Colombia.

US congressional concerns with regard to human rights violations carried out by foreign recipients of US aid had existed since at least the 1950s, but particularly during the 1970s such concerns led to the passing of legislation, specifically Section 502B of the Foreign Assistance Act, prohibiting US security assistance from benefitting foreign governments that engaged in 'a consistent pattern of gross violations of fundamental human rights' except under specific circumstances.³⁴⁶ Moreover, Congress required the secretary of state to submit an annual report on the human rights situation in all countries receiving military assistance.³⁴⁷ Dissatisfied with the effects of this legislation, in 1996 Congress applied further restrictions, first specifically on counternarcotics aid. However, in 1998 the restrictions were expanded to include all assistance funded under the Foreign Operations Act.³⁴⁸ This so-called Leahy Law, named after its primary sponsor, Senator Patrick Leahy (Democrat-Vermont), complicated the disbursement of military aid to Colombia by demanding that units or individuals of the CAF pass a vetting procedure carried out by US embassy personnel. Implementation of the Leahy Law is negotiated with the recipient country with the aim of signing a so-called end-use monitoring agreement. Negotiations for such an agreement had led to serious domestic discussion in Colombia in 1997, still under President Samper, when the commander of the Colombian army refused to sign the agreement citing supposed Department of State bias against the army and arguing that any sanctions against army units

³⁴⁵ US Senate (1999); US Congress (2000).

³⁴⁶ Schoultz (1981), pp. 252-254

³⁴⁷ Ibid, p. 254

³⁴⁸ Evans (2002).

required the completion of judicial processes instead of the vetting procedure.³⁴⁹ Only after Samper replaced the commander did the army sign the agreement.

This meant that any security assistance under Plan Colombia would be available only to those units and individuals in the CAF that passed the vetting procedure, which entailed checking their records in databases, news media, and NGO reports. Still, before the US Congress passed Plan Colombia, the Clinton administration had great difficulties in identifying units that passed the vetting procedure, complicating disbursement of ongoing funding.³⁵⁰ With accusations of human rights abuses widespread, the Pastrana and Clinton governments decided to create entirely new battalions, untainted by accusations of abuse, so as to solve the issue.³⁵¹

Then, when Plan Colombia passed in Washington, the US Congress demanded inclusion of six human rights conditions that required review each time an instalment of security assistance would be delivered to Colombia. Among these were a demand for a written presidential order that armed forces personnel credibly alleged to have committed human rights violations be brought to justice in Colombia's civilian courts; the prompt suspension from duty by the CAF Commander General of any military personnel credibly alleged to have committed violations of human rights or to have aided or abetted paramilitaries; and the requirement that the Colombian government vigorously prosecute in civilian courts the leaders and members of paramilitary groups and military personnel assisting them.³⁵² Aid would be frozen until the US secretary of state certified all conditions had been met. However, Congress also included a provision permitting the US president to apply a waiver to the conditions citing 'national security interests', which would allow the aid to advance in spite of conditions not being met by the Colombian government.³⁵³

When the first instalment of Plan Colombia funding was due, Clinton immediately made use of the waiver, stating that the security assistance was crucial to progress in the counterdrug effort, the preservation of Colombian democracy, and the strengthening of the rule of law.³⁵⁴ However, this does not mean there was no pressure on the Colombians to comply with the conditions set by Congress. On 17 August 2000, Pastrana sent a directive to his minister of defence and the military command that members of the CAF charged with human rights violations would be tried in the country's civilian courts. Reportedly, the directive was a hard US condition for application of the waiver that Clinton applied a few

³⁴⁹ Tate (2011), p. 342.

³⁵⁰ Sikkink (2004), p. 201.

³⁵¹ Evans (2002).

³⁵² Serafino (2001), p. 14.

³⁵³ Vacius and Isacson (2000)

³⁵⁴ U.S. Department of State (2000), 'Plan Colombia Certification Requirements', Press Statement, 23 August, <https://1997-2001.state.gov/briefings/statements/2000/ps000823.html>, accessed 12 April 2020.

days later.³⁵⁵ Still, in late September, the vetting procedures produced a first result when the 12th and 24th army brigades were excluded from US Plan Colombia aid on suspicion of human rights violations.³⁵⁶ The next month, a purge of the CAF led to the dismissal of 388 officers and the replacement of four army generals. Defence Minister Ramírez insisted that this action was an autonomous decision by the Pastrana government, but it is hard to view the officers' removal separately from US human right conditions and Clinton's waiver.³⁵⁷ After all, evidence of some progress was required to enable disbursement of the next round of US funding, which was further underscored when shortly after Ramírez's comment both Clinton administration officials and Senator Leahy voiced their approval of the measures while also pointing out that still more progress was needed.³⁵⁸

That US pressure regarding the human rights record of individual Colombian officers continued in the following years is evident from a 2002 letter sent to US Secretary of State Colin Powell by Leahy and his colleague, Senator Edward Kennedy (Democrat-Massachusetts), demanding the suspension from active service of three Colombian generals suspected of human rights violations, as well as cooperation with civilian courts by three already retired generals. Furthermore, the senators accused four army brigades of collaboration with paramilitary groups. Reportedly, compliance with the demands was a condition for the disbursement of close to US\$200 million in security aid.³⁵⁹ One month later, Powell certified Colombia for the first time. Notably, by then one of the three suspected generals had been reassigned to an administrative post, the case against the second general had been closed, and no formal case existed against the third. As justification for the certification, the Department of State cited the suspension from active service of 19 officials, the referral of 38 military cases to civilian courts, and the capture of 992 and killing of 116 paramilitaries. Nonetheless, the Department of State also indicated that certification did not mean Washington was satisfied with Colombian progress on human rights and that still more needed to be done.³⁶⁰ The Department of State justified later certifications, too, on grounds of suspensions of military officers and military advances against the paramilitaries.³⁶¹

US interference in the appointment or dismissal of Colombian military commanders occurred as well through direct contact between Ambassador Patterson and Pastrana.³⁶² Furthermore, in a meeting with Pastrana's successor Álvaro Uribe Vélez (2002-2010),

³⁵⁵ *El Tiempo*, 'Pastrana notifica a militares', 23 August 2000, online edition; Gómez Maseri (2000a).

³⁵⁶ Gómez Maseri (2000b).

³⁵⁷ *El Tiempo*, 'Destituidos 388 militares', 17 October 2000, online edition.

³⁵⁸ Gómez Maseri (2000c).

³⁵⁹ Gómez Maseri (2002a).

³⁶⁰ Gómez Maseri (2002b).

³⁶¹ Gómez Maseri (2003a).

³⁶² *El Tiempo*, 'General Quiñónez, sin visa para E.U.', 20 November 2002, online edition.

Patterson reportedly demanded action against one general, explicitly stating that noncompliance would lead to all aid being frozen.³⁶³ A few weeks later the general retired, which the United States cited in January 2004 as one of the positive developments that enabled renewed certification.³⁶⁴

Despite this pressure on the Colombian government to comply with human rights conditions, many sources report that application of the conditions was not stringent enough and failed to prevent human rights abuses.³⁶⁵ Such reports may be entirely accurate in their critical assessments, but they do not contradict the fact that the United States set conditions and required at least some Colombian compliance before aid was released, which is what makes the issue relevant in the context of this work. In fact, the scale of human rights vetting of Colombian military units and individuals was the largest such programme in the world, with over 30.000 names having been vetted by 2008.³⁶⁶ Not surprisingly, it led to domestic opposition. For example, Colombia's ombudsman, Eduardo Cifuentes, in an interview with Colombian newspaper *El Tiempo* denounced the suspension of military officers on the basis of US demands, explicitly citing the loss of Colombian sovereignty and claiming Colombia did not 'act as an independent state'.³⁶⁷ Cifuentes did not stand alone in his critique.³⁶⁸

Not surprisingly, the Colombian military, too, felt greatly apprehensive about the vetting procedure. Ambassador Kamman recalled that,

'Certainly, the requirement to make judgements about human rights behaviour for any given military unit was frequently resented, especially by career military people, who felt that we had no business asking how they conducted their activities'.³⁶⁹

Still, in need of US funding, the Colombian government accepted these obvious violations of Colombian sovereignty. This highlights the asymmetrical relationship between hegemon and subordinate state. The Pastrana and Uribe administrations judged that the strategic value of aid outweighed the costs of US intrusion into Colombia's military affairs. Colombian acquiescence is essential in understanding Plan Colombia as a hegemonic project. The following explanation from Under Secretary Grossman very well illustrates the Colombian trade-off:

³⁶³ Sierra and Gómez Maseri (2003).

³⁶⁴ Gómez Maseri (2004).

³⁶⁵ Avilés (2006), p. 400; Human Rights Watch (2001); Lindsey-Poland (2018), p. 165; Tickner (2003), p. 83.

³⁶⁶ Tate (2011), p. 342.

³⁶⁷ Amat (2003).

³⁶⁸ Gómez Maseri (2003b).

³⁶⁹ Author's interview with Kamman.

'If you think about sovereignty, think about what we did when we vetted a unit. We sent people in and we said, you [...] are all good, you're bad, this unit is good, this unit is bad. Do you think we would let somebody do that in our army? No! But [the Colombians] did, because people were prepared to see the larger picture, which was, first of all, most fundamentally, if your army is violating people's human rights, you are not winning their hearts and minds. So, you can't do it. It's wrong, just morally wrong. And, beyond that, it's operationally stupid. It's not going to work. And third, it is politically insane, because people, in Colombia first and foremost, of course, but [in the US] are going to say, we're not going to spend more money on this. Why would I appropriate more money for these guys?'³⁷⁰

Colombian agency and US hegemony

The relationship between the United States and Colombia during the design phase of Plan Colombia was highly asymmetrical. Besides military dependency, in economic terms the US was Colombia's largest trading partner by far. Its market accounted for 39.4 per cent of Colombian exports in 1992, the year Colombia qualified for the Andean Trade Preferences Act (ATPA). By 2003, this share had grown to 47.1 per cent, even surpassing 50.0 per cent in 1999 and 2000. Meanwhile, roughly one third of Colombia's imports came from the United States.³⁷¹ Similarly, between 2001 and 2010 the United States was responsible for between 26 and 42 per cent of FDI entering Colombia.³⁷² Plan Colombia made Colombia increasingly dependent on the United States militarily, particularly via aid. Such high levels of dependency might suggest a relationship in which Colombia was the passive supplicant and the United States called the shots.

This chapter, however, argues that Colombian agency was evident throughout the inception, design and eventual approval in the US Congress of Plan Colombia. From the beginning, counternarcotics and a strong military component formed part of Pastrana's plan, and Colombian officials played an important part in securing the funding. This does not mean Plan Colombia was not a hegemonic project, or that there was no asymmetry between the United States and Colombia.

First, there was the greater emphasis on counternarcotics and the issue of restrictions on the use of military aid that came with US involvement. Both were hard conditions, and

³⁷⁰ Author's interview with Grossman.

³⁷¹ WITS Database. A drop in the US market share of Colombian exports between 1996 and 1997 (from 40.2 to 37.9 per cent), which coincided with the Clinton administration's decertification of the Samper administration in 1996, suggests the ATPA's impact on Colombia's foreign trade was relatively small.

³⁷² UNCTAD. The year 2005 was exceptional in that the US share actually doubled in absolute value compared to 2004, although its percentage share dropped to 21 per cent. This was a consequence of the total FDI inflow for that year more than tripling, compared to 2004. Only in 2001, 2003 and 2005 was the combined FDI inflow from the EU larger than the US share. UNCTAD does not provide data from before 2001.

Colombia had to respect these or risk losing US support. A second issue was the US focus on human rights. The vetting process exemplified the asymmetrical relationship between the Colombian request and the US demand, between subordinate state and hegemon.

Because of this combination of Colombian agency and clear asymmetry, Tickner has labelled Plan Colombia ‘intervention by invitation’.³⁷³ As she points out, the level of intervention in Colombia was so substantial that it led to a loss of national autonomy and even a deterioration of relations with neighbouring states, which perceived the plan as a US project and after 2001 also objected to the US ‘War on Terrorism’ that soon engulfed Plan Colombia.³⁷⁴ Both the loss of autonomy and the deterioration of bilateral relations with other Latin American states were consequences the Pastrana and Uribe administrations willingly accepted.

Nonetheless, Méndez insists we should not speak of US hegemony in this case. In an excellent and detailed study, he builds a solid case for the role of Colombian agency in the realisation of Plan Colombia. Not only does he convincingly demonstrate that the initiative lay with the Colombians, but he also points out that in several instances the Pastrana administration managed to keep its autonomy and independence from the United States, an impressive achievement for a weak state against a powerful hegemon. Furthermore, Méndez points out that most works on Plan Colombia missed the fact that Colombia pushed for more US involvement (he speaks of ‘intervention’) than the United States was willing to engage in. Both findings lead Méndez to question whether one can truly speak of hegemony in this case. He concludes that for Colombia, ‘accommodating the United States consisted of settling for *less* intervention than the Colombian state and people preferred’, which, Méndez maintains, ‘leads the investigator farther from, not nearer to hegemony’.³⁷⁵ He makes this claim on the basis that subordinate-state agency is ‘theoretically invisible’ in hegemony theory.³⁷⁶ In doing so, he undervalues the importance of consent in hegemony theory. Consent (or dissent) with the hegemonic order already implies agency on the part of the subordinate state. To consent or dissent is an action in itself; otherwise, consent or dissent would be meaningless terms.

That is precisely where this work differs. First, in order to consent to the hegemon’s influence and accept the hegemonic order, a state does not need to be entirely dependent on the hegemon. Colombia kept some of its independence (although, as detailed above, it did exchange a serious portion of national sovereignty and autonomy for US involvement) throughout the design and implementation of Plan Colombia. Had it not done so, we would

³⁷³ Tickner (2007b), p. 92.

³⁷⁴ Ibid., p. 107.

³⁷⁵ Méndez (2017), p. 133, emphasis in the original.

³⁷⁶ Ibid., p. 190.

speak of occupation, annexation or at least domination instead of hegemony. It would be virtually impossible to find any subordinate state within a hegemonic order that was ever *entirely* dependent on the hegemon.

Second, the level of intervention cannot be a criterion for hegemony. After all, this would mean that an almighty hegemon that does not wish to intervene suddenly ceases to be a hegemon. To put it differently, hegemonic agency (the decision not to intervene) could hardly lead to less hegemony. Otherwise, the rather absurd situation emerges in which a hegemon is obliged to intervene in states that invite intervention. Therefore, this work regards Plan Colombia as an excellent example of hegemony. The Pastrana government willingly approached the United States, asking it for help; kept its autonomy of action in some areas (for instance, Pastrana's commitment to conducting peace talks); consented to a trade-off between US help and a loss of sovereignty (US vetting of military units, restrictions on the use of military equipment); and had to settle for what the United States was prepared to do. The relationship was clearly asymmetrical, but Colombians perceived that they stood to gain more from close alliance to the hegemon than they stood to lose. If hegemony rests on subordinate-state consent, Plan Colombia is a textbook case.

When Pastrana took office in Summer 1998, his country was in dire need of help. Colombia experienced an economic recession of a magnitude it had not seen in decades, and illegal armed groups credibly claimed control over large parts of the country and were beginning to pose a threat to previously relatively safe urban centres as well. Crime, corruption and impunity were rampant, and Colombians had little faith in the state's capacity to solve the country's many problems. Colombia was close to 'failing'. Pastrana had little room for manoeuvre and needed to act quickly and decisively.

His administration designed a plan in which the United States was, from the beginning, expected to play an important role. All the main elements of the final Plan Colombia were present in earlier Colombian policy plans. The Colombians themselves pressed for the strengthening of the Colombian military and, at first, they encountered a reluctant partner in the United States. When US officials explained that funding would only be approved by the US Congress if the focus were shifted more toward counternarcotics policy, Colombian officials quickly complied, drafting a plan in conjunction with the Clinton administration and launching a massive lobbying campaign in Washington. They accepted US demands and restrictions. The relationship was highly asymmetrical and clearly hegemonic, but also highly beneficial to the Colombian government in the context of its massive security crisis.

Colombian officials applied bonding strategies when they courted members of the Clinton administration and members of the US Congress, and the Pastrana administration

bandwagoned on US power in its domestic fight against insurgents and illegal armed groups. It also exploited perceived common interests it shared with Washington, increasing its own capacity for autonomous action through support for and embrace of US hegemony—in effect utilising US power for its own domestic ends.³⁷⁷

Pastrana thus willingly submitted his state to a certain extent to Washington in order to derive power from the hegemon. This is not to say the Colombians were ordered around or told what to do by US officials. The evidence of a collaborative and largely harmonious partnership is substantial and confirms the utility of the Liberal-internationalist perspective on hegemony for understanding the case. Throughout, the Colombian government retained the agency to decide whether to go along with US proposals. The relationship was one of active supplicant and provider, and cooperation was successful, particularly because of the attention that was given to both the hegemon's and the subordinate state's interests. Plan Colombia was produced *with* the subordinate state, not imposed *on* it.

³⁷⁷ Long (2015), p. 224.

Three

Defiance: US-Bolivian Relations under Morales³⁷⁸

On 18 December 2005, an electoral earthquake shook the Bolivian political landscape. For the first time in the country's history, a person of indigenous descent, Evo Morales of the Movimiento al Socialismo (Movement towards Socialism, MAS), won the presidential election. Polls taken only days before the election that predicted a close race between Morales and his principal opponent, incumbent President Jorge Quiroga, were off by more than 20 percentage points.³⁷⁹ Not only did Morales win, but he did so by receiving nearly 54 per cent of the vote thus avoiding a second-round run-off, a feat never accomplished since the country transitioned to democracy in 1982.

Although US President George W. Bush (2001-2009) congratulated Morales via telephone shortly after the election, Washington was undoubtedly displeased with the outcome. Morales, himself a *cocalero* (coca grower), was highly critical of US counternarcotics policy and ran on a platform of, among other issues, defending Bolivia—and the coca plant itself—against 'yankee imperialism'. He had close ties with Venezuelan President Hugo Chávez and chose Fidel Castro's Cuba as his first destination abroad after winning the election. Unsurprisingly, during Morales's first term, US-Bolivian relations deteriorated rapidly.

This chapter's second section narrates US-Bolivian relations between 1985 and 2000, a period in which US involvement in Bolivia increased significantly, particularly in light of the 'War on Drugs'. Such a narration is relevant for understanding the Bolivian dissent that surfaced after 2000. The third section briefly discusses the domestic counterreaction to the War on Drugs, embodied by the establishment of the MAS and the rise of Morales. These two sections serve to set the context in which Morales eventually came to power, which the fourth section narrates with reference to the US role in this process. The fifth section then examines US-Bolivian affairs under Morales's first presidential term, tracing the souring of relations during this period. This is followed by an analytical section that seeks to capture the character of US hegemony in the pre-Morales years and the effect US hegemony had on Bolivian society. It highlights the relation between consent and hegemony by pointing out how popular dissent preceded Bolivian defiance. Finally, the seventh section examines this defiance, identifies corresponding subordinate-state behaviours and connects Bolivian

³⁷⁸ Material in this chapter was presented as a paper at the Latin American Studies Association XXXVII International Congress, Boston, USA, 24-27 May 2019, and the British International Studies Association 44th Annual Conference, London, United Kingdom, 12-14 June 2019.

³⁷⁹ Crane (2005).

dissent and agency to the alteration of the hegemonic relationship between the United States and Bolivia.

Aid, trade, neoliberalism, and the War on Drugs

After nearly two decades of dictatorships alternating with brief periods of political instability, Bolivia transitioned to democracy in 1982, and Hernán Siles Zuazo of the left-wing Unión Democrática y Popular (Democratic and Popular Union, UDP) became president (1982-1985). This period coincided with the internationalization of the US War on Drugs and the neoliberal economic policies of the 1980s, and US involvement in Bolivia intensified significantly. The country faced a massive fiscal deficit, an exorbitantly high inflation rate, shortages and a sharp decline in purchasing power of most Bolivians. Bolivia's GDP shrank rapidly between 1981 and 1986, dropping by as much as 9.2 per cent in 1982 alone.³⁸⁰ Between August 1984 and August 1985, inflation reached 20,000 per cent, swelling further to an annualized rate of 60,000 per cent between May and August 1985.³⁸¹ Siles soon found himself trying to find a balance between meeting Bolivians' demands of improvements to living conditions, and complying with IMF and US government demands of austerity measures.³⁸² The result was an ineffective compromise that failed to halt the deterioration of the Bolivian economy. Inevitably, this became the main issue of the 1985 presidential election, which enabled an alliance of Víctor Paz Estenssoro's Movimiento Nacionalista Revolucionario (Nationalist Revolutionary Movement, MNR) and the Acción Democrática Nacionalista (Nationalist Democratic Action, ADN) to form an administration, with Paz himself returning as Bolivia's president (1985-1989) for the third time.³⁸³

Neoliberalism arrives in Bolivia

One of the first initiatives of the new government was Decree 21060, consisting of a variety of neoliberal economic-stabilization measures. In a complete reversal from the state-led capitalism of his earlier administrations, Paz now implemented what would perfectly fit the mould of the Washington Consensus.³⁸⁴ He appointed US-educated technocrat Gonzalo Sánchez de Lozada as his planning minister to lead the effort. Sánchez quickly presented a Nueva Política Económica (New Economic Policy, NPE). In close consultation with

³⁸⁰ Kohl and Farthing (2006), p. 54.

³⁸¹ Sachs (1987), p. 279.

³⁸² Dunkerley (1990), p. 15.

³⁸³ Paz's earlier presidencies lasted from 1952 to 1956 and from 1960 to 1964.

³⁸⁴ Klein (2011b), p. 244.

Harvard economist Jeffrey Sachs, whom the Bolivian government hired as an economic advisor, Sánchez cut government spending and implemented monetary adjustments, thereby bringing an end to Bolivia's hyperinflation, and attempted to attract foreign investment.³⁸⁵ Small government and the opening up of the Bolivian economy to external market forces would become a virtual constant in Bolivia's economic policy between 1985 and 2003, even if the intensity differed at times.³⁸⁶ Throughout this period a clear ideological congruence could be observed between Bolivian and US elites, motivating continuous Bolivian government consent and deference to Washington in what, depending on one's perspective, was indicative of either Liberal-internationalist socialization or neo-Gramscian transnational elitism.

From 1985 onward, commencing with the implementation of orthodox economic 'shock treatment', a neoliberal oligarchy came to dominate Bolivian politics.³⁸⁷ This treatment consisted of a devaluation of the Bolivian peso, the abolishing of price controls and fixed exchange rates, and the introduction of new taxes. Additionally, wages were cut, and eleven state mines were closed after the global price of tin collapsed.³⁸⁸ Even if largely successful at stabilizing the Bolivian economy, the NPE led to hardship for the majority of the Bolivian population. When gas replaced tin as the primary export commodity, Paz began dismantling the state mining company, resulting in the firing of 23,000 out of 30,000 miners between 1985 and 1987.³⁸⁹ By 1991, the total number of jobs lost in the mining industry and public administration combined was 45,000, while 35,000 more workers lost their jobs through the shut-down of factories. The NPE stopped hyperinflation but caused unemployment to rise to 25 per cent of the economically active population.³⁹⁰ Meanwhile, Bolivian small-scale farmers and the textile industry suffered from foreign competition, while the new taxes increased the burden on the population even further.³⁹¹ One effect was that 60 per cent of the urban population came to work in the informal economy, with half unable to meet basic food costs.³⁹² Importantly, the NPE, designed by Sánchez and Sachs, 'had a certain "Made in the USA" stamp about it', which reportedly began to fuel resentment towards the US among Bolivians.³⁹³ Nevertheless, Paz was able to push through his highly unpopular

³⁸⁵ Hylton and Thomson (2007), p. 95.

³⁸⁶ Crabtree (2013), p. 276.

³⁸⁷ Webber (2011), p. 18.

³⁸⁸ Morales (2015), p. 495.

³⁸⁹ Klein (2011a), p. 51.

³⁹⁰ Sivak (2011), p. 153.

³⁹¹ Buxton (2008), p. 156.

³⁹² Hylton and Thomson (2007), p. 96.

³⁹³ Lehman (1999), p. 196.

austerity plans because of the so-called ‘pacted democracy’ that effectively enabled the executive to bypass the legislative branch on economic policy.³⁹⁴

The NPE and Bolivia’s continuous allegiance to neoliberalism between 1985 and 2003 had various effects on Bolivian society. While the NPE was branded an ‘economic miracle’ and an example of austerity done right when Paz left the presidency in 1989, time would tell that this was a hasty conclusion.³⁹⁵ The Bolivian economy did stabilize, and hyperinflation was stopped, although it should be noted that a thriving coca and cocaine industry in the 1980s and 1990s played an important role in this regard as well.³⁹⁶ Some even spoke of a cocaine boom within the Bolivian crisis.³⁹⁷ As one analyst observed, while Bolivia’s legal exports declined by about US\$400 million in 1987 as compared to 1980, a conservative estimate of US\$600 million in foreign exchange entered and stayed in the country thanks to the cocaine trade.³⁹⁸

Coca cultivation in Bolivia

For most Bolivians, the NPE meant a lower standard of living, pushing many below the poverty line. Bolivia has long been the poorest nation in South America, and the third-poorest in Latin America and the Caribbean. Faced with the closure of mines and factories and the general rise of unemployment, thousands moved to the Chapare coca-growing region of the Cochabamba department in search of new means to support themselves and their families. In 1991, analysts estimated that 75,000 families, or roughly 300,000 Bolivians, were in some form involved in, or dependent on, coca cultivation, which had generated an approximate 175,000 new jobs.³⁹⁹

Here it is important to briefly discuss the significance of the coca plant (distinctly different from the chemical product derived from it, cocaine) to the Central Andean region and to its indigenous community, which considers coca to be a sacred leaf. It has been consumed and been part of Andean life for about seven thousand years, and it has been cultivated for around one thousand years. Not counting coca that is used to produce cocaine, currently around eight million people consume coca leaf every day in a variety of ways. This means that coca cultivation for what is considered legal use of coca within Bolivia (ie, coca

³⁹⁴ Gamarra (1994b), p. 120; Muñoz-Pogossian (2008), pp. 38-39.

³⁹⁵ Morales (1994b), p. 159.

³⁹⁶ Dunkerley (1990), p. 33; Domingo (2005), p. 1735; Ledebur (2005), p. 146.

³⁹⁷ Healy (1986), p. 110.

³⁹⁸ Lehman (1999), p. 199.

³⁹⁹ Youngers (1991).

produced for anything but the production of cocaine) constitutes an important industry and contributes considerably to the regional economy.⁴⁰⁰

Of course, this is not to deny that cultivation for cocaine production is also an important source of income for many small-scale farmers. With the cocaine consumption boom in the United States, the price of coca leaf rose during the 1960s and 1970s, setting off a wave of domestic migration towards the Chapare. Between 1967 and 1987 the region's population increased roughly tenfold, from 24,000 to around a quarter million people.⁴⁰¹ NPE structural-adjustment policy was an important force in driving this migration.⁴⁰² Estimates indicate that since the cocaine boom, between 5.0 and 13.5 per cent of the Bolivian labour force has found employment within the Bolivian illegal drug industry, a substantial percentage by any measure.⁴⁰³ In a way, coca became a saviour for many poor Bolivians, who suffered the consequences of neoliberalism.⁴⁰⁴ Left without a job, in coca they found a solution.

The growth of the Andean coca industry soon caught the attention of the US government. From the 1970s onwards, US-Bolivian relations centred around counternarcotics. At first, Bolivia's role in the drugs industry was mainly that of a coca leaf producer, with harvests being shipped to other countries (notably Colombia) where the leaf was then converted into cocaine. This changed during the 1980s, when Bolivians established cocaine labs in the Bolivian jungle and many *cocaleros* themselves began to turn leaf into coca paste, the base product of cocaine.

The War on Drugs in Bolivia

In 1982, US President Ronald Reagan (1981-1989) internationalised the War on Drugs, placing the coca and cocaine industry in Bolivia, as well as in Ecuador, Peru and Colombia, in the US foreign policy spotlight. In order to get these countries to cooperate with US counternarcotics policy, in 1991 the United States used the Andean Trade Preference Act (ATPA) to make aid and trade preferences conditional on positive results in the fight against drugs. Washington would once a year take stock, decide if each country had made sufficient effort in terms of counternarcotics actions, and, if not, the United States would revoke trade preferences and withhold aid and its support in multilateral financial institutions. Through this coercive practice, Bolivian governments became practically tied to cooperation on a

⁴⁰⁰ Harten (2011), p. 25.

⁴⁰¹ Crabtree (2005), p. 35.

⁴⁰² Grisaffi (2019), p. 72.

⁴⁰³ Thoumi (2003), p. 243.

⁴⁰⁴ Dangel (2009), p. 54.

number of counternarcotics measures (interdiction efforts, forced eradication of crops and programmes designed to induce coca farmers to plant alternative crops) whether they really consented to these or not. The ATPA thus gave a somewhat Realist hegemonic character to US-Bolivian relations (and to US relations with other Andean states).

One measure taken to beef up Bolivia's counternarcotics operations was the creation in 1983 of the Unidad Móvil de Patrullaje Rural (Mobile Unit for Rural Patrol, UMOPAR), a drug-control police unit that would work in close collaboration with US Drug Enforcement Administration (DEA) agents. When UMOPAR agents began entering the Chapare to enforce coca-eradication policy, violent clashes occurred with the *cocaleros*, who bitterly defended their livelihoods. Through the threat of sanctions, the United States pressurized President Siles into sending in the military to restore order. This presented Siles with a dilemma, which later Bolivian leaders often had to deal with as well. The US government saw coca farmers as the first link in the long chain that ended with drug consumption in the United States, while Bolivian officials saw poor Bolivian citizens trying to make a living.⁴⁰⁵ The dependency on US aid meant Bolivian administrations continuously ended up siding with Washington against the peasants. As one analyst notes with respect to his last presidential term (1985-1989), Paz faced the difficult task of eliminating the only product that seemed to support the Bolivian economy, while by doing so he simultaneously ran the risk of destabilizing the country because this policy meant a frontal attack on the means of living of roughly 400,000 Bolivians.⁴⁰⁶ Even so, Bolivian government policy against the coca industry was largely unsuccessful. In 1985, Siles attempted to regulate coca production by invoking a decree and obtaining legal backing for eradication activities, but this was to little avail. In fact, when he left office, the increase in coca production was accelerating.⁴⁰⁷

This was of course unacceptable in the eyes of Washington and called for a stronger approach, which came in the form of a major antidrug operation that involved US military forces. From July through November 1986, 160 US troops participated in Operation Blast Furnace, which took place primarily in the departments of Santa Cruz, Beni, Pando and notably in the Chapare region of Cochabamba. US 'Black Hawk' helicopters transported the US troops and UMOPAR units to specific target areas in an attempt to destroy cocaine laboratories and arrest traffickers. This would supposedly reduce the demand for, and, by extension, the price of coca leaf, making coca cultivation less profitable.⁴⁰⁸ That, in turn, would then entice coca farmers to start planting alternative crops.⁴⁰⁹

⁴⁰⁵ Conzelman et al. (2008), p. 190.

⁴⁰⁶ Gamarra (1994a), p. 40.

⁴⁰⁷ Lehman (1999), p. 195.

⁴⁰⁸ Malamud-Goti (1992), p. 30.

⁴⁰⁹ Gamarra (1994a), p. 45.

Operation Blast Furnace was a massive failure. Preparations for the operation included C-5 A cargo aircraft flying in the Black Hawk helicopters, which immediately drew the attention of drug traffickers; roughly 800 of them fled the country before the operation started. No important arrests were made, and hardly any cocaine was seized.⁴¹⁰ Those cocaine labs that were found and destroyed had already been dismantled. The troops could often do little more than destroy coca paste pits, which could be re-dug in a matter of hours.⁴¹¹ The price of coca leaf did drop temporarily, and some farmers signed up for alternative crop programs with the United States Agency for International Development (USAID). These, however, lacked sufficient resources and when US troops left the region, the price quickly returned to its previous level, farmers replanted coca and the total amount of hectares of coca cultivation even increased.⁴¹²

Besides the operational failure of Blast Furnace, there were other negative side-effects. One was the risk of escalation of conflict in the affected areas. As one author, who himself was involved in the planning as the Army-Navy Attaché to the US embassy in La Paz, recalls, 'It was concluded that the current policy then in play, through its confrontation tactics with the coca farmers and the up to 5,000 paste laboratories estimated to be functioning [...], was placing the U.S. in the incompatible position of potentially fostering a civil war in the Chapare and was further undermining the fragile democratic process in play [...]'.⁴¹³

Second, the United States essentially was in total control of the coordination of Blast Furnace, with the Department of State unexpectedly announcing the operation and US officials deciding on its target areas.⁴¹⁴ This obviously presented a massive violation of Bolivian sovereignty. Out of possibly justified fear they might be corrupted by drug traffickers' money, UMOPAR units were not even involved in the planning of attacks on cocaine laboratories until an hour before missions commenced.⁴¹⁵ More significantly, the operation was illegal according to the Bolivian constitution, which prohibits the presence of foreign troops within the Bolivian territory without the explicit authorization of the Bolivian Congress. When it became apparent that no such authorization had been granted (in fact, Congress had not even been informed), a public outcry against the violation of national sovereignty followed.⁴¹⁶ The Reagan administration legitimised the operation by pointing out it had been officially requested by the Bolivian government and that it supposedly fell under

⁴¹⁰ Menzel (1996), p. 18.

⁴¹¹ Malamud-Goti (1992), p. 30.

⁴¹² Gamarra (1994a), p. 45.

⁴¹³ Menzel (1996), p. 14.

⁴¹⁴ Ibid., pp. 17-18.

⁴¹⁵ Ibid., p. 18.

⁴¹⁶ Ledebur (2005), p. 149.

the terms of an extradition treaty. However, the Bolivian Congress ratified this treaty only in 1990, four years after Operation Blast Furnace.⁴¹⁷ A claim by the Paz administration that the operation was not military in nature but rather an enforcement campaign, thus requiring no congressional debate, did not convince many Bolivian lawmakers, who perceived their country had been invaded by foreign troops whose actions were apparently beyond the control of the Bolivian government.⁴¹⁸

A third negative consequence was that Operation Blast Furnace galvanized the local population politically. Through the Central Obrera Boliviana (Bolivian Workers' Centre, COB) trade union federation, *cocaleros* in both the Chapare and Yungas coca-growing regions mobilized and began to lobby the Bolivian Congress to defend their livelihoods.⁴¹⁹ They explicitly claimed that US anti-drug policy harmed their interests, which made those peasants who were actually interested in USAID alternative crop programs stand out less.⁴²⁰ Moreover, the more radical coca growers began to organize armed resistance.⁴²¹ A US military officer evaluating the operation noted that its focus on eradication had alienated the local peasantry and turned many into potential insurgents.⁴²²

After the failure of Operation Blast Furnace, the United States continued to interfere in Bolivian domestic affairs, although it lowered its profile somewhat. A new operation named Snow Cap still involved US-trained UMOPAR units and helicopters that were on loan from the Pentagon. It also included DEA agents who, according to a highly critical report by the DEA's Chief of Special Training, were completely untrained for the activities they carried out. Besides insisting that it was only a matter of time before DEA agents would be killed, this senior DEA official pointed out the absurdity of the agents wearing camouflaged army fatigues, carrying M-16s, jumping out of army helicopters, and leading arguably better trained UMOPAR units on missions in the Bolivian jungle.⁴²³ Partly as a response to the DEA officer's concerns, the United States pushed for increased involvement in counternarcotics operations from the Bolivian military and provided funding to establish the 'Red Devils' and 'Blue Devils', Bolivian air force and riverine units, respectively, that were to focus on interdiction of drug shipments.⁴²⁴

⁴¹⁷ Malamud-Goti (1992), p. 30.

⁴¹⁸ Ibid., p. 32.

⁴¹⁹ The Chapare and Yungas are Bolivia's prominent coca-growing regions. The Yungas is a traditional region of coca cultivation, while cultivation in the Chapare began more recently and particularly increased with the rise of popularity of cocaine worldwide.

⁴²⁰ Menzel (1996), p. 21.

⁴²¹ Ryan (1989).

⁴²² Fishel (1991), p. 66.

⁴²³ White, "'Operation Snowcap' Memorandum', 8 March 1988, in Evans (2002).

⁴²⁴ Ledebur (2005), p. 150.

In 1988, the Bolivian Congress approved the 'Law to Regulate Coca and Controlled Substances', commonly known as Law 1008. Reportedly, the law had been drafted by US officials, and the US embassy lobbied for passage of its final version in the Bolivian Congress.⁴²⁵ The United States temporarily withheld economic assistance to put pressure on Bolivian lawmakers to vote in favour, leading by coercion instead of consent.⁴²⁶ Law 1008 formally provided a legal framework for coca eradication. It put a cap on legally grown coca (for traditional uses) at 12,000 hectares. Any volume of coca above this limit would now be considered illegal and should be eradicated.⁴²⁷ Over 58,000 hectares of coca fields existed in Bolivia at the time, and both governments agreed that Bolivia would eradicate between 5,000 and 8,000 hectares per year until the 12,000-hectare limit was reached. Washington, for its part, would provide compensation payments and development and marketing assistance to peasants who destroyed plants and opted for alternative crops.⁴²⁸

Law 1008 also established a US-funded team of counternarcotics prosecutors and stipulated that anyone suspected of drug offenses be held in prison with no possibility of bail or release before conclusion of a formal trial. With an enormous backlog soon building, trials took years, putting many Bolivians behind bars for extended periods based solely on the presumption of their guilt.⁴²⁹ If convicted, prison sentences were harsh. For planting coca for illegal use, a coca farmer could face up to two years in jail. Producing any type of cocaine product would put a farmer behind bars for five to fifteen years. Involvement in narco-trafficking, broadly defined, was punishable with ten to twenty years' imprisonment. In effect, the majority of coca growers officially became criminals after Law 1008 went into force.⁴³⁰

Unsurprisingly, protests against the law were fierce, with one particular demonstration standing out when *cocaleros* supposedly attacked a police station in the village of Villa Tunari. UMOPAR troops opened fire on the crowd, killing five and wounding many more. As a result, a national debate erupted that questioned the free reign of the DEA in Bolivia. DEA agents were present during the Villa Tunari violence, which in the eyes of many Bolivians made them accomplices to the deaths and wounding of protesters.⁴³¹ A month later, US Secretary of State George Shultz was the target of a bomb attack when he visited

⁴²⁵ Conzelman, et al. (2008), p. 190.

⁴²⁶ Ledebur (2005), p. 151.

⁴²⁷ Crabtree (2005), p. 37.

⁴²⁸ Lehman (1999), p. 204.

⁴²⁹ Conzelman, et al. (2008), p. 190.

⁴³⁰ Menzel (1996), p. 35.

⁴³¹ Gamarra (1994a), p. 65.

La Paz, making it ever more clear that resentment against the US War on Drugs was growing.⁴³²

Shortly after the passing of Law 1008, Paz created the *Fuerza Especial de Lucha Contra el Narcotráfico* (Special Force for the Fight Against Narco-trafficking, FELCN). UMOPAR was incorporated as a separate division within FELCN. The United States funded the new force, supplying it with salary bonuses, weapons and training.⁴³³ Similarly, it supplied bonuses to special prosecutors who trained to work on drug-related offenses. Critics complained that the Bolivian judiciary became so dependent on Washington that it jailed innocent people to satisfy US officials.⁴³⁴

Jaime Paz Zamora of the *Movimiento de Izquierda Revolucionaria* (Left Revolutionary Movement, MIR) succeeded Paz Estenssoro to the presidency (1989-1993). Even though Planning Minister Sánchez, the candidate representing Paz Estenssoro's MNR, won the absolute vote, there was a near tie between him, runner-up (and ex-dictator) Banzer of the ADN, and Paz Zamora. In exchange for the vice-presidency, more than half of all cabinet positions and Paz Zamora's pledge to back him for the presidential race in 1993, Banzer conceded the presidency to Paz Zamora. The new president's campaign had focused on the continuation of NPE neoliberal policies while at the same time re-establishing Bolivia's dignity and national sovereignty with respect to the War on Drugs and the United States. Nevertheless, many of the agreements signed with Washington in previous years made fulfilment of this last promise nearly impossible. In fact, increased alignment with US counternarcotics demands came to characterize Paz Zamora's presidency.

Shortly after Paz Zamora assumed office, his US counterpart, George H.W. Bush (1989-1993), intensified the War on Drugs with a massive injection of counternarcotics and military aid as part of Bush's Andean Strategy. One measure was to press for involvement of the armed forces in the 'Core Three' (Bolivia, Colombia and Peru) in the eradication of coca, the interdiction of cocaine and the arrest of narco-traffickers. Bush proposed the Andean Strategy to the presidents of the Core Three in a drug summit in Cartagena in 1990. The Andean presidents urged the United States to search for demand-side solutions, and they argued for a stronger focus on economic-development aid to make coca cultivation less attractive.⁴³⁵ However, a memorandum for the US National Security Council sent out prior to the summit details what the United States would be pushing the Andean nations to do:

⁴³² Lehman (1999), p. 202.

⁴³³ Ledebur (2005), p. 151.

⁴³⁴ Conzelman, et al. (2008), p. 191.

⁴³⁵ Morales (1992), p. 362.

‘[s]trengthen local police and military operations against narcotics criminal organizations [sic], including: isolation of key coca growing areas; blocking shipments of precursor chemicals; destruction of existing labs and processing centers; control of air corridors; eradication, especially using aerial herbicides, when it can be effective’.⁴³⁶

With such goals, and with US aid being conditional on their fulfilment, it is hardly surprising that Paz Zamora did not manage to ‘de-cocainize’ US-Bolivian relations as he had promised to do during his campaign. The US objectives prevailed, and Washington largely ignored the Core Three’s proposals.

The nucleus of the Andean Strategy was the Andean Initiative. This was a large, multiyear investment project that would first beef up the Andean countries’ militaries to combat coca cultivation and cocaine production, and then—but only after the expected decrease in production of cocaine—shift its focus toward economic development aid. In 1990, the United States invested US\$231.6 million. Of this total, US\$48.6 million went to objectives other than police and military assistance.⁴³⁷ Until 1992, around 72 per cent of all US assistance to Bolivia went to combatting the narcotics trade.⁴³⁸

As Chapter Two pointed out, budget allocations do not necessarily correlate with priorities. However, the US counternarcotics emphasis in Bolivia was quite evident from activities undertaken by Robert Gelbard, US ambassador to Bolivia at the time. Gelbard was highly influential and largely responsible for implementation of the Andean Initiative in Bolivia. He was one of the main forces behind the contentious decision to increase the active role of the Bolivian military in counternarcotics operations, threatening an end to economic aid in case of noncompliance.⁴³⁹ Gelbard, as well as the Department of State in Washington, was convinced that escalation of the drug war was the only logical step toward curbing the growth in cocaine production. Already in March 1990, a mere month after the Cartagena summit, US special forces began training UMOPAR and Bolivian military personnel, while also joining them in operations in the field.⁴⁴⁰ This was even before Paz Zamora signed an agreement for an assistance package of US\$32.2 million that was conditioned on the Bolivian armed forces becoming involved.⁴⁴¹ Up until a May 1990 visit to Washington, the president had openly stated his opposition to such military involvement.⁴⁴² However, faced with the US threat to withhold all economic assistance, Paz Zamora backed down.⁴⁴³

⁴³⁶ National Security Council discussion paper, ‘Andean Drug Summit’, 1 November 1989, in Evans (2002).

⁴³⁷ Isacson (2005), p. 23.

⁴³⁸ Gamarra (1994a), p. 81.

⁴³⁹ Gamarra (1999), p. 193.

⁴⁴⁰ Malamud-Goti (1992), p. 40.

⁴⁴¹ Lehman (1999), p. 206.

⁴⁴² Ferraro (1990).

⁴⁴³ Youngers (1991).

The agreement led to an outcry of indignation in Bolivian society, in the first place because Paz Zamora secretly signed the agreement and then denied its existence on numerous occasions. With the country's recent past of repressive military regimes, Bolivians were not keen to see military cadets and officers engaged in domestic affairs.⁴⁴⁴ When news of the agreement broke, many were outraged by the lack of proper civilian oversight over the military's involvement.⁴⁴⁵ Still, even in a country with no recent memory of brutal military juntas, the extent of the military's tasks would have been unacceptable. As Isacson points out, the Bolivian and other Latin American militaries,

[w]ith U.S. training, equipment, and diplomatic backing, [...] began to mount roadblocks, perform internal surveillance (including wiretaps), execute searches and seizures, force down suspicious aircraft, eradicate crops (or support police eradication efforts), patrol rivers, and, in some cases, arrest and interrogate civilians'.⁴⁴⁶

Paz Zamora insisted that this did not amount to militarization of the drug war; rather, he maintained, it merely consisted of 'amplified participation' by the military. Nonetheless, the political opposition mounted a broad 'anti-militarization' effort together with workers' and farmers' organizations, which worried about the consequences of increased military activity.⁴⁴⁷ The leader of the *cocaleros*, Evo Morales, stated that growers would defend their coca plants with their lives; the Bolivian Congress passed a resolution disapproving of the army's role in the drug war; non-governmental organizations started a campaign warning of an increase in human rights violations; and it appeared that the new agreement with the United States violated Law 1008.⁴⁴⁸

What this episode demonstrates is that the Bolivian government was relatively powerless to decide on its own counternarcotics policy, parts of which were designed in Washington and then offered to La Paz in a take-it-or-leave-it format. This did not go unnoticed in the Bolivian press, with one newspaper headline stating, 'Government faces moment of immense dependence and embarrassment for the country'. Another simply read, 'A feeling of weakness'.⁴⁴⁹ The COB attacked the US embassy for 'imposing antipopular

⁴⁴⁴ Youngers (1991).

⁴⁴⁵ Conzelman, et al. (2008), p. 190.

⁴⁴⁶ Isacson (2005), p. 23.

⁴⁴⁷ Gamarra (1994a), p. 110.

⁴⁴⁸ Malamud-Goti (1992), p. 73. Law 1008 restricted the involvement of military units other than special forces in counternarcotics operations, the only exception being when police forces were overwhelmed by drug traffic. There was severe disagreement within the government regarding the interpretation of 'overwhelmed', which raised questions regarding the legality of Paz Zamora's decision to involve the military. See Malamud-Goti (1992), p. 74.

⁴⁴⁹ Youngers (1991), footnote 16 and 17.

measures on the government' and even 'destabilizing the Paz Zamora government'.⁴⁵⁰ Bolivia needed US assistance and hoped to sign trade and investment agreements with the United States, meaning that Paz Zamora had little choice but to agree with US terms.⁴⁵¹ Knowing the political backlash would be severe, he had seen no other option but to keep secret his acquiescence to the US demand to involve the military. This, in turn, damaged Bolivian democracy. To many Bolivians, it seemed clearer every day that their president was a Washington puppet.

When the president later appointed a military officer with alleged links to the drug trade as head of the counternarcotics agency, Washington, acting on the advice of Ambassador Gelbard, immediately threatened to withhold US\$120 million in aid.⁴⁵² In September 1991, not a Bolivian official but Gelbard's successor, Richard Bowers, announced that due to disappointing results in eradication campaigns, the Bolivian army would begin forced eradication, adding that he himself would be happy to wield a machete.⁴⁵³

Another issue further illustrates the dominant nature of US involvement in Bolivia. US-prescribed policies required coordinated activities by officials with extensive experience in anti-drug policy. The Bolivian Ministry of Foreign Relations reportedly had only two such officials, who needed to handle matters raised by roughly 12 similarly knowledgeable officials in the US embassy. As a result, it was often the US embassy's country team that acted, communicated and coordinated on behalf of Bolivian government agencies in order to speed up counternarcotics processes. This included the writing of policy papers and even the drafting of legislation. Often projects were already set in motion and had advanced to the implementation phase before the Bolivian Ministry of Foreign Relations was even aware of them.⁴⁵⁴

Even though overall aid to Latin America declined substantially between 1992 and 1995 with the election of US President Bill Clinton (1993-2001), the proportion of aid that focused on counternarcotics and that was allocated to the 'Core Three' countries increased.⁴⁵⁵ This was in part a consequence of Republicans accusing Clinton of being soft on drugs, but there was also another reason. Bolivia (and other Latin American governments) objected to reduced assistance. The paradox of the drug war that caused so much harm to Bolivian

⁴⁵⁰ Youngers (1991), footnote 18 and 19.

⁴⁵¹ Gamarra (1999), p. 193. Once enacted in 1991, the ATPA became another carrot-and-stick mechanism to foster Bolivian compliance.

⁴⁵² Lehman (1999), p. 207.

⁴⁵³ Ibid., p. 208.

⁴⁵⁴ Menzel (1996), p. 87.

⁴⁵⁵ Pastor (1996), p. 109.

farmers was that the Bolivian military and government benefitted enormously from it. As Lehman puts it, 'Anti-drug assistance was as addictive as crack cocaine'.⁴⁵⁶

A plan for all and a plan for dignity

Shortly after the United States elected a new president, so did Bolivia. This time Sánchez won. Sharing the neoliberal ideology of US policymakers, his term (1993-1997) was characterized by further implementation of neoliberal policy and reform. Sánchez presented this approach as a 'Plan de Todos' (Plan for All) that would seek a market democracy with minimal regulation, 'small' government, and constitutional, judicial, pension and educational reform. A policy of 'capitalization' sold most state-owned enterprises to transnational corporations, and the government embarked on a policy to attract foreign capital for investment in Bolivia's natural resources.⁴⁵⁷ Sánchez hoped that capitalization would ultimately fuel the economy and create hundreds of thousands of jobs. Notably, World Bank and Inter-American Development Bank (IADB) funding totalling over US\$140 million was made conditional on passage of the capitalization policy.⁴⁵⁸

The promised results of the Plan de Todos did not materialize. Instead of creating jobs, capitalization led to an increase in unemployment when 50 to 70 per cent of the state's oil and gas company employees were laid off. Similarly, the prediction that privatization would lead to increased government revenue that could be used to invest in health, education and pensions never materialized.⁴⁵⁹

With respect to the War on Drugs, Sánchez did not change much. He continued Paz Zamora's incongruent behaviour of repeating that 'coca is not cocaine' while objecting to Clinton's reduction of funding, pointing out that the United States could not expect coca to disappear if it was not prepared to bear the resulting economic costs.⁴⁶⁰ Like Paz Zamora, he denied he would send the military into the Chapare but did so anyway. Eradication policy continued, although it was largely unsuccessful. Fewer hectares were eradicated and UMOPAR forces often had violent scuffles with *cocaleros*. It left the president with the same problem his predecessors had faced again and again: how to meet US eradication targets to avoid decertification without engaging in combat with the state's own citizens.⁴⁶¹ Balancing these imperatives proved increasingly difficult. Coca farmers became more militant in

⁴⁵⁶ Lehman (1999), p. 210.

⁴⁵⁷ Kohl and Farthing (2006), p. 84.

⁴⁵⁸ Hindery (2013), p. 29.

⁴⁵⁹ Gordon and Luoma (2008), p. 88; Kohl and Farthing (2006), p. 122.

⁴⁶⁰ Lehman (1999), p. 210.

⁴⁶¹ Menzel (1996), p. 94.

defending their livelihoods, arming themselves with a variety of weapons and even dynamite, and after declaring a state of siege in order to send in the military to confront them, Sánchez backed down at the last minute in order to prevent a massacre. Not much later, poor results in the War on Drugs led to the first decertification of Bolivia for not demonstrating sufficient efforts to forcefully eradicate coca plants.⁴⁶² When Sánchez's term in office drew to an end, increased production of coca leaf and growing militancy of the coca farmers made any short-term success in the War on Drugs in Bolivia seem unlikely.

This changed with the abrupt revival of counternarcotics efforts under the presidency of former dictator Hugo Banzer (1997-2001). Banzer abolished any type of dialogue with the *cocaleros*, and repressive crackdowns on coca plantations became the new norm. Banzer called the approach 'Plan Dignidad' (Plan Dignity) and presented it as his own. However, some allege it was practically the US embassy's plan.⁴⁶³ Officially, it rested on four policy pillars that together would achieve 'zero coca' within the next five years. Programs promoting alternative development would provide farmers with new sources of income; drug offenses would be reduced and those involved rehabilitated; coca paste and cocaine shipments would be interdicted; and all illegal coca (mainly in the Chapare, in effect excluding most of the Yungas) would be forcibly eradicated.⁴⁶⁴ It was the old recipe of source-country counternarcotics policy. As had often happened in Bolivia and other coca-producing countries, the focus lay overwhelmingly on forced eradication (in this case, a proposed 38,000 hectares of coca fields).⁴⁶⁵ In addition, the plan proposed to subject between 5,000 and 20,000 Chapare families to 'human resettlement', moving them to other areas of the country.⁴⁶⁶

The Bolivian military carried out the eradication efforts. Approximately 5,000 troops were sent into the Chapare to manually pull plants from the ground before the eyes of farmer families that depended on the crop. Tensions in the region increased significantly as a result.⁴⁶⁷ In 1998, in order to save money, Banzer suspended the program of compensation payments to those farmers that eradicated coca voluntarily.⁴⁶⁸ This took away the only possible incentive that peasants had to cooperate, leading them to replant coca whenever they could while militantly defending their plantations.⁴⁶⁹ An immense amount of coca was nevertheless uprooted under Plan Dignidad, but this 'success' came with high levels of violence. In essence, violent eradication had priority over compensation payments and

⁴⁶² Gamarra (2016), p. 189.

⁴⁶³ Hylton and Thomson (2007), p. 100.

⁴⁶⁴ Ledebur (2005), p. 154;

⁴⁶⁵ García Pinzón (2014), p. 172.

⁴⁶⁶ Sivak (2008), p. 128.

⁴⁶⁷ Conzelman, et al. (2008), p. 191.

⁴⁶⁸ Stefanoni and Do Alto (2006), p. 35.

⁴⁶⁹ Lehman (1999), p. 222.

human rights.⁴⁷⁰ At the same time, the initiative further entrenched the economic stabilization policies that had been implemented ever since Paz's NPE. The consequence was a rise in the cost of living for the farmers, who already were losing their means of income.⁴⁷¹

Human rights violations further exacerbated the situation. The thousands of Bolivian troops operating under the banner of a 1998-created Joint Task Force (JTF) were accused of many abuses. Hardly ever did these lead to thorough investigations, let alone prosecutions.⁴⁷² In Autumn 2000, a public protest ended with JTF troops firing into a crowd, killing two and wounding 78. Dozens were arrested, 16 of whom later alleged that they had been tortured.⁴⁷³ In 2001, the Narcotics Affairs Section of the US embassy in La Paz funded the creation of another force, the Expeditionary Task Force (ETF), which was essentially a paramilitary organization that hired mercenaries rather than recruiting from the Bolivian military or the police. The ETF became involved in several human rights scandals, including the deaths of five coca farmers. Objections to the group's existence from human rights organizations and even from the Bolivian military did not prevent increased funding for the group in January 2002. Only after eighteen months of operating in the Chapare, and following objections from several members of the US Congress, was the force disbanded.⁴⁷⁴

Although Plan Dignidad turned the Chapare into a militarized conflict zone, for a moment the plan did seem to accomplish its objective of 'zero coca'. By 2000, the Bolivian government announced the region had been almost completely swept clean of the plant. However, the success was short-lived. In 2001 and 2002 coca cultivation was, yet again, on the rise. The policy of eradication without proper compensation or alternative development assistance offered no real solution. Coca growers simply re-planted faster than the Bolivian military could eradicate.⁴⁷⁵ Even the temporary success of Plan Dignidad did not signify a real success in the War on Drugs. In what is commonly referred to as the 'balloon effect', the reduction of coca cultivation in Bolivia (and Peru) coincided with a massive increase in coca cultivation in Colombia.⁴⁷⁶ Still, toward the end of his presidency, Banzer declared he had met the eradication targets and that a mere 600 hectares of coca remained in the Chapare. In a defiant response, *cocaleros* covered roads in the Chapare with coca leaf.⁴⁷⁷

Within Bolivia, Plan Dignidad and earlier counternarcotics policies had one important but unintended consequence. The dire situation in which the *cocaleros* found

⁴⁷⁰ Dangel (2009), p. 63.

⁴⁷¹ Gamarra (2016), p. 189.

⁴⁷² Ledebur (2005), p. 155.

⁴⁷³ Youngers (2001), p. 33.

⁴⁷⁴ Ledebur (2005), p. 155.

⁴⁷⁵ Conzelman (2008), p. 192; Youngers (2001), p. 33.

⁴⁷⁶ Bagley (2015), p. 218; Youngers (2001), p. 41.

⁴⁷⁷ Sivak (2008), p. 130.

themselves forced them to organize, thereby creating a new movement that continuously grew in strength under the leadership of Evo Morales, the leader of the coca federations who was elected to the Bolivian Congress in 1997.⁴⁷⁸ In this way, the War on Drugs contributed to a severe polarization of Bolivian society that found expression in the many small and large conflicts that took place throughout its implementation. In one instance, a particularly violent clash had led to Morales's removal from the Bolivian Congress after being accused of inciting the violence. His removal backfired by greatly increasing his popularity, yet the United States still criticized the Quiroga administration (2001-2002) when it attempted to de-escalate the situation with the coming presidential election in mind.⁴⁷⁹ Morales was one of the opposition candidates.

Overall, the War on Drugs took a great toll on Bolivia. The US embassy became so influential that in the late 1990s the Bolivian government allowed the United States to direct, pay and supply elements of the Bolivian military and police force. Although this constituted a clear violation of Bolivian sovereignty because there was hardly any Bolivian civilian oversight, it also fed the already existing rivalry between the military and the police.⁴⁸⁰ Meanwhile, human rights violations and increasing poverty hurt the weakest segments of Bolivian society, particularly in the Chapare region. Any attempts at alternative development were insufficiently financed and developed without the involvement of local actors in the Chapare.⁴⁸¹ Soon, these local groups saw no other option than to organize against the US drug war.

The rise of Evo Morales

Neoliberalism and the War on Drugs created a climate in Bolivia in which a new political movement could grow and develop: the MAS. Not only did workers lose their jobs, living standards drop, and poverty increase, but the political power of Bolivian workers declined as well. This occurred in part because their numbers shrank because of thousands of lay-offs, but it was also the result of trade liberalization and the deregulation of labour laws that weakened labour unions.⁴⁸²

Hardship made thousands of people move to the Chapare, where they began cultivating the reliable, profitable and stable coca crop. They carried with them a background

⁴⁷⁸ Moldiz (2008), p. 35.

⁴⁷⁹ Ledebur (2005), p. 159. Quiroga, formerly Banzer's vice president, succeeded him in 2001 after Banzer had been diagnosed with cancer.

⁴⁸⁰ Ledebur (2005), p. 156.

⁴⁸¹ Stefanoni and Do Alto (2006), p. 34.

⁴⁸² Postero (2017), p. 29.

in mining, union activism and labour radicalism, which was soon reflected in a growing *cocalero* movement dominated by miners-turned-*cocaleros*.⁴⁸³

The *cocaleros*' political activism was a direct reaction to the repressive counternarcotics policies implemented by the Bolivian government under pressure from the United States. These policies threatened the new-found livelihoods of the coca growers without offering a viable alternative. Feeling that their interests went unattended, the peasants began to organize and execute collective actions intended to make the government aware of their demands and bring officials to the negotiating table.⁴⁸⁴ The coca growers' movement should, therefore, be seen as a counterreaction to international pressure, particularly from the United States, to find a supply-side solution for the issue of cocaine use and trafficking. Coca-grower activism was largely defensive in nature.⁴⁸⁵

As it grew into a large and well-organized political group, the coca growers' movement constructed a narrative of defiance and belonging that combined nationalism, idealism and indigenous symbolism. Whereas prior union discourse had been focused on labour rights, the coca growers began to speak of anti-imperialism and explicitly linked this language to the marginalization of the ethnic (indigenous) majority in Bolivia.⁴⁸⁶ Coca growers' federations cleverly linked the coca leaf with Bolivian culture in order to convince other elements within the Confederación Sindical Única de Trabajadores Campesinos de Bolivia (Unified Syndical Confederation of Rural Workers of Bolivia, CSUTCB) to support their cause. Because of the ancient use of coca in the Andes, the Chapare federations could claim that coca is an essential part of Andean indigenous culture and that efforts to eradicate the plant were an attack on Bolivia's cultural heritage. This message of coca as the 'sacred leaf' resonated in large parts of Bolivia, extending support for the coca growers to departments other than the Chapare's Cochabamba where coca is commonly chewed, including Chuquisaca, Potosí and Oruro.⁴⁸⁷ In short, the *cocaleros* created a new kind of Bolivian nationalism based on indigeneity.⁴⁸⁸ Within this narrative, all US attempts to eradicate coca, be it via DEA operations within Bolivian territory, the training of UMOPAR units, Operation Blast Furnace or Plan Dignidad, became frontal attacks on Bolivian culture and national sovereignty.

This, in turn, meant that the coca growers themselves were both the victims of a foreign oppressor and the defenders of Bolivian sovereignty.⁴⁸⁹ Morales eventually linked this

⁴⁸³ Gamarra (2016), p. 188.

⁴⁸⁴ Harten (2011), p. 71.

⁴⁸⁵ Healy (1991), p. 91.

⁴⁸⁶ Postero (2017), p. 29; Yashar (2005), p. 187.

⁴⁸⁷ Healy (1991), p. 94.

⁴⁸⁸ Do Alto (2007), p. 81.

⁴⁸⁹ Harten (2011), p. 75.

victimhood and oppression to the idea of an imperial state (the United States) that imposed its will on a 'peripheral' country (Bolivia) through an 'imperial intervention' that was permitted by Bolivia's 'anti-national' political elite. In Morales's own words, 'The defence of coca is the defence of the sovereignty of the indigenous people'.⁴⁹⁰ Ideology thus became an important vehicle for distinguishing the supposed 'pro-US' establishment from the 'pro-Bolivian' MAS in what may be seen as an attempt to erode the existing neo-Gramscian historic bloc.

The coca growers' movement also garnered support by emphasizing the economic benefits coca brought to Bolivian society. The leaders of the Chapare federations would stress the economic contribution of the plant and portray eradication efforts as an attack on the livelihoods of those dependent on it. These included not only peasants, but also the 50,000-100,000 youths from mountain communities who migrated to the Chapare as day-labourers when the coca growers needed extra workers.⁴⁹¹

The demands of the *cocaleros*, who soon organized politically under the MAS, were multiple and reflected its eclectic support base and diverse ideological narrative. These included both a restoration of national sovereignty (as opposed to dependence on the United States) and recognition of popular sovereignty of the several indigenous nations within Bolivia (as opposed to the centuries-long dominance by white-mestizo elites); the rejection of neoliberalism; and, of course, the rejection of the War on Drugs.⁴⁹²

Continuing to rise, the MAS and its emerging leader Evo Morales built on, and developed further, the party's anti-imperial, anti-neoliberal, nationalist and indigenous narrative. The MAS viewed the United States as an imperial country from which Bolivia needed to free itself.⁴⁹³ The movement held imperialism to be the cause of the economic and political status quo in Bolivia. Anti-imperialism became linked to anti-neoliberalism, and neoliberalism was tied to US interference in Bolivia.⁴⁹⁴ This would all come together in Morales's increasingly anti-US rhetoric and in the social unrest of the early 2000s that would eventually lead to his election as president. Whether the MAS's assessment of the cause of Bolivia's problems was accurate is not the question here. As Gardini pointed out, there were several internal, structural reasons for Bolivia's underdevelopment.⁴⁹⁵ Nonetheless, the MAS rhetoric of US imperialism and neoliberalism was effective, and it aided in the movement's rise in popularity.

⁴⁹⁰ Cited in Harten (2011), p. 74.

⁴⁹¹ Healy (1991), p. 96.

⁴⁹² Webber (2011), p. 59.

⁴⁹³ Author's interview with Peredo.

⁴⁹⁴ Aboy Carlés (2009), p. 267.

⁴⁹⁵ Gardini (2009), p. 34.

In sum, two main circumstances advanced the MAS's rise in Bolivian society. First, there was the disenchantment of the majority of the Bolivian population with neoliberal policies and the governments that implemented them.⁴⁹⁶ Harten observes that there was essentially a 'crisis of representation' in Bolivia in which people perceived that the political establishment no longer represented their interests, understood their grievances or listened to them at all. Evo Morales and the MAS filled this void.⁴⁹⁷ Influential figures within the MAS indicated that the main rationale for establishing the movement was precisely that the governments of the 1980s and 1990s did not work for the Bolivian people, prompting the need for a new movement.⁴⁹⁸ The second circumstance was the US War on Drugs, which caused great harm to people in the Chapare and added continuous credence to the MAS's anti-US narrative.

The perceived loss of sovereignty, another grievance in the MAS rhetoric, was also a consequence of dependence on the United States. The desire for US aid and continuation of trade benefits, as well as elite ideological preference for neoliberalism made the Bolivian government cater to Washington's wishes. Furthermore, the neoliberal policies implemented since the 1985 NPE were linked to World Bank and IMF loan conditionality.⁴⁹⁹ Besides the fact that the United States wields great influence in both institutions, on several occasions Washington directly pushed Bolivia to implement neoliberal policies.⁵⁰⁰ This, the MAS contended, made the United States a prime culprit in Bolivians' struggles. The War on Drugs, the loss of sovereignty, the implementation of unpopular neoliberalism and perceived foreign (often simplified as US) exploitation of Bolivian natural resources became unified in one anti-imperialist discourse. This is not to say that the MAS merely rose to prominence by blaming the United States; unpopular Bolivian government policies were targets, too. But the United States' role in Bolivian affairs played an essential part in the MAS's successful narrative.

Social unrest and the election of Morales

A period of severe social unrest began toward the end of the Banzer administration. It started with the so-called Water War in 2000 when a hike in water prices by US-owned Aguas del Tunari enraged the citizens of Bolivia's fourth largest city, Cochabamba. The Water War was, however, about more than just water rates. As several scholars point out, it explicitly

⁴⁹⁶ Madrid (2011), p. 242.

⁴⁹⁷ Harten (2011), p. 96.

⁴⁹⁸ Author's interview with Núñez; Peredo.

⁴⁹⁹ Kohl and Farthing (2009), p. 60.

⁵⁰⁰ Pineo (2016), p. 428.

constituted a rejection of neoliberalism and its prescribed policy of privatizing public utility services.⁵⁰¹ More importantly, the *cochabambinos* won. For the first time in Bolivia since the introduction and continuous amplification of neoliberal policies, a popular insurrection delivered a defeat of neoliberalism.⁵⁰² Moreover, the Water War united Bolivians. First, it created a sense of unity in Cochabamba. The hike in water prices, after all, affected citizens from diverse backgrounds and social classes, among which were rural, urban, lower-income, middle-class, indigenous and mestizo Bolivians. The Water War became a battle of Aguas del Tunari versus ‘us’, the citizens of Cochabamba.⁵⁰³ But the protest also spread through many other parts of the country. The CSUTCB called for a national protest and roadblocks, while *altiplano* (highland) Aymara indigenous communities added to their list of demands a change to the law that had enabled Aguas del Tunari’s price hike. Similarly, coca growers in the Chapare blocked roads to Cochabamba, and teachers, university professors and students in La Paz went on a twenty-four-hour general strike.⁵⁰⁴ This unity in protest would resurface a few years later at the ballot box, when an equally diverse majority voted Morales into office.

With Bolivia’s 2002 presidential election nearing, US Ambassador Manuel Rocha gave Morales a boost in popularity. In an attempt to discourage Bolivians from voting for the MAS, Rocha alluded to Morales’s supposed ties to drug trafficking, declaring that US aid could come to a halt under a Morales presidency.⁵⁰⁵ Many hold Rocha’s remark responsible for Morales’s near-win; he finished second, closely behind Sánchez.⁵⁰⁶ The latter was elected president by the Bolivian Congress following regular constitutional procedures. Morales claimed that Rocha had placed pressure on lawmakers to vote for his rival.⁵⁰⁷ Having won only 22.5 per cent of the valid vote, Sánchez barely had a mandate to govern, something that would trouble his administration throughout its brief existence (2002-2003).

The election result was a shock to most analysts. However, as Assies and Salman convincingly argue, the result was by no means a mere consequence of the unpopular Banzer/Quiroga administration. Instead, they insist the outcome was an expression of decades-long, growing discontent among the Bolivian population. They point to several protests that preceded the election, and they observe that these were directed not at the Banzer administration per se but at the mode of development pursued since 1985. Bolivians came to realise that their country’s political regime had for years systematically and

⁵⁰¹ Harten (2011), p. 112; Moldiz (2008), p. 33.

⁵⁰² Crabtree (2005), p. 31; Sivak (2008), p. 131.

⁵⁰³ Simmons (2016), p. 109.

⁵⁰⁴ Kohl and Farthing (2006), p. 167.

⁵⁰⁵ Tobar and Enever (2002).

⁵⁰⁶ See, for example, Crabtree (2005), p. 39; Harten (2011), p. 87; Hylton and Thomson (2007), p. 106; Ledebur (2005), p. 160; Sivak (2011), p. 144.

⁵⁰⁷ Forero (2002).

deliberately ‘exclude[d] large sectors of the population from genuine control and participation’.⁵⁰⁸ This sense of exclusion continued under Sánchez, who once more began to push for enactment of the policies that more and more Bolivians opposed.

Sánchez’s exit

Some would argue Sánchez had little choice. The economy lay in shambles and Bolivia faced a massive budget deficit. To illustrate, excessive borrowing during the Banzer administration had led to a 2002 debt servicing payment of US\$496 million, equivalent to 16 per cent of the national budget. In 1997 Bolivia’s loans equalled 3.3 per cent of GDP. By 2002 this had grown to 8.7 per cent. At the same time, unemployment went up, in part as a result of high numbers of return-migrants from crisis-hit Argentina.⁵⁰⁹

After Sánchez took office, the IMF demanded that Bolivia’s budget deficit as a percentage of GDP come down in one year to 5.5 per cent as a condition of future IMF support. In practice this meant the government had to raise US\$250 million, or eight per cent of the total government budget.⁵¹⁰ The only way to do this was by increasing taxes and cutting government expenditures. Again, the Bolivian population would bear the brunt.

When Sánchez raised taxes, protests erupted, leading to large-scale riots and 29 deaths. By withdrawing the tax hike, the president narrowly avoided having to resign. Once again, just as with the Water War, a public uprising had opposed and defeated neoliberal policy.⁵¹¹ Sánchez alleged without much evidence that the riots had been part of an attempted coup by the MAS.⁵¹² In desperate need of financial aid, he turned to Washington, requesting US\$150 million in immediate funds—more than Bolivia’s annual US aid package. The US Treasury replied that Bolivia could get US\$15 million at most.⁵¹³ By then, the president’s popularity had dropped into the single digits, according to one survey taken in August 2003.⁵¹⁴

His fall came in the next two months. In search of the needed revenue and hoping to reignite Bolivia’s troubled economy, Sánchez sealed a deal to export gas to the United States.⁵¹⁵ Because Bolivia is land-locked, the gas had to be sent by pipeline to a foreign port, which would logically be in either Peru or Chile. Sánchez chose the latter despite the access-

⁵⁰⁸ Assies and Salman (2003a), p. 8.

⁵⁰⁹ Assies and Salman (2003b), p. 154.

⁵¹⁰ Shultz (2008a), p. 128.

⁵¹¹ Kohl and Farthing (2006), p. 173.

⁵¹² Hylton and Thomson (2007), p. 109.

⁵¹³ Author’s interview with Greenlee; Sivak (2008), p. 151.

⁵¹⁴ Dangel (2009), p. 116.

⁵¹⁵ Gordon and Luoma (2008), p. 90.

to-the-sea dispute between both states. Many Bolivians, however, believed that gas exports should be used as leverage to push Chile to cede Bolivia renewed access to the sea. In addition, there were suspicions that Chile itself needed natural gas and would end up buying an important share of the exports for domestic use and to build up its petrochemical industry. Even more problematic was that under the deal's terms the government sold gas to Chile for less than half the price that Brazil paid. And then there was the understandable argument that the processing of national gas should take place within Bolivia, rather than abroad, in order to create jobs and benefit the Bolivian people and domestic industry.⁵¹⁶

Seen through the MAS narrative of resource nationalism, anti-imperialism and anti-neoliberalism, it is no surprise that the project became hugely polemical. The MAS, probably by now the political party with broadest popular support, immediately assumed leadership of resistance to the deal.⁵¹⁷ Protests quickly added other grievances and concerns, including demands for wage increases, opposition against counternarcotics legislation, and resistance against the Free Trade Area of the Americas (FTAA) then being pursued by the United States.⁵¹⁸

A government crackdown on the protests followed, leaving at least 60 people dead and wounding hundreds. Sánchez's position became untenable and, on 17 October 2003, he resigned, leaving the presidency to Vice Minister Carlos Mesa (2003-2005). At this point, US Ambassador Greenlee, conscious of the unfavourable opinion Bolivians had of his country, did take some initiatives to improve the United States' image in Bolivia, but these did not amount to the real change in US policy that Bolivians desired.⁵¹⁹ Even had US policy changed substantially, it is unlikely the MAS's presidential election victory two years later could have been prevented.

Mesa, confronted by the demands of social movements and lacking support in Congress, resigned in June 2005.⁵²⁰ He was succeeded by the President of the Supreme Court, Eduardo Rodríguez Veltzé, who remained interim president until new elections were held in December 2005. These Morales won in a landslide victory. As one analyst put it, 'The leader of the very target of US crop eradication programs was now the democratically elected head of state with the largest margin of victory since the transition to democracy in the 1980s'.⁵²¹

⁵¹⁶ Assies (2004), p. 29.

⁵¹⁷ Aboy (2009), 269.

⁵¹⁸ Ledebur (2005), p. 161.

⁵¹⁹ Heilman (2017), p. 265.

⁵²⁰ Kohl and Farthing (2006), p. 180.

⁵²¹ Gamarra (2016), p. 192.

President Morales and the United States

That with Morales in power US-Bolivian relations would change significantly became evident when, only days after taking office, he defiantly called himself the United States' worst nightmare.⁵²² However, at the start of his presidency, despite often-inflammatory rhetoric from both sides, diplomatic intentions remained good and based on an initial pursuit of common interests. In a 'breaking the ice' meeting on 2 January 2006, Morales and Vice President García Linera met with Greenlee, at the latter's invitation, at the US ambassador's residence. This was the first formal contact between Morales and a US official.⁵²³ Although Greenlee reported back to Washington the next day that Morales seemed guarded and defensive, particularly expressing scorn at being branded a 'narco-terrorist' by President Bush, the ambassador also made mention of constructive dialogue. Morales stated he was 'prepared to cooperate on counternarcotics, with the 3.2 thousand hectares set-aside in the Chapare serving as the basis for future work', and that he 'wanted to resolve disagreements, including with the United States, through dialogue'. Greenlee reciprocated by expressing 'interest in maintaining a constructive relationship, [but also pointing out] that this would depend on the words and actions of government leaders'.⁵²⁴ However, Greenlee also immediately continued the decade-long US custom of threatening the Bolivian government when he pointed out that international financial institutions were heavily dependent on the United States, saying, 'When you think of the IADB, you should think of the U.S. This is not blackmail, it is simple reality'.⁵²⁵

Despite this initially positive start, the first of many diplomatic controversies between the countries had already erupted. It concerned a case that took place under the interim presidency of Rodríguez. In line with an Organization of American States (OAS) resolution, the United States had offered to help Bolivia destroy a number of presumably old and dysfunctional Man-Portable Air Defence System (MANPAD) missiles. After 9/11, Washington was concerned about such weaponry falling into the wrong hands and enabling terrorists to take down a commercial airliner. A Bolivian military official contacted the United States to request help in getting rid of the missiles, in exchange for equipment the Bolivian military needed.⁵²⁶ The missiles were taken to a US base and destroyed, allowing Morales to accuse the United States of robbing Bolivia of its air defence capabilities.⁵²⁷

⁵²² Kohl (2010), p. 117.

⁵²³ Author's interview with Greenlee.

⁵²⁴ US Embassy in La Paz, 'Initial meeting with Evo Morales: Brass Tacks', diplomatic cable, 3 January 2006.

⁵²⁵ Ibid.

⁵²⁶ Author's interview with Greenlee.

⁵²⁷ Valdes (2006).

It turned out that Rodríguez had not had any knowledge of the deal, leading Morales to file a legal suit against him while denouncing the United States for intervening in Bolivian affairs. The US Department of State released a statement denying US officials took the missiles from Bolivia without Bolivian officials' knowledge and emphasized it had acted at the request of the Bolivian military.⁵²⁸ Most evidence points at a problem in the Bolivian chain of command and not at bad US intentions. Rodríguez himself indicated it concerned a lower-level issue that normally a president would not be bothered with.⁵²⁹ Greenlee would later regret the way the case was handled, feeling that it received too much attention when relations were already tense.⁵³⁰ According to a US embassy cable, Morales used the case as a pretext to force a large number of senior Bolivian military officers into retirement and to appoint a MAS supporter as the new commander of the armed forces. The embassy cable expressed concern about hints on behalf of the new commander that he wished to partially restrict or entirely end the access of US military officials to Bolivian military installations.⁵³¹

Upon taking office, Morales quickly set to work to turn his policy proposals into action with a domestic focus on empowerment of Bolivia's indigenous majority and a foreign policy focus on the strengthening of Bolivia's sovereignty and an end to dependence on the United States. Among other things, his administration wrote a new constitution, implemented agrarian reform and partially nationalized the gas and oil industry.⁵³² In terms of foreign policy, Morales strengthened ties with the Chávez regime in Venezuela and with Cuba's Fidel Castro by joining several regional initiatives spearheaded by both, such as the Banco del Sur, a regional development bank, and the Alianza Bolivariana para los Pueblos de Nuestra América (Bolivarian Alliance for the People of Our America, ALBA), an intergovernmental organization that sought to be an alternative to the US-pursued FTAA. The ALBA was explicitly anti-Washington and anti-neoliberal.⁵³³ In the words of one analyst, the organization 'propose[d] to break with submission to the United States to strengthen sovereignty and facilitate grassroots progress'.⁵³⁴ As such, the ALBA fits the mould of buffering behaviour, which can be defined as the development of alternative regional political spheres that serve to soften exposure to the hegemon's policies. Morales's active role—it was Morales who proposed the ALBA's pursuit of a 'Peoples Trade Agreement'—made him a key figure in the ALBA and seemed to demonstrate that his defiance of the United States

⁵²⁸ *Voice of America News*, 'US Denies Removal of Bolivian Missiles Was Secret', 23 December 2005.

⁵²⁹ Author's interview with Rodríguez.

⁵³⁰ Author's interview with Greenlee.

⁵³¹ US Embassy in La Paz, 'Early Warning Signs?', diplomatic cable, 27 January 2006.

⁵³² Madrid (2011), p. 240.

⁵³³ Kingstone (2018), p. 103.

⁵³⁴ Katz (2015), p. 36

was more than just rhetorical.⁵³⁵ Closer ties with Cuba resulted in Castro sending medical personnel to Bolivia.⁵³⁶ Venezuela, meanwhile, sent economic assistance that soon approached US levels.⁵³⁷ Morales also increased ties with US antagonists outside of Latin America, including Iran, Russia, and the People's Republic of China.⁵³⁸

A major factor in Morales's space to manoeuvre was, without question, the commodity boom of the 2000s. The partial nationalization of natural resource extraction provided him with revenues his predecessors had not enjoyed.⁵³⁹ As research in this area demonstrates, implementation of left-wing policies is highly dependent on the availability of domestic sources of income, with those governments that lack such income often forced to renege on campaign promises and turn to austerity measures instead.⁵⁴⁰ Morales's presidency fortuitously coincided with an increased stream of revenue. The availability of capital gave Morales more agency domestically, while lessening his need to comply with US demands. To illustrate the impact of the extractive sector, by 2011 the commodity boom had made Bolivia the most natural resource-dependent country in Latin America, with mining and hydrocarbons making up, respectively, 6.2 and 6.9 per cent of GDP and 37.3 and 45.0 per cent of exports.⁵⁴¹ Although this obviously made Bolivia vulnerable to commodity price volatility, it enabled Morales to independently finance his policy plans, including significant spending increases to already existing social programmes.⁵⁴²

The Morales administration also diversified Bolivia's foreign trade, lessening its dependence on the US market by growing its exports to Asia, particularly to South Korea.⁵⁴³ Furthermore, World Bank and IADB debt forgiveness and a growing trade surplus allowed Morales to not renew Bolivia's Standby Agreement with the IMF, making the country independent of IMF pressures.⁵⁴⁴ All of this gave Morales more space to manoeuvre against the United States and what he perceived as US-controlled financial institutions, an understandable perception after Greenlee's threat. In early 2007, Bolivia opted out of the World Bank's International Center for the Settlement of Investment Disputes in a dispute over its supposed bias in favour of transnational corporations.⁵⁴⁵ Morales also ended any informal influence the US embassy formerly had in the appointment of Bolivian government officials and placed visa requirements on all US citizens wishing to travel to Bolivia.

⁵³⁵ Brien (2015), p. 111-12.

⁵³⁶ Madrid (2011), p. 246.

⁵³⁷ Fernández (2010), p. 85; Romero (2007), p. 3.

⁵³⁸ Madrid (2011), p. 247.

⁵³⁹ Veltmeyer (2014), p. 130.

⁵⁴⁰ Murillo, Oliveros, and Vaishnav (2011), p. 64.

⁵⁴¹ Veltmeyer (2014), p. 84.

⁵⁴² Madrid (2011), p. 250.

⁵⁴³ Ibid., p. 247.

⁵⁴⁴ Kohl (2010), p. 118; Madrid (2011), p. 249.

⁵⁴⁵ Kohl (2010), p. 118.

Essentially, a shift occurred with respect to the locality of initiative in relations between the two states, from the United States to Bolivia, a development that has been coined the ‘Bolivianisation’ of Washington-La Paz relations.⁵⁴⁶

On the issue of counternarcotics, Morales oscillated between collaboration with the United States—albeit on different terms—and balking behaviour. In his inaugural address, he immediately emphasized his willingness to work with Washington on counternarcotics issues, but that cocaine would not be used as an ‘excuse to dominate our people’. He added that Bolivia sought a dialogue ‘without conditions, without blackmail’, in what appeared to be a direct message to the United States that times had changed.⁵⁴⁷ A few days later, Dionicio Núñez, one of Morales’s top coca policy advisers, announced that Bolivia would shortly be asking the US anti-drug forces to leave the country.⁵⁴⁸ In another sign of defiance, Morales appointed fellow *cocalero* Felipe Cáceres as vice minister of coca and integral development.⁵⁴⁹

Incidents and escalation

US-Bolivian relations during Morales’s first presidential term were characterized by a continuous stream of incidents, large and small, that Morales and other MAS heavyweights interpreted as US government provocations, even while the United States denied any wrongdoing. For example, in March 2006 a US citizen was responsible for two deadly bombings in La Paz. Reportedly, the person had been jailed in Argentina for another bombing and had seemingly entered Bolivia on a fake passport. Morales accused the US government of orchestrating the bombings in order to destabilize Bolivian democracy. A US embassy cable about the incident shows genuine surprise over Morales’s ‘calculated outburst’, while also expressing concern about the possibility of ‘this unfortunate crime’ foreshadowing ‘a tipping point in our bilateral relations’.⁵⁵⁰

In April 2006, the United States denied the visa application from the Bolivian vice minister of water, who was to attend a meeting in Washington. Two months earlier a MAS congresswoman had her visa revoked. Greenlee cited a technical error in the April incident, but the congresswoman claimed the US government revoked her visa for alleged involvement in terrorist activity. Morales called the incidents an ‘open provocation’, adding that ‘to get a visa, it seems like you have to be corrupt, a murderer, then you’re protected’, a

⁵⁴⁶ Sivak (2011), p. 161.

⁵⁴⁷ US Embassy in La Paz, ‘Morales Inauguration Speech: A Mixed Bag’, 23 January 2006.

⁵⁴⁸ Chang (2006).

⁵⁴⁹ Pineda (2007), p. 67.

⁵⁵⁰ US Embassy in La Paz, ‘Morales Accuses U.S. of Being Behind Deadly Bombings’, diplomatic cable, 23 March 2006.

clear reference to ex-president Sánchez, who had been living in the United States since he fled Bolivia after his resignation.⁵⁵¹

With the arrival of US Ambassador Philip Goldberg, relations began to deteriorate with increasing speed, in spite of Goldberg's professed attempts to find areas of common interest.⁵⁵² Some minor incidents involving US citizens in Bolivia were blown out of proportion by the Bolivian government, probably in a deliberate intent to score political points but perhaps because the Bolivians really felt Washington was involved.⁵⁵³ Either way, with each of these incidents the Morales government chose to deal publicly rather than through diplomatic channels, effectively bypassing regular bilateral communications.⁵⁵⁴ Then, two more serious matters began to dominate relations. First, the Bolivian government accused USAID of trying to destabilize it through support for opposition political groups. Second, demands for more autonomy in the so-called 'Media Luna' departments of northern and eastern Bolivia (Pando, Beni, Santa Cruz and Tarija) became associated with a supposed conspiracy, involving Goldberg and USAID, against the MAS.

Regarding USAID, a substantial body of literature claims the agency tried to undermine the MAS government. Some of these authors have close ties with, or were directly funded by, the MAS, offer little evidence to support their claims, and range from hardly neutral to outright partisan.⁵⁵⁵ Other, mostly journalistic work appears based on the findings of investigative journalist Jeremy Bigwood, who through US Freedom of Information Act (FOIA) requests obtained documents that show certain USAID programmes specifically engaged with and targeted groups opposed to the MAS. Moreover, Bigwood's findings showed that the National Endowment for Democracy (NED), which much of the literature on this topic erroneously conflates with USAID, funded projects undertaken by the National Democratic Institute (NDI) and the International Republican Institute (IRI) to promote regional autonomy and decentralisation, key demands of the Media Luna opposition.⁵⁵⁶ Although Bigwood's findings do raise questions about the level of politicization of certain USAID and NED projects, wild claims of US government conspiracies based on Bigwood's FOIA documents are at best far-fetched, and at worst factually incorrect.⁵⁵⁷

⁵⁵¹ Zuazo (2006).

⁵⁵² Author's interview with Goldberg.

⁵⁵³ See, for example, US Embassy in La Paz, 'Ambassador Goldberg's and PDAS Shapiro's Meeting with Vice President García Linera', diplomatic cable, 19 July 2007; 'GOB Creates New "Incident" to Discredit USG', diplomatic cable, 25 July 2007.

⁵⁵⁴ Author's interview with Goldberg.

⁵⁵⁵ Allard and Golinger (2009); Moldiz (2008); Quintana Taborga, et al. (2016); Tellería and Gonzáles (2015).

⁵⁵⁶ Bigwood (2008). The NDI and IRI are affiliated with the two main US political parties and are not government bodies. NED, too, is officially a private entity, although it receives all its funding from the US Congress and is subject to FOIA requests, making its non-governmental status questionable.

⁵⁵⁷ Works basing their claims on Bigwood's documents include Beeton (2009); Burrón (2012); Dangl (2008); Lindsay (2005) and Main (2010).

Yet the MAS government, either genuinely worried about US interference or simply using the United States as a political scapegoat, soon began an aggressive anti-US smear campaign that focused on USAID and Goldberg. MAS portrayals of US ‘democracy promotion’ as serving to destabilize the Morales presidency may have been justified.⁵⁵⁸ The conspiracy allegations, however, were based on flimsy evidence. On 29 August 2007, Government Minister Juan Ramón Quintana went on national television and, to the surprise of US embassy staff, gave a thirty-minute presentation on USAID’s lack of transparency, supporting accusations of conspiracy by the aid agency.⁵⁵⁹ From then onward, MAS officials repeated such accusations at regular intervals. In November 2007, Morales even accused Goldberg of plotting a coup with the Media Luna opposition and Colombian paramilitaries. As ‘proof’ the president showed a photo of Goldberg with a supposed Colombian paramilitary who had been arrested by Bolivian police. According to Goldberg, the man was a stranger who had asked to have his picture taken with the US ambassador at a public event.⁵⁶⁰ Further allegations against Goldberg were based on his prior post in Kosovo, which according to Morales made him an expert in secessionist movements.⁵⁶¹

After another public meeting between Goldberg and the democratically elected governor of Santa Cruz, Rubén Costas, in September 2008, which the MAS dubbed ‘clandestine’, Morales declared Goldberg persona non grata, dealing a massive blow to US-Bolivian relations. A day earlier, he had expelled the DEA from the Chapare.⁵⁶² According to Goldberg, nothing about the meeting was clandestine or secret because it had been announced publicly to the Bolivian media.⁵⁶³

The Bush administration responded by suspending Bolivia’s trade preferences under the Andean Trade Promotion and Drug Eradication Act (ATPDEA, successor to the ATPA) for ‘fail[ing] to cooperate with the United States on important efforts to fight drug trafficking’.⁵⁶⁴ This should not have come as a surprise, but the Bolivian government still expressed serious dismay at the decision, with Foreign Minister David Choquehuanca going so far as to call the decision a ‘malicious blow’ to Bolivian democracy.⁵⁶⁵ In retaliation, Morales completely expelled the DEA from Bolivia, after which the United States ‘decertified’ Bolivia on 15 December 2008.

⁵⁵⁸ Robinson (2013), p. 231.

⁵⁵⁹ US Embassy in La Paz, ‘Government Minister Slams USAID’, diplomatic cable, 29 August 2007.

⁵⁶⁰ US Embassy in La Paz, ‘Evo Accuses Ambassador of Coup Plotting and Paramilitary Links’, diplomatic cable, 5 November 2007.

⁵⁶¹ Author’s interview with Goldberg.

⁵⁶² US Embassy in La Paz, ‘Bolivia: Violence Erupts, Govt Installations Taken, Govt Accuses Ambassador’, diplomatic cable, 10 September 2008.

⁵⁶³ Author’s interview with Goldberg.

⁵⁶⁴ Partlow (2008).

⁵⁶⁵ *Andina, Agencia Peruana de Noticias*, ‘Bolivia califica de “alevoso golpe” decisión de retirarlo de beneficios del ATPDEA’, 26 September 2008.

Trade and counternarcotics, the two issues that had dominated US-Bolivian relations for years and had been successfully linked by the United States through the ATPDEA/ATPA under previous Bolivian administrations, now stood at the centre of the deterioration of bilateral relations. Bolivia lost in terms of trade, and the United States lost a partner in the War on Drugs. To Bolivia, the ATPDEA was worth about US\$150 million a year. Morales could have expected the suspension of trade preferences after throwing the DEA out of the Chapare, on top of expelling Goldberg. He must therefore have decided that the benefits of doing so were worth more than the trade benefits.⁵⁶⁶

Strained relations

When Barack Obama became US president (2009-2017), expectations of an improvement in relations were high. Both he and Morales came from marginalised racial groups, so some observers thought the men might be able to have a better mutual understanding than Morales had with Bush.⁵⁶⁷ Still, contentious issues between both countries remained.

With regards to coca, Bolivia had implemented what it called ‘community coca control’. Morales extended the so-called one-cato policy under which peasants were allowed to grow coca up to a maximum of about one-sixth of a hectare, while increasing the total cap on Bolivian coca cultivation from 12,000 to 20,000 hectares, in effect balking at the US government.⁵⁶⁸ Community coca control registered and monitored all coca cultivation, while communities were expected to self-police adherence to the one-cato policy.⁵⁶⁹ Despite reports from the US government to the contrary, several sources, among them the United Nations Office on Drugs and Crime in Bolivia, claim the policy worked and that coca cultivation in Bolivia declined after 2010.⁵⁷⁰ The White House ONDCP, using a different (undisclosed) methodology, has presented alternative findings with significantly higher levels of cultivation.⁵⁷¹

In June 2009, therefore, Obama did not reinstate Bolivia’s trade benefits under the ATPDEA. The White House reported that there was ‘explicit acceptance and encouragement of coca production at the highest levels of Bolivian government’, which under US law disqualified Bolivia for the trade benefits.⁵⁷² This was again a hard blow for the Bolivian government, which accused the Obama administration of misrepresentation. The

⁵⁶⁶ Birns and Sánchez (2011), p. 111.

⁵⁶⁷ Gamarra (2016), p. 193.

⁵⁶⁸ A cato is a unit of measure used in Bolivian agriculture equal to approximately 1,600 square meters.

⁵⁶⁹ Grisaffi and Ledebur (2016), p. 8.

⁵⁷⁰ Author’s interview with De Leo; Conzelman, et al. (2008), p. 194; Grisaffi and Ledebur (2016), p. 12.

⁵⁷¹ Office of National Drug Control Policy.

⁵⁷² Ore (2009).

United States and Bolivia had recently started a high-level dialogue to improve relations, and at the Summit of the Americas in Trinidad and Tobago earlier that year Obama had spoken of a shift in US-Latin American relations toward an 'equal partnership'. Additionally, in April 2009, the US and Bolivia had signed a new bilateral drug-control agreement worth US\$26 million in US funds for coca reduction.⁵⁷³ Morales's surprise may have been somewhat understandable.

A third thorny issue between both countries had long been the extradition of former President Sánchez. The MAS government accused him of 'genocide' in relation to Bolivian armed forces killing 67 protestors, a crisis that ultimately led to the president's resignation and flight to the United States.⁵⁷⁴ Morales insisted that Washington protected its former ally, giving asylum to a criminal responsible for a massacre.⁵⁷⁵ The US side of the story was somewhat vague. On the one hand, according to then Principal Deputy Assistant Secretary of State Charles Shapiro, US officials maintained that Bolivia simply did not follow formal procedural steps in the extradition treaty, preventing the United States from processing their request.⁵⁷⁶ A senior member of the US Foreign Service, who was posted to the US embassy after Goldberg's expulsion, confirmed this version, recalling that officials from the US Department of Justice even travelled to La Paz to explain to their Bolivian counterparts how to file the request correctly.⁵⁷⁷ If true, this would mean that Morales's outrage over the matter was unfounded. However, Greenlee, Goldberg and Maria Otero, under secretary of state for civil security, democracy, and human rights during the first Obama administration and someone who was involved in the ultimately unsuccessful high-level dialogue to improve relations, recalled there were also concerns within the US government that Sánchez would not get a fair trial, which in effect made him a political refugee.⁵⁷⁸ Whatever the exact reason for the US stance, the extradition of the former president, along with the ATPDEA and the coca community control issues, remained an obstacle to improving relations.

US overreach and popular dissent

An important element that explains in part the rise of Morales in Bolivian politics is the excessive influence that the United States gained in Bolivian domestic affairs in the decades preceding Morales's electoral win. This influence became so dominant, while seemingly not

⁵⁷³ Ledebur and Walsh (2009), p. 2.

⁵⁷⁴ Although the MAS government became very involved in the Sánchez extradition case, there had already been talk of the accusation of genocide and extradition under President Mesa.

⁵⁷⁵ Sivak (2011), p. 166.

⁵⁷⁶ Author's interview with Shapiro.

⁵⁷⁷ Author's interview with senior official US embassy in La Paz.

⁵⁷⁸ Author's interview with Goldberg; Greenlee; Otero.

producing much benefits for the Bolivian people, that Bolivian consent floundered and eventually turned into dissent. This section further contextualizes this development.

Before the Morales presidency, consecutive Bolivian governments had for the most part passively accepted US hegemony. In essence, these governments bandwagoned with the United States to secure needed benefits. Their dependence on Washington may not have given them much choice to act otherwise, and the United States often acted as a Realist hegemon, applying pressure through economic coercion. Still, Bolivian administrations also often agreed with US economic policy and themselves adhered to neoliberalism. As such, there was regular ideological concordance between Washington and La Paz, be that as a consequence of socialization, false consciousness, elite self-interest, or the genuine belief that neoliberalism was the best development strategy for Bolivia.

The NPE, developed under Paz after the transition to democracy, greatly expanded neoliberalism in Bolivia, leading to massive lay-offs and pushing many Bolivians into poverty. Here, Paz made a move described as ‘bait-and-switch’ populism—that is, baiting the electorate but switching to unpopular policies once in power. Bait-and-switch ‘awaken[s] hopes of massive redistributionist policies on the campaign trail but implements free-market austerity packages once in office’.⁵⁷⁹ The bait-and-switch thesis assumes that populists, who may have genuine ambitions to end social injustice and poverty, once in office are pressured by ‘domestic elites and international economic forces [that] compel them to adopt tough market-oriented measures that diverge radically from campaign promises’.⁵⁸⁰ Paz’s third presidency, as well as that of his successor Paz Zamora, may fit the bait-and-switch profile.⁵⁸¹ This might explain what in hindsight seems odd: that both presidents were elected even though the electorate did not support their administrations’ neoliberal and, in the case of Paz Zamora, counternarcotics policies.

Although the US government was not directly involved in the NPE, for many Bolivians the fact that Sánchez (who had lived much of his life in the United States and spoke Spanish with a *gringo* accent) designed it gave the NPE a US flavour.⁵⁸² The involvement of Harvard economist Jeffrey Sachs may have further accentuated this.

However, US interference in Bolivian affairs really expanded with the intensification of the War on Drugs. Through a carrot-and-stick certification process, Washington made trade preferences conditional on the implementation of often harsh counternarcotics policies. It also created, funded, trained and led on counternarcotics missions the UMOPAR forces that engaged in violent clashes with peasants in the Chapare and were widely

⁵⁷⁹ Drake (1991), p. 36.

⁵⁸⁰ Weyland (1996), p. 4.

⁵⁸¹ Stokes (1997), p. 210.

⁵⁸² Gamarra (2016), p. 189; Author’s interview with Greenlee; Lehman 1999, p. 196; McPherson (2006), p. 120.

implicated in human rights abuses. On multiple occasions Chapare inhabitants reported having been tortured by UMOPAR, including through beatings, electric shocks and suffocation, and they alleged that DEA agents had been present during these events.⁵⁸³ The DEA, seemingly without any Bolivian civilian oversight, roamed the region in camouflage gear, bearing M-16 rifles and even blowing up local infrastructure to sabotage drug trafficking.⁵⁸⁴ It is highly likely that such DEA conduct fuelled anti-US sentiments in the Chapare region. Similarly, operations like Blast Furnace were—in violation with the Bolivian constitution—led by US forces and deployed heavy military hardware. It is no surprise that Chapare peasants associated the United States with military intervention.

In a way, the War on Drugs became an attack on Bolivia's poor rural population. Several Bolivian governments understood this, just as they understood the contradiction in combatting drug trafficking at a time when cocaine was one of the main drivers of the Bolivian economy. Yet they found themselves performing a near-impossible balancing act of meeting US counternarcotics demands, on the one hand, and containing discontent among their constituents, on the other. The balance usually tilted to the former.

Meanwhile, US influence in Bolivian institutions became so extreme that former Vice Minister of the Presidency José Carlos Campo recalled,

[US officials] were visiting any kind of [government] authority they wanted something from. Our Foreign Affairs Ministry was just one relationship. They had another relationship with the president, the vice president, with several vice ministers, several key directors and several key mayors in the principal cities, La Paz, Santa Cruz, Cochabamba. They knew the people very well; [...] They had relationships with several governors, party leaders, party members and a lot of businesspeople in Bolivia. They were really well-connected with everybody that matters in our society, individually and also institutionally. [...] So, they had a lot of people at the end of the line, working for them, giving them information, space to manoeuvre, etcetera. Especially within the police and Ministry of Defence. They created parallel organizations with police and people of the armed forces, they gave them technical assistance, money to buy equipment, helicopters, planes, weapons, access to intelligence, access to the satellites, satellite phones, everything to fight narcotics. But in return they had a lot of information. Because these members of the police or armed forces gave them information before they gave it to the ministers. So [US officials] were more informed than anybody in the [Bolivian] government'.⁵⁸⁵

⁵⁸³ Human Rights Watch (1995); Petterson and Mackay (2005).

⁵⁸⁴ White, "Operation Snowcap" Memorandum, 8 March 1988, in Evans (2002).

⁵⁸⁵ Author's interview with Campero.

Greenlee, looking back on his time as ambassador in La Paz, judged the US presence to be ‘overwhelming’:

‘We were too big, the way we did things was too big for the bilateral relationship. It was bad for Bolivia, and it was bad for us. The Bolivians were in the habit, the bad habit, of being supplicants, and we were in the position, the frankly arrogant position, of doling out assistance’.⁵⁸⁶

Greenlee’s successor Goldberg, too, felt the US presence was too prominent: ‘We had an embassy that was larger than any embassy [in South America]. It was involved in everything, in the running of the country’.⁵⁸⁷ One expression of this was that the US government ended up practically commanding segments of the Bolivian armed forces in counternarcotics operations and was responsible for the operation of military hardware, as confirmed by Greenlee:

‘[The embassy] had two operating C-130s [military cargo planes]. We were the operators of the C-130s, but the Bolivian Air Force were the pilots. All the money, all that stuff, the maintenance, that was us. Where the planes went, that was us. Helicopters, same thing. [...] The helicopters came out of the [Bureau of International Narcotics and Law Enforcement Affairs] of the State Department. But the planes were under the [control of the] embassy. We were the only embassy in the world that had our own C130s. And we used them to back the anti-drug efforts’.⁵⁸⁸

In essence, the US embassy ran the show, with little, if any, Bolivian civilian oversight.

Ultimately the War on Drugs and decade-long Bolivian government adherence to neoliberalism had two dramatic consequences. First, the extreme influence the United States had over Bolivian administrations through aid and threats of decertification, and over the Bolivian armed forces through military aid, tied the Bolivian government’s hands, obstructing it from representing the wishes of the Bolivian people. Instead, it continued economic and drug policy that more and more Bolivians opposed, at the same time that their country became embattled by financial crisis (1998-2004). Between 1997 and 2003—not coincidentally also the period of Morales’s rise in popularity—the percentage of Bolivians indicating they were ‘very’ or ‘rather’ satisfied with Bolivian democracy dropped from 33.4 to 24.8 per cent, hitting a low of 16.3 per cent in 2001.⁵⁸⁹ Over the same period, between 58

⁵⁸⁶ Frontline Diplomacy: Foreign Affairs Oral History Collection (2007).

⁵⁸⁷ Author’s interview with Goldberg.

⁵⁸⁸ Author’s interview with Greenlee.

⁵⁸⁹ Latinobarómetro (1997-2003).

and 74 per cent replied they were 'not very' or 'not at all' satisfied.⁵⁹⁰ Looking at the many instances in which Bolivian administrations implemented policy prescribed by Washington that hurt the population, this sentiment is understandable. Ordinary Bolivians did not seem to gain much from either neoliberalism or the War on Drugs. To the contrary, these policies seemed to cost them dearly.

Second, the resulting disenchantment with traditional Bolivian parties paved the way for the counterreaction of the *cocalero* movement that ultimately led to the rise of the MAS and Morales. Between 1997 and 2003 the percentage of Bolivians indicating they had 'much' or 'some' confidence in the Bolivian Congress dropped from 31.3 to 12.9 per cent. Over the same period those expressing 'little' or 'no' confidence in the Congress rose from 61.4 to 83.7 per cent. The decline of Bolivians' confidence in the country's political parties was equally dramatic. While in 1997 20.4 per cent expressed 'much' or 'some' confidence compared to 74.6 per cent who said they had 'little' or 'no' confidence, by 2003 the disparity had grown to 6.2 per cent in the first category and 92.1 per cent in the second.⁵⁹¹ Bolivians clearly felt the establishment parties were failing them. Morales and the MAS cleverly played into this sentiment by railing against the establishment and its supposed ties to 'imperial' Washington. It is fair to say the War on Drugs was pivotal to the creation of the movement; in fact, it was a direct reaction to it. Subsequently, US policy aided the rise of the MAS by giving it ample ammunition, thereby feeding the movement's popularity. Anti-US rhetoric from MAS leaders only worked in their favour, as did US officials' antagonistic comments about the movement and Morales.

This is not to say that US policy itself led to anti-US sentiments among the Bolivian population. What is clear, however, is that Morales and the MAS blamed the United States and turned it into a scapegoat, and this approach proved highly effective. For example, Morales often invoked the memory of 'Che' Guevara, who died at the hands of the Barrientos dictatorship (1966-1969) with help and training from the CIA. He did so during his inauguration speeches and by wearing T-shirts with the image of the Argentine revolutionary.⁵⁹² According to Morales, Guevara had tried to defend Bolivia against the 'invader', meaning the United States, and he admired him.⁵⁹³ Guevara's death, which took place in 1967, may not have been on many Bolivians' mind during presidential elections in 2005, but Morales used it to further fuel anti-US sentiment among his constituents. Recalling

⁵⁹⁰ Other possible responses 'don't know' and 'no answer' received no more than 6.5 per cent in any given year.

⁵⁹¹ *Latinobarómetro* (1997-2003).

⁵⁹² Morales, inauguration speech, Tiahanacu, Bolivia, 21 January 2006; Morales, inauguration speech, La Paz, Bolivia, 22 January 2006, <https://www.pagina12.com.ar/diario/especiales/18-62330-2006-01-30.html>; *Latin Finance*, 'Exclusive interview—Evo Morales', 1 November 2005.

⁵⁹³ Rojas (2007).

the US role in Guevara's fate simply added to his narrative of US imperialism, exploitation and drug-war-related violence against the Bolivian people.⁵⁹⁴ Washington's response, meanwhile, seemed grounded in an underestimation of the MAS's political appeal, of the resonance of anti-US messages among the Bolivian population and of the extremely precarious situation the Sánchez administration found itself in.

First, there were the remarks made by Ambassador Rocha, threatening to cut off aid to Bolivia if Bolivians elected Morales. Although one might interpret Rocha's remark as a unique incident, a mistake by a foolish ambassador, another US official made a similar statement. Assistant Secretary for Western Hemisphere Affairs Otto Reich, on a visit to Buenos Aires only weeks before the Bolivian election and after Rocha's infamous speech had caused a scandal in Bolivia, commented on the possibility of a Morales presidency by saying, 'We do not believe we could have normal relations with someone who espouses these kind of policies'.⁵⁹⁵ This then points more toward an official Bush administration stance regarding Morales than a mistake by Rocha. The Department of State line seems to have been a clear communication that a Morales presidency would harm US-Bolivian relations. Ironically, this is precisely what happened after Morales's election in 2005. Morales at first jubilantly told his inauguration crowd that the United States, contrary to earlier predictions, had expressed its intent to strengthen relations.⁵⁹⁶ Then, bilateral relations deteriorated anyway, not because the United States followed through on its threats to cut ties but because Morales took these threats seriously and acted first. The agency in this instance clearly lay with Bolivia.

However, in 2002 not Morales but his opponent Sánchez won. The new president desperately needed funding and turned to Washington for aid. He was told he would receive about a tenth of the amount he requested.⁵⁹⁷ The Bush administration seems to have seriously underestimated the perilous situation Sánchez found himself in. If Washington was concerned about a possible MAS government in the near future, as Rocha's and Reich's remarks seem to indicate, supporting the president was the only logical step to take. However, no such support was forthcoming, which forced Sánchez to implement the measures that ultimately led to his downfall, new elections and a MAS presidency. In hindsight, it appears that Washington did not have a good grasp of the level of political

⁵⁹⁴ At his inauguration, Morales said drugs could be no excuse for Bolivian submission to US domination. See inauguration speech, La Paz, Bolivia, 22 January 2006; Similarly, one week after Sánchez's resignation in 2003 Morales called for the 'overthrow of US imperialism'. See Morales, Mexico City, Mexico, 24 October 2003, <https://www.countercurrents.org/bolivia-morales221205.htm>; The link gives an incorrect date for the speech. An explanation on confusion over this matter may be found here: http://site.www.umb.edu/faculty/salzman_g/Strate/2006-01-09.htm.

⁵⁹⁵ Campbell (2002).

⁵⁹⁶ Morales, inauguration speech, La Paz, 22 January 2006.

⁵⁹⁷ Author's interview with Greenlee.

instability in Bolivia, which is underscored by the genuine surprise in the US embassy in La Paz when Morales won the election, with Greenlee recalling his landslide victory as a ‘big shock’.⁵⁹⁸

Bolivian defiance of US hegemony

Bolivia was economically quite dependent on the United States. For example, from 1992 until 2000 the United States was Bolivia’s largest trading partner in terms of exports (accounting for between 20 and 34 per cent annually) and imports (between 19 and 28 per cent), being overtaken by Brazil in 2001 and then by Argentina in 2006.⁵⁹⁹ The US share of FDI flow into Bolivia between 2002 and 2007 rose from 29 to 64 per cent annually, beginning a steep decline in 2008.⁶⁰⁰ Economic dependence had become tied to counternarcotics policy through the ATPA (and later ATPDEA), and military and counternarcotics aid had established close linkages of dependency between Bolivia’s armed forces and the United States. The War on Drugs itself, however, did not seem to bring Bolivia much benefit, which eventually aided Morales’s rise to the presidency. This is where the Bolivia case differs from the Colombia case, a point to which we will return in Chapter Six.

Whereas US-Bolivian relations before Morales were characterized by ideological concordance between both states’ elites and Realist US coercion practices, with the rise of Morales, this began to change. A shift in the domestic Bolivian balance of power put severe strain on the political establishment, and when Morales assumed the presidency, access to expanded external financial resources gave him increasing space to manoeuvre. Less dependent on Washington, Bolivia became less susceptible to US coercion, instead pursuing relations grounded in the inviolability of sovereignty and principles of equality. In short, Bolivia gained in agency, and Bolivian actions played a crucial part in the deterioration of US-Bolivian relations.

Unexpectedly having to deal with Morales as president, the United States professed openness to dialogue and good relations. However, Greenlee immediately continued the same tactics the United States had used for decades: threatening to cut aid and to oppose support for Bolivia in multilateral lending institutions. Greenlee also objected to some of Morales’s cabinet appointments.⁶⁰¹ It seems the United States was unaware of the changed

⁵⁹⁸ Author’s interview with Greenlee.

⁵⁹⁹ WITS Database. The ATPA’s impact is evident from a surge in Bolivian exports to the United States as a share of total exports, increasing from 20.1 per cent in 1992 (the year Bolivia qualified for the ATPA) to 32.1 per cent in 1994. The following years the export share dropped again until it hit a high of 33.2 per cent in 1999.

⁶⁰⁰ UNCTAD. In 2001 and between 2005 and 2008, the US share was larger than that of European states combined.

⁶⁰¹ Sivak (2011), p. 162.

dynamics between both governments, perhaps expecting Morales to soon change course and walk in line with Washington as many of his predecessors had done. But one of the key messages of Morales's campaign had been precisely that he wanted to retake Bolivian national sovereignty and not be controlled by the 'empire'. US threats of cutting off aid and meddling in government appointments were prime examples of the problem Morales had vowed to solve. Nearly 54 per cent of the population had given him a mandate to do so.⁶⁰²

The MANPAD issue, though probably not more than a storm in a teacup, was exemplary of the deep interference of US agencies in Bolivian affairs. The request for help in destroying the missiles came from a Bolivian military officer without the knowledge of the minister of defence or interim President Rodríguez.⁶⁰³ At the time, Greenlee maintained the United States could not be held responsible for internal communication problems within the Bolivian government. Greenlee later admitted this was 'disingenuous' of him: 'I knew [Rodríguez's] system didn't work. In retrospect I regret that I didn't personally brief him on the operational details that his senior defense staff was fully aware of'.⁶⁰⁴ One interpretation is that the system did not work as a consequence of decades of direct US control over parts of the armed forces, which had learned to deal with the United States directly rather than through the Bolivian government. According to Greenlee, the contact about the MANPADs had been handled on the Bolivian side by military personnel directly with the US embassy.⁶⁰⁵ Morales, either genuinely outraged or in an act of opportunism, blew the incident up into to a massive sovereignty scandal, setting US-Bolivian relations under his presidency off to a bad start.

The thread that runs through the deterioration of US-Bolivian relations after the rise of the MAS seems to be the Bolivian-perceived lack of mutual respect. As Gamarra points out, the definition of mutual respect is open to interpretation. For Morales, it signified a relationship between equals without any type of conditionality in terms of bilateral issues.⁶⁰⁶ The Bush administration did not understand this and kept pushing for counternarcotics policy conditioned on trade preferences, while funding via USAID projects that the MAS government objected to. Goldberg's contacts with elected governors from the opposition eventually appear to have been the straw that broke the camel's back. When Media Luna leaders pushed for more autonomy, the MAS clearly wanted Goldberg to stay out of the matter. Even though Goldberg stressed his contacts with these leaders concerned unrelated issues and were neither 'secret' nor unique (ambassadors of other states met with these

⁶⁰² Harten (2011), p. 6.

⁶⁰³ Author's interview with Rodríguez.

⁶⁰⁴ Frontline Diplomacy: Foreign Affairs Oral History Collection (2007).

⁶⁰⁵ Ibid.

⁶⁰⁶ Gamarra (2016), p. 203.

leaders as well), eventually the matter became the cause of his expulsion. In his defence, Goldberg argued that it is normal for an ambassador to maintain relations with various elements of society.⁶⁰⁷ Although that is true, his comment also glosses over the highly influential and polemic role the United States traditionally played in Bolivia. As detailed above, the US embassy was connected and influential everywhere. This is what Morales wished to change. Goldberg's liaising with the opposition only confirmed to Morales that the United States was a burden to his administration.

It is clear that with the rise of Morales and the MAS the United States lost a great deal of influence in Bolivia, a country in which for decades it had practically run the show. Morales was able to change the course his predecessors followed and apply buffering and balking strategies. First, he increased ties with Venezuela and Cuba, which provided him with a buffer and room for manoeuvre. As such, he essentially increased Bolivia's collective power vis-à-vis the US hegemon. Second, Bolivia managed to diversify its export markets. The commodity boom was, however, arguably even more important; it provided Morales with revenue his predecessors never enjoyed. All these developments logically made Bolivia less dependent on US aid, the US market and Washington-based financial institutions. In effect, Bolivia's dependency decreased, allowing Morales to openly defy the United States. As such, his presidency presented a rupture with the status quo ante that may be characterized as a combination of ideological concordance between Bolivian and US administrations and high levels of Bolivian dependence on the United States.

In contrast, Morales simply refused to defer to US demands. Under his administration Bolivia rejected US interference, and as it turned out, Washington was not capable or prepared to do much about it. Apparently, to Morales the benefits of the ATPDEA did not outweigh the costs of the Washington-prescribed drug war. Washington's reaction can be best described as passive acceptance, stemming either from impotence to change the situation in an acceptable manner, indifference or a combination of the two. At the same time, Morales's election increased the power of anti-US voices in Latin America; Chávez and Castro gained a new ally.

In short, unlike previous Bolivian governments that consented with US policy prescriptions and demands, Morales dissented and openly and actively defied US policy, taking the initiative in this regard. This move was grounded in his perception of the constraints and costs that US hegemony presented for Bolivia. The conditions of US hegemony thus led to subordinate-state dissent and agency that effectively pulled Bolivia out

⁶⁰⁷ Author's interview with Goldberg.

of the US sphere of influence. Bolivia no longer recognized the hegemon's legitimacy, stepped out of the US hegemonic system, and refused to be part of hegemony's constituency.

Four

Dissent: Brazil's Challenge in the FTAA⁶⁰⁸

When the Cold War ended with the supposed victory of capitalism over communism, liberal democracy became the norm for governments around the globe. Latin America was no different, and many states underwent a period of significant ideological change. After the infamous 'lost decade' resulting from the disastrous post-1982 debt crises that plagued practically all Latin American states, a shift in economic policy occurred across the region. Under pressure from international financial institutions (IFI) and the US Department of the Treasury, Latin American leaders abandoned the import-substitution-industrialization model and refocused on promoting export-oriented economies, embracing what soon became known as the 'Washington Consensus' of privatization, liberalization and deregulation to boost economic growth and foreign investment.⁶⁰⁹ The Washington Consensus was not merely imposed on Latin America. In several states (Chile, Bolivia, Mexico), it was US-educated leaders who had initiated the shift in policy at an earlier stage, an indication of the mindset they shared with Washington.⁶¹⁰

The George H.W. Bush administration (1989-1993) did its part to further consolidate the ideological change when in 1990 it launched, almost simultaneously, two projects promoting regional integration and free trade. First, Washington announced the start of bilateral trade negotiations with Mexico (later joined by Canada) that would lead to the establishment of the North American Free Trade Agreement (NAFTA). Illustrative of the Latin American shift towards neoliberalism, it was not Washington but the Mexicans who took the initiative for NAFTA.⁶¹¹ Two weeks later, Bush launched his Enterprise for the Americas Initiative (EAI) to the delight and enthusiastic response of most Latin American leaders.⁶¹² The EAI would evolve into hemisphere-wide free-trade negotiations to establish the Free Trade Area of the Americas (FTAA), talks for which began in 1994.

Ultimately, these talks failed. One major stumbling block turned out to be Brazil, which was not prepared to concede to US demands. This chapter examines the FTAA negotiations between the United States and Brazil and assesses the role of Brazilian dissent and agency in the collapse of the project. It does so by, first, setting the wider hemispheric context in which the FTAA was conceived, narrating the run-up to its launch and then

⁶⁰⁸ Material in this chapter was presented as a paper at the European Consortium for Political Research General Conference, Wroclaw, Poland, 4-7 September 2019.

⁶⁰⁹ Massey, Sanchez and Behrman (2006), p. 10.

⁶¹⁰ Long (2015), p. 132; Reid (2007), p. 134-35.

⁶¹¹ Long (2015), p. 137-40; Author's interview with Negroponte.

⁶¹² Christian (1990).

addressing differing views on its failure. The third section closely examines the Brazilian foreign- and trade-policy context leading up to the negotiations in order to set the stage for a detailed discussion, in the fourth section, of the negotiation rounds themselves. This fourth section argues that, contrary to the dominant narrative, Brazil had serious interest in reaching a deal, which raises questions regarding the causes of the FTAA's failure. The fifth section picks up at the election of Brazilian President Luiz Inácio Lula da Silva, which marked the beginning of a period that effectively witnessed the end of the FTAA talks. The section discusses the different moves made by both Brazil and the United States and traces, step by step, how the talks collapsed. Finally, the concluding section places the case within the theoretical frame of US hegemony and the nature of post-Cold War US-Latin American relations in which subordinate-state dissent and agency appear to have decisive impact.

The inception of the FTAA

The end of the Cold War and the uncertainty of future global trade relations made tighter engagement with Latin America a priority for the United States. One common prediction was that, with Europe integrating into a single market and East Asian states significantly on the rise, strong economic blocs made up of Europe, East Asia and the Americas would vie for dominance as spheres of economic competition. To maintain its dominant global role, Washington policymakers held that the United States, first and foremost, should increase US influence in its own region, the Western Hemisphere.⁶¹³

NAFTA and the EAI served economic as well as political purposes. Besides the economic growth that NAFTA was expected to generate, the United States hoped the trade deal would assist in the further consolidation of democracy in Mexico and enhance ties with the country, enabling cooperation on cross-border issues such as narcotics, the environment and immigration.⁶¹⁴ The Bush administration's larger Latin America policy was based on this idea—that free-trade agreements would push countries to implement needed reforms and open up economically, as well as supporting free market-friendly politicians and technocrats in their rise to political influence. Once in place, such economic policies would then be too costly to reverse, meaning that countries would remain loyal to Washington's economic course.⁶¹⁵

The EAI proposal consisted of three pillars, trade, debt relief and investment. On trade, the Bush administration proposed to work toward the elimination of trade barriers,

⁶¹³ Arashiro (2011), p. 86.

⁶¹⁴ Baker (1995), p. 607.

⁶¹⁵ Feinberg (1997), p. 46.

the liberalization of services and investment and negotiations regarding intellectual property. In exchange for economic reforms conforming with International Monetary Fund (IMF) and World Bank prescriptions, the United States proposed relief of public debt on a country-by-country basis. Lastly, a multilateral investment fund would be launched in collaboration with the Inter-American Development Bank (IADB) and the World Bank with the purpose of eliminating obstacles to foreign investment in Latin American countries.⁶¹⁶ As US Secretary of State James Baker recalled, the proposal for a hemispheric free-trade agreement was the most significant of the three pillars of the EAI. ‘Trade, not aid’ would bring Latin America prosperity.⁶¹⁷

When Bush sent the EAI proposal to Congress, he framed the programme as follows: ‘For the benefit of all people of this hemisphere, the United States needs to reach out to support the efforts of these countries as each undertakes its own approach to economic reform’.⁶¹⁸ Many Latin American governments, well aware that with the end of the Cold War the future of inter-American relations had become uncertain, breathed a sigh of relief. Their fears that a reassessment of US priorities would make Latin America fall off Washington’s radar seemed unfounded.⁶¹⁹ For the Bush administration, the EAI served as a means to reconfirm US hegemony in the Americas and pull the entire continent closely within its sphere of influence.⁶²⁰ Strategically, this would be of great value—for example, in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), where Washington could very well use allies that supported its course in a world that underwent serious change in terms of economic and trade relations.⁶²¹ However, as one analyst noted at the time, no clear agreement existed in Washington between Congress and the Bush administration over which trade policy approach (unilateralism, bilateralism, regionalism or globalism) should be preferred.⁶²² Different policies were not always compatible with one another, leading to debate over which course to take. The regional EAI was, without question, an ambitious project, famously seeking to establish a free-trade area spanning from Alaska to Tierra del Fuego. If accomplished, it would become the largest free-trade area in the world.

However, instead of instantly opening hemisphere-wide talks, the Bush administration focused on separate negotiations, such as those that had just been announced with Mexico, culminating in the signing of NAFTA in November 1992. This made the EAI’s

⁶¹⁶ Vigevani and Passini (2001), p. 23.

⁶¹⁷ Baker (1995), p. 606.

⁶¹⁸ Cited in Feinberg (1997), p. 48.

⁶¹⁹ Arashiro (2011), p. 62.

⁶²⁰ Nelson (2015), p. 158.

⁶²¹ Vigevani and Passini (2001), p. 23.

⁶²² Weintraub (1993), p. 11-14.

announcement seem like a rather vague rhetorical reassurance that Latin America would not be forgotten by Washington policymakers, consisting mostly of unclear promises and hardly any concrete plans.⁶²³ In terms of further free-trade talks after NAFTA, the United States signed framework agreements with several Latin American states and regional groups, including the Common Market of the South (Mercosul), a regional trade grouping comprised of Brazil, Argentina, Paraguay and Uruguay, that specified key trade issues and institutional mechanisms for possible talks but came without any tangible commitments from signatory parties.⁶²⁴ The agreements were ‘statement[s] of intentions’, or in the words of United States Trade Representative (USTR) Carla Hills, ‘the beginning of a process’ that would pledge the sides to begin talks on specific issues that would eventually lead to full-fledged free-trade negotiations.⁶²⁵ At this same time, the first Latin American reservations began to appear, particularly in Brazil, which felt uneasy about the preferential US treatment of Mexico and Chile, which the United States had already designated as the next potential candidate to join NAFTA.⁶²⁶ Brazil objected, moreover, to the US-centric hub-and-spoke format the FTAA began to adopt, as well as the US preference for bilateral negotiations toward NAFTA accession that would be (or so Brasilia feared) detrimental to subregional trading blocs such as Mercosul.⁶²⁷

Brazil’s fears were understandable. NAFTA was from the beginning the US-preferred structure for establishing a strategic continental base from which to strengthen its hegemonic hemispheric position and, ultimately, its global standing vis-à-vis other large economic blocs.⁶²⁸ Clearly, as discussed below, in the eyes of Washington Mercosul would have to make room for this US hemispheric project.

At its start, the Clinton administration (1993-2001) conducted a broad review of US foreign policy, which produced Presidential Decision Directive 28, ‘U.S. Policy Toward Latin America and the Caribbean’. On trade, the directive stipulated that the president should seek more bilateral free-trade agreements with countries it deemed eligible, and that such negotiations should include talks on investment and intellectual property. The document, however, did not mention a hemispheric free-trade deal.⁶²⁹ The FTAA came into the picture when Vice President Al Gore travelled to Mexico to celebrate the successful conclusion of the NAFTA talks. Feeling his speech for the occasion lacked substance, Gore sought a big announcement and received a suggestion from Richard Feinberg, senior director of inter-

⁶²³ Hakim (1992), p. 94; Hurrell (1992), p. 131.

⁶²⁴ Crandall (2010), p. 151; Hakim (1992), p. 100.

⁶²⁵ Robinson (1991).

⁶²⁶ Hakim (1992), p. 102.

⁶²⁷ Smith (2010), p. 189.

⁶²⁸ Teixeira (2012), p. 114.

⁶²⁹ Feinberg (1997), p. 52.

American affairs at the National Security Council (NSC), to announce a hemispheric summit. Gore liked the idea and asked Feinberg and National Security Advisor Anthony Lake to send Clinton a memo proposing the announcement.⁶³⁰ The memo framed the idea as follows: ‘The moment is ripe for an historic initiative—of the weight of the Good Neighbor Policy and the Alliance for Progress—to establish the themes for inter-American relations for the rest of the decade and beyond’. It furthermore highlighted the role NAFTA could play as the ‘foundation for the gradual expansion of hemispheric free trade’, leading to a ‘hemispheric “Community of Democracies” increasingly integrated by economic exchange and shared political values’.⁶³¹ Shortly thereafter in Mexico, Gore announced the US proposal for a Summit of the Americas (SoA) with all countries in the hemisphere (except Cuba) to be held in late 1994.

Latin Americans enthusiastically received the proposal, particularly because they were interested in talking trade.⁶³² However, as Alexander Watson, assistant secretary of state for inter-American affairs, recalled, enthusiasm was perhaps lower within the Clinton administration itself. According to Watson, almost all responsibility for preparing the SoA rested on the Western Hemisphere Bureau at the Department of State, with little or no involvement from the secretary of state or the White House. At the time, Watson remembered, Clinton was not fully committed to trade negotiations in Latin America.⁶³³ This was likely a consequence of disagreement within his administration over the merits of regional negotiations. For example, Secretary of Labor Robert Reich had concerns about the effects of new trade deals on the wages of American workers, and he worried that compensation schemes for the ‘losers’ of free trade were insufficient. Similarly, USTR Mickey Kantor had reservations about new trade negotiations after the tough congressional battle over NAFTA and with Uruguay Round passage in full swing.⁶³⁴ One proponent of hemispheric trade talks was Deputy USTR Charlene Barshefsky. According to her, Latin America became a priority of the Clinton administration as one of two areas on which the United States decided to focus, the other being Asia. Barshefsky saw the Americas as propelled by ‘two engines of growth for the region as a whole at the time’: North America, made up of the NAFTA countries, and Mercosul, with Argentina and Brazil as its most important members but also including Chile, which was a candidate for joining both NAFTA

⁶³⁰ Feinberg (1997), p. 57.

⁶³¹ Brunelle (2004), p. 28.

⁶³² Moss Jr. (1994), p. vi.

⁶³³ Author’s interview with Watson.

⁶³⁴ Feinberg (1997), p. 72.

and Mercosul. The FTAA, therefore, ‘was a way to tie together the hemisphere in a more productive and balanced way’.⁶³⁵

However, like the EAI, the FTAA was not merely about trade. Several scholars argue that first and foremost the proposal was about strengthening US hegemony in the Americas and around the globe. The main US concern, some argue, was to establish regional systems ‘for the balance of power, which prevent the rise of rival powers’.⁶³⁶ Others highlight how the implementation of neoliberalism through a web of trade agreements of US design would establish regulations that consolidated US control over the international arena, while concealing it within a multilateral governance structure.⁶³⁷ The importance of the FTAA should, therefore, be understood to go far beyond trade and its regional importance; instead, it represented a reorientation and reaffirmation of global US hegemony in the post-Cold War world.⁶³⁸ As Europe sought to become a strong economic bloc, the US sought to build a bloc of its own as a counterweight that would guarantee its dominant global economic position.⁶³⁹

Presumptions regarding hegemonic motives for the United States to pursue the FTAA hold a certain validity, especially when considering the meagre potential trade benefits the deal would produce. As Arashiro points out, although the United States continued to be most Latin American states’ principal trading partner, Latin American countries, with the exception of Mexico, represented only a minor share of US trade. This placed the United States at the positive end of a highly asymmetrical negotiation process and led to expectations of considerable Latin American concessions.⁶⁴⁰ Others argue that emphasis on the hegemonic agenda understates the immediate benefits for the United States. Pointing to US insistence on including uniform disciplines relating to intellectual property and investment, they highlight that the FTAA was a tool to harmonize hemispheric rules, regulations and standards with US laws. Additionally, the FTAA would enable the United States to be more demanding on issues such as labour and environmental standards.⁶⁴¹ This distinction between a hegemonic agenda and other potential benefits is, however, somewhat vague because the latter could very well be seen as part of the former.

But, of course, the FTAA failed. Several factors might explain this failure. Some argue that a lack of US and Brazilian hemispheric leadership was to blame.⁶⁴² Without a strong push for ‘hemispheric regionalism’ from Washington, Brazil’s alternative

⁶³⁵ Author’s interview with Barshefsky.

⁶³⁶ Vizontini (2004), p. 14.

⁶³⁷ Nelson (2015), p. 13; Tussie (2009), p. 177.

⁶³⁸ Vizontini and Wiesebron (2004), p. 11.

⁶³⁹ Moniz Bandeira (2004), p. 119.

⁶⁴⁰ Arashiro (2011), p. 25.

⁶⁴¹ Tussie and Labaqui (2005), p. 76.

⁶⁴² Arashiro (2011), p. 3.

‘subregionalist’ initiatives could gain momentum.⁶⁴³ Tussie and Labaqui explain the lack of US leadership by pointing to several circumstances that prevented Washington from taking a stronger stance. First, the US Congress proved incapable of freeing itself from the influence of domestic players that favoured protectionism, preventing the United States from making the concessions several Latin American states desired. Second, in reality US foreign-policy priorities did not lie in Latin America as much as US rhetoric seemed to suggest; instead, other regions around the globe actually held greater strategic importance. At the same time, political and financial uncertainty plagued several states in Latin America during the negotiations, reducing support for ‘neoliberalism’. The already existing ‘spaghetti bowl’ of bilateral and multilateral trade agreements and concurrent negotiations proved to be another obstacle.⁶⁴⁴ These are all factors that likely contributed to the FTAA’s collapse, although the discussion in the sections below demonstrates that in terms of foreign trade, Latin America certainly was a US priority.

Other analysts point to the eventual waning of neoliberalism’s popularity in Latin America to explain the FTAA’s failure.⁶⁴⁵ Brazil cleverly used the lack of US commitment to push the United States further from its preferred path toward a hemispheric deal. Together with the aggressive rejection of the FTAA by Venezuela and its fellow *Alianza Bolivariana para los Pueblos de Nuestra América* (Bolivarian Alliance for the Peoples of Our America, ALBA) member states, this proved enough to block a deal.⁶⁴⁶ A further cause, several works argue, was popular social opposition to the FTAA project in Latin America.⁶⁴⁷

Several of these explanations for FTAA failure may be accurate, although social protests likely played a minor role. The sections below examine in close detail one cause in particular, Brazilian agency. The rest of this chapter argues that Brazil did not intend to derail the FTAA project; it was, in fact, seriously interested in reaching a deal. However, it also understood it needed to rein in US dominance in the process if it were to obtain a deal that was beneficial to Brazilian interests. In other words, rather than obstruct any deal, Brazil sought a good deal. Only a final agreement that served Brazilian interests would make concessions to the US hegemon worth the costs.

⁶⁴³ Burges (2017), p. 70; Phillips (2003), p. 328; Teixeira (2012), pp. 113-118.

⁶⁴⁴ Tussie and Labaqui (2005), p. 90.

⁶⁴⁵ Nelson (2015), p. 4; Wainwright and Ortiz (2006), p. 356.

⁶⁴⁶ Nelson (2015), p. 16.

⁶⁴⁷ Cueva (2005), p. 86; Danaher and Mark (2003), p. 296; Saguier (2007), p. 252; Smith (2004), p. 234.

Brazil in the early 1990s

The Bush administration's announcement of the EAI coincided with a rise in popularity of free market-friendly policies in the Americas. Brazil, where a few months earlier the Fernando Collor de Melo administration (1990-1992) had been inaugurated, was no exception. In fact, improving trade relations with the United States became a priority under the new Brazilian president.⁶⁴⁸ Collor's main goal was to modernize Brazil by integrating the country more with the rest of the world.⁶⁴⁹ Brazil needed to increase its competitiveness on the international stage, while improving access to other markets, attracting foreign capital and upgrading Brazilian technologies. Domestically, the new government initiated an economic reform program in accordance with the Washington Consensus, consisting of austerity measures, improving protections for investors, privatizing state enterprises and renegotiating foreign debt. Substantial domestic opposition to these policies would eventually play an important role in Collor's impeachment.⁶⁵⁰ However, together with changes in international security policies, the measures did improve relations with the US government.⁶⁵¹

Brazil's opening up under Collor was, according to former Minister of Foreign Affairs Luiz Felipe Lampreia, 'without question the most profound and salutary alteration to our commercial policy'.⁶⁵² Even if at this point Brazil only modestly and selectively lowered import tariffs (with detrimental effects on less-competitive Brazilian businesses) in several sectors, particularly those on textiles, clothing, shoes and toys, productivity and competitiveness increased thanks to Collor's commercial policy.⁶⁵³

Regionally, Collor took another important step when in 1991, together with the leaders of Argentina, Paraguay and Uruguay, he established Mercosul. This signified a commitment by all four states to advance open regionalism in the Southern Cone. Even though Mercosul was created after Bush's announcement of the EAI, it was by no means a reaction to Washington's project. The Southern Cone bloc had its origins in the 1980s, when Argentina and Brazil, in part as a means to further democratic consolidation, reframed their bilateral relationship from being competitors to one of integration and economic cooperation.⁶⁵⁴ Nonetheless, the accelerated creation of Mercosul was a reaction to the emergence of large global trading blocs, most notably NAFTA in North America but also

⁶⁴⁸ Smith (2010).

⁶⁴⁹ Author's interview with Fonseca Jr.

⁶⁵⁰ Weyland (1993), p. 11-17.

⁶⁵¹ Hirst (2005), p. 10.

⁶⁵² Lampreia (2009), p. 169.

⁶⁵³ Ibid., p. 169.

⁶⁵⁴ Arashiro (2011), p. 28; Margheritis (2010), p. 119.

the European Union (EU). These developments made Argentina and Brazil feel left out and in need of leverage vis-à-vis these new economic groups.⁶⁵⁵ Furthermore, both countries understood that accession to NAFTA might be difficult and that their position in negotiations with the United States could be improved by banding together.⁶⁵⁶ In other words, an explicit objective of Mercosul was to increase its member states' bargaining power in the international trade arena, making its establishment an act of soft-balancing and buffering.

Mercosul accelerated liberalization of the Brazilian economy and that of its Southern Cone neighbours by speeding up the reduction and elimination of tariffs and tying member states to a collective coordination of macroeconomic policies, thus working toward the establishment of a common external tariff in 1994.⁶⁵⁷ Mercosul was thus a clear step toward reformulating the development agendas of its member states, away from the import-substitution model and toward open regionalism and trade integration. Most importantly, however, in the words of former Brazilian Minister of Foreign Affairs Celso Lafer, Mercosul was 'a symbol of a new South American presence in the post-Cold War world'.⁶⁵⁸

After Collor's impeachment for corruption, Vice President Itamar Franco took over the presidency (1992-1995). Franco further emphasized Brazil's international aspirations as a regional leader and a global player. In terms of foreign policy, Franco and his ministers of foreign affairs, Fernando Henrique Cardoso (1992-1993) and Celso Amorim (1993-1995), worked on expanding Mercosul, improving and depoliticizing relations with the United States, diversifying Brazil's relations by seeking closer ties with other major countries (including China, Russia and India) and beginning talks on a South American Free Trade Agreement (SAFTA) with the Andean Pact (consisting of Bolivia, Colombia, Ecuador, Peru and Venezuela) and Southern Cone states.⁶⁵⁹ Although Brazilian foreign policy during the 1990s was by no means continuous, with three different foreign ministers (Cardoso, Amorim and Lamprea) serving in quick succession, Cardoso's presidency (1995-2003) led to his foreign policy thinking prevailing for most of the decade. Celso Lafer's two stints as minister at the Itamaraty (Brazil's Foreign Ministry), right before Cardoso assumed the post and then during the last years (2001-2002) of Cardoso's presidential administration, further shaped Brazil's approach to external relations.⁶⁶⁰ The main foreign policy goal under the presidencies

⁶⁵⁵ Manzetti (1993), p. 111.

⁶⁵⁶ Burges (2017), p. 89.

⁶⁵⁷ Moniz Bandeira (2004), p. 63.

⁶⁵⁸ Lafer (2000), p. 217.

⁶⁵⁹ Hirst (2005), p. 11.

⁶⁶⁰ Cervo and Bueno (2008), p. 456.

of both Franco and Cardoso was to promote Brazil's transition toward becoming a fully developed economy.

The proposal to establish SAFTA, first articulated in Santiago de Chile in October 1993 at a summit of the Rio Group (an association of Latin American states for discussion of foreign policy matters), should be seen in this light. However, the SAFTA project also explicitly served to pre-emptively counter the anticipated FTAA initiative, which had been on the hemispheric agenda since the announcement of the EAI. With the initial success of Mercosul (between 1991 and 1993 the percentage share of Brazilian exports to its Mercosul neighbours doubled; Argentina became Brazil's second-largest trading partner; and the total value of exports among Mercosul countries increased from US\$11.1 billion to US\$18.5 billion), South American integration—specifically the merging of the Mercosul, the Andean Pact and Chile—became an attractive prospect for policymakers in Brasilia, who hoped to strengthen Brazil's international trade leverage through its leadership role in a possible SAFTA.⁶⁶¹ The Mercosul subregion and South America as a whole represented a much larger share of Brazilian value-added exports than North America or the rest of the world.⁶⁶²

Still, Brazil also began to consider a possible association of Mercosul with the EU, which was first discussed in April 1994. Both initiatives, SAFTA and the EU-Mercosul talks, were efforts to counterbalance the looming US hemispheric-integration project that, in the words of Brazilian Foreign Minister Amorim, 'would place us in a situation of political and economic dependence upon the only remaining superpower'.⁶⁶³

One of the most important shifts in Brazil's foreign policy took place during the two terms of President Cardoso. With a strong belief in the inevitable advance of globalization and Brazil's need to embrace it, Cardoso worked to adapt foreign-trade policy in such a way that Brazil would benefit from the liberal changes international society underwent. Before Cardoso and throughout the Cold War, Brazil's policy had been reactive, but now the Brazilian government adopted a proactive international attitude.⁶⁶⁴ Abandoning 'autonomy through distance', Brazil now sought 'autonomy through participation', a concept attributed to Cardoso's foreign policy advisor Gelson Fonseca Jr.⁶⁶⁵ Cardoso's Foreign Affairs Minister Lampreia would further complement this formula with 'autonomy through integration'.⁶⁶⁶ Times had changed, and Brazil could no longer be absent from the international arena in the way that it had been before. Simply put, the belief was that autonomy did not mean isolation,

⁶⁶¹ Hirst (2005), p. 33.

⁶⁶² Burges (2017), p. 90.

⁶⁶³ Amorim (2017), p. 88.

⁶⁶⁴ Vigevani and Fernandes de Oliveira (2007), p. 58.

⁶⁶⁵ This signified a reformulation of the term 'autonomy', as proposed by Latin American scholars around 1980. See Pinheiro and Soares de Lima (2018), p. 10.

⁶⁶⁶ Ricupero (2017), p. 625.

but rather was measured by the level of connectedness to the international environment.⁶⁶⁷ This meant that Brazil would take an active role in the design of norms and regulations for the global order and, by doing so, take charge of its future. Adherence to international regimes in the pursuit of national interests would give Brazil's actions and policies legality as a global trader and increase its credibility when participating in the formation of such regimes.⁶⁶⁸

Adopting this approach, Brazil became highly active at three levels of multilateral trade deliberation: the World Trade Organization (WTO), the trade talks between the EU and Mercosul, and the FTAA negotiations.⁶⁶⁹ Cardoso assured the world that, within the South American region, Brazil was 'a country of great regional importance, but without hegemonic aspirations'.⁶⁷⁰ Nonetheless, Brazil positioned itself repeatedly as the leader of South American states and the region's main interlocutor with the United States. One explanation for these actions is that, wanting to make South America its exclusive zone of influence, Brasilia saw the original FTAA proposal (which was structured in terms of NAFTA accession) as a threat to its regional leadership.⁶⁷¹ Instead, Brazil preferred a structure in which regional blocs such as NAFTA and Mercosul coexisted on a basis of equality. In a conference speech in 1996, Lampreia emphasized Mercosul's strategic importance to the Cardoso administration in relation to the FTAA and more broadly:

'[The consolidation of Mercosul] will be the instrument that will enable us to participate intensively in the negotiations for the [FTAA], with a continued sense of realism and the necessary precautions to avoid an early and harmful exposure of Mercosul economies to a new liberalization shock without having consolidated the transformations and gains [of] the previous shock. It will allow us to expand our trade relations with the [EU] and other regions, using Mercosul's leverage, which has already been established as a mark of success'.⁶⁷²

At first, the United States greeted Brazil's expectations for Mercosul with scepticism. This was largely due to the fact that earlier such South American initiatives, also announced with much fanfare, lacked substance and did not significantly challenge US leadership in the region.⁶⁷³ However, as Brazil's attitude in the FTAA negotiations between 1994 and 2005 demonstrated, for policymakers in Brasilia, Mercosul came first. The FTAA was at best an

⁶⁶⁷ Lampreia (1999), p. 11.

⁶⁶⁸ Vigevani and Fernandes de Oliveira (2007), p. 60.

⁶⁶⁹ Lins da Silva (2002), p. 324.

⁶⁷⁰ Hoge (1995), p. 66.

⁶⁷¹ Teixeira (2012), p. 115.

⁶⁷² Lampreia (1999), p. 70.

⁶⁷³ Roett (1999), p. 112.

option they would consider and at worst a direct threat to Brazil's exports and Mercosul's existence.

A look at Brazil's trade flows at the time explains such concerns. Its South American neighbours were Brazil's most important trading partners. The country imported grains, meat and other commodities from fellow Mercosul members Argentina, Uruguay and Paraguay; minerals from Chile, Peru, Bolivia and Colombia; and oil from Venezuela, Ecuador and Mexico. In turn, it exported transportation equipment, machinery and manufactures to its regional neighbours. Brazil, therefore, understandably expected the establishment of bilateral trade agreements between the United States and South American states, or a possible FTAA, to affect its exports.⁶⁷⁴ Furthermore, because Brazil was keen to establish and strengthen what Brazilian diplomats call the country's 'natural leadership in Latin America', protection of Mercosul from US hegemonic ambitions was a clear foreign policy priority. Importantly, Roberto Abdenur, Brazil's chief negotiator leading up to the Miami SoA in 1994, stressed this did not mean Brazil's foreign policy was guided by anti-Americanism. The Cardoso administration, which took office weeks after the summit, was simply very aware of the agreements and disagreements it had with Washington. It strived to work with the United States on the former, while Mercosul could serve as an important voice to prevail in matters related to the latter.⁶⁷⁵

The idea that Brazil was from the onset uninterested in the FTAA, which was particularly prevalent among US officials involved in the negotiations, seems unlikely when one looks at what Brazil stood to gain from expanded free trade with the United States. Several of Brazil's main export products to the United States suffered from a variety of protectionist measures, ranging from high tariffs and domestic US subsidies to selective quotas and anti-dumping measures.⁶⁷⁶ Although US import tariffs are generally lower than Brazil's, Brasilia has long argued that the US tariffs on its most important exports far exceed Brazil's tariffs on prominent US exports to Brazil. To illustrate, in the first half of the 1990s, the average Brazilian tariff on the fifteen principal US exports to Brazil stood at 14.3 per cent. The average US tariff on Brazil's fifteen principal exports, however, was 45.6 per cent.⁶⁷⁷ Add to that US anti-dumping measures and countervailing duties on relatively low-skilled Brazilian export items such as footwear, clothing, steel, paper and orange juice, as well as more high-skilled technological exports including tractor parts and telecommunications equipment, and Brazil's potential gains from a trade deal with the United States become

⁶⁷⁴ Moniz Bandeira (2004), p. 63.

⁶⁷⁵ Author's interview with Abdenur.

⁶⁷⁶ Arashiro (2011), p. 127.

⁶⁷⁷ Cervo and Bueno (2008), p. 479.

apparent.⁶⁷⁸ Brazil's (and Mercosul's) main interests in the FTAA were, therefore, centred on gaining greater access to the US market, persuading the United States to lower or preferably entirely abolish its domestic agricultural subsidies, and establishing clearer rules on the application of the anti-dumping measures that Brazil believed the United States applied as a form of protectionism.

Brazil also clearly had defensive interests in trade negotiations with the United States. Its average tariff rate being the highest in the Americas, the FTAA project posed a threat to Brazil's industrial base, and any talk of lowering tariffs would immediately draw opposition from economic groups in manufacturing sectors.⁶⁷⁹ It should be no surprise that in light of these offensive and defensive interests, Brazil sought reciprocity from the United States in the FTAA negotiations. Simply put, if Brasilia was to make concessions on issues such as intellectual property rights and government procurement, then Washington should be prepared to address issues of Brazilian concern and make similar concessions. Such demands for reciprocity were a red line in Brazil's trade policy, not only in the FTAA but also in negotiations between Mercosul and the EU and in the WTO Doha Round negotiations.⁶⁸⁰ US reluctance to give in to these demands soon proved to be an insurmountable obstacle on the road toward a hemisphere-wide free-trade pact.

In sum, the hemispheric balance was made up of two main opposing weights, NAFTA under US leadership and, although much less influential in economic terms, Mercosul headed up by Brazil. The latter accounted for 44.5 per cent of the Western Hemisphere's GDP (excluding the NAFTA countries) and was therefore obviously the greatest prize for the United States. Similarly, for Brazil a hemispheric trade deal was mainly interesting in terms of the US market. As the leaders of the most important regional trade subsystems, both countries would come to dominate the FTAA project. Brazil and Mercosul proved to be a much larger hurdle within this project than the United States could overcome (and perhaps had anticipated).

The negotiations

One claim is that Brasilia had reservations about Gore's summit announcement in 1993, just as it had regarding Bush's EAI, and that it attempted to disqualify the invitation without refusing it.⁶⁸¹ However, recollections of those involved at the time do not support this view. According to Brazil's ambassador to Washington, Paulo Tarso Flecha de Lima, 'Brazil was

⁶⁷⁸ Tussie and Labaqui (2005), p. 81.

⁶⁷⁹ Arashiro (2011), p. 127.

⁶⁸⁰ Rompay (2004), p. 123.

⁶⁸¹ Albuquerque (2003), p. 48.

among the first countries to confirm its interest in the initiative'.⁶⁸² Abdenur, at the time secretary general of the Itamaraty and the highest-ranking official after the foreign minister, confirmed this positive reception. Keeping in mind the differences in power between the United States and other countries, something any state dealing with Washington always must be aware of, Abdenur recalled,

'We reacted positively to the idea. It was a significant move by the United States to seek integration with Latin American countries. You see, we in our own vocabulary, we didn't use the word "integration" with the United States because of the disparity in power. We used to speak about integration among us, Latin American, South American countries [...]. But the decision to go for a summit after many, many years [...], I think it was a good idea. It was well received by Brazil, and we were willing to negotiate'.⁶⁸³

Yet according to one former Brazilian embassy official in Washington, Brazil's interest quickly waned when it seemed that the Clinton administration's Latin America policy suffered from a lack of clear direction. Furthermore, this official alleged that a US document handed to the Brazilians in January 1994 made the Itamaraty instantly uneasy. Among several objections to its content, particularly the proposal to define new relationships 'with NAFTA as one example and a major first step' reignited Brazilian suspicions that the United States intended to replace existing regional initiatives such as Mercosul and instead create a kind of waiting list for NAFTA accession. The document left the Brazilians with a 'sense of caution and relative pessimism' regarding what would be possible in Miami.⁶⁸⁴

Brazil quickly made a case for taking a prominent role in the summit preparatory phase, justifying this in particular because it had recently become chair of the Rio Group of Latin American and Caribbean states. This fit well within what the United States considered to be Brazil's propensity to act as the leader of Latin America. Assistant Secretary Watson recalled,

'[The Brazilians] never saw themselves as one of the other guys. They were a separate power. [...] "And we will make sure you understand this, America, every time we talk to you". So, people who know Brazil know that you have to take that into account, [...] and that is why we seized on the Rio Group [...] to put the Brazilians in the lead position'.⁶⁸⁵

⁶⁸² Magalhães (1999), p. 41.

⁶⁸³ Author's interview with Abdenur.

⁶⁸⁴ Magalhães (1999), p. 47.

⁶⁸⁵ Author's interview with Watson.

Washington thus deliberately let Brazil assume its desired leadership role, hoping this would smooth the process and make Brazil feel more respected and prepared to work on the issues Washington wished to pursue.

But here a problem seemed to arise. The Brazilians had already concluded that US policy for Latin America remained unclear in terms of commitment. While Latin Americans were pushing for trade negotiations, the Clinton administration appeared hesitant on this issue. The Uruguay Round legislation was due to go to Congress a few months before the Miami Summit, and with NAFTA just passed, USTR Kantor, among others, was concerned about possible 'trade fatigue' in Congress and among other domestic forces. Clinton's fast-track trade negotiating authority was up for renewal, and Kantor feared this might be jeopardized if the administration announced yet another major trade negotiation.⁶⁸⁶ Additionally, the approaching midterm congressional elections meant Clinton was careful not to alienate his labour constituents, which in the wake of NAFTA were opposed to free-trade agreements.⁶⁸⁷ As Wiarda noted, a rather unique situation emerged in which historically statist Latin American governments were pushing for a free-market agenda, while the traditionally free market-friendly United States pushed back.⁶⁸⁸

Even Brazil, which clearly had its reservations regarding the possibility of a US-initiated free-trade project, became frustrated with the lack of US commitment on the matter. In March, when Ambassador Flecha de Lima inquired about US intentions regarding trade, Washington responded that at this point it could not give conclusive answers on the matter.⁶⁸⁹ Indecision in the Clinton administration lasted through most of 1994. Clinton announced the date and place of the SoA in March but without mention of trade among the issues to be discussed. In July, Washington presented a 14-point agenda of topics for discussion. Trade was the only topic for which the administration did not state its intentions.⁶⁹⁰

In order to decide on its position toward the Miami Summit, the Itamaraty had two experts prepare analytical documents to advise it on the best possible course to follow. The overall conclusion was that Brazil would best be served by taking the role of an active participant, thereby increasing its degree of influence. Among other positions, Brazil should promote the gradual convergence of subregional blocs that could eventually serve as building blocks for wider and longer-term integration and press the United States on agreeing to a

⁶⁸⁶ Feinberg (1997), p. 25. Congress may grant the White House fast-track authority, thereby foregoing its right to make amendments to any agreed trade deal, only retaining the right to pass or not pass it.

⁶⁸⁷ Schott (2001), p. 11.

⁶⁸⁸ Wiarda (1995), p. 47.

⁶⁸⁹ Magalhães (1999), p. 50.

⁶⁹⁰ Hakim and Shifter (1995), p. 50.

timetable for the dismantling of US trade barriers to improve Latin American access to the US market. One analysis was rather pessimistic about the US proposal but still recommended working with the United States in a cooperative manner so as to maximise Brazil's influence and ultimately the country's gains. The second analysis explicitly stated Brazil should not be antagonistic toward the summit, but instead work to minimize the potential losses and maximize the possible benefits of free trade. It also declared that the US proposal was, from Brazil's perspective, undesirable, mentioning the connection made by Washington between commerce and labour rights and environmental standards. The main objective, the author of the document insisted, should be to avoid a uniform Latin American response to the US proposal in which Brazil's position would be that of the minority. At the same time, caution was required to prevent Brazil from being seen as frontally opposing the US plan.⁶⁹¹

What further motivated Brazilian cooperation was the enthusiasm for hemispheric free trade expressed by its neighbour and fellow Mercosul member Argentina. Its president, Carlos Menem, was keen to consolidate liberal reforms in an agreement with the United States, and Brazil, in the words of Foreign Affairs Minister Amorim, realised that 'Any attempt to bar the FTAA would simply have led to the collapse of Mercosul'.⁶⁹² Therefore, Brazil became even more convinced of the need to cooperate in the negotiations by insisting on inclusion of its issues of interest and to push for the extension of possible deadlines on commitments that might be agreed at the summit. In the same light, as a means to increase its bargaining position in the looming FTAA, Brazil proposed working on an agreement between Mercosul and the EU. Talks with the EU would become, throughout the FTAA talks, Brazil's preferred weapon of choice for gaining US concessions (while the FTAA, conversely, might induce EU concessions).⁶⁹³ Simply put, nearing agreement in Mercosul-EU talks could put pressure on the United States because, without the FTAA in place, a Mercosul-EU deal might reduce the US market share in Mercosul and possibly even affect the absolute value of its exports to the bloc.

The year 1994 was a presidential election year in Brazil. The race was between Cardoso of the Partido da Social Democracia Brasileira (Brazilian Social Democratic Party, PDSB) and Lula of the Partido dos Trabalhadores (Workers' Party, PT), whose campaign opposed the FTAA. Cardoso won in a landslide victory on 3 October. Before the election, a Brazilian journal asked Cardoso to expound his views on the FTAA. He repeated the incumbent government's line by insisting on the need to consider negotiations between existing regional blocs such as NAFTA, Mercosul and, once established, SAFTA, stressing

⁶⁹¹ Magalhães (1999), p. 52-64.

⁶⁹² Amorim (2013), chapter 3, paragraph 3.

⁶⁹³ Bulmer-Thomas (2000), p. 3.

that market access should be considered regionally rather than unilaterally.⁶⁹⁴ As a consequence, the Brazilian position on the FTAA did not change significantly from the inception of the idea until the end of Cardoso's second term in 2002. Understanding the importance of getting Cardoso on board from the beginning, the United States convinced President Franco that Cardoso, who by then was president-elect, should accompany him to Miami.⁶⁹⁵

Although Brazil was open to negotiating trade, in the United States obstacles to such negotiations were suddenly mounting. In Fall 1994, mere months before the Miami Summit was to take place and with still no clear proposal on trade from Washington, Latin American hopes for a meaningful trade initiative received a blow in the form of several US congressional decisions. First, the Clinton administration saw itself forced to eliminate its request for fast-track authority from the Uruguay Round legislation sent to Congress. This meant that any trade deals negotiated by the USTR would be void of hard US commitment because any agreed point could be scrutinized by the US Congress. Second, Congress did not pass a plan designed to protect the export benefits of Central American and Caribbean countries and prepare them for potentially joining NAFTA at a later date through the NAFTA-accession format. Lastly, the actual congressional vote on the Uruguay Round legislation was moved to late November. All these developments, as two analysts put it, created the impression that 'protectionism, rather than open trade, might once again be gaining ground' in Washington.⁶⁹⁶

Airlie House

Nonetheless, preparations for the summit continued, and Deputy USTR Barshefsky led a round of consultations on trade that would be a basis for a Declaration of Principles and a Plan of Action. The United States structured consultations by regional group; separate consultations took place with the members of the Caribbean Common Market (CARICOM), the Central American Common Market, the Andean Pact and Mercosul. Bilateral consultations were also held with Mexico and Canada. This structure immediately placed the United States at the centre of its desired hub-and-spoke system, enabling it to consult individual groups' concerns and issues and take this information along to the next consultation. Realizing trade was the main interest of Latin American countries, Washington decided to push for NAFTA accession as the preferred structure for trade liberalization, an

⁶⁹⁴ Cardoso (1994), p. 3.

⁶⁹⁵ Feinberg (1997), p. 141.

⁶⁹⁶ Hakim and Shifter (1995), p. 50.

effort that Barshefsky would advance.⁶⁹⁷ This format would give the United States extensive control over trade talks because interested states would have to adapt to an already existing, US-approved agreement.

In the consultation session with Mercosul countries, Brazil expressed support for a hemispheric trade agreement, but it emphasized this should be a long-term goal and that the effort should build on existing regional blocs. Argentina made clear its interests in the FTAA by pointing out that its membership in Mercosul was no obstacle to participation in other trade initiatives.⁶⁹⁸ Still in the consultative stage, Brazil managed to change the proposed text significantly when it felt US leadership was expressed too explicitly or objectives phrased overambitiously. Brazil and fellow Latin American states also pushed for, and obtained the addition of, topics that they believed made the United States a free-trade offender, such as agricultural subsidies, safeguards and anti-dumping and countervailing duties.⁶⁹⁹

The final drafts of the Declaration of Principles and Plan of Action were circulated in early October. In late November, all 34 participating states convened in a pre-summit conference at Airlie House in Virginia, not far from the US capital. Before the conference, the Rio Group countries headed by Brazil surprised the United States by circulating a revised draft of the Plan of Action. In the words of Feinberg, who was heavily involved in the summit as NSC director for inter-American affairs,

‘Although resembling the latest [US] composite draft in structure and themes, [the Plan] lacked much of its specificity. Short on specific action items, firm commitments, and accountable mechanisms for implementation, the Rio Group draft presented precisely the outcome that the [United States] had been working to circumvent and that cascading modular multilateralism intended to surpass’.⁷⁰⁰

Unsurprisingly, a Brazilian official’s account differed markedly from Feinberg’s interpretation. According to this source, although the new Plan of Action did take up issues that were of US interest, it put these in a much more comprehensive and well-structured perspective. In the text, Brazil changed ‘good governance’ to ‘modernizing the state’ and ‘NGO participation’ to ‘increased community participation’, as well as adding ‘human rights’ and ‘women’s participation’, two themes omitted in the original plan. On trade, the new plan ‘dealt with concrete actions that could be developed in the area of trade, “in addition to the broad strategy aspects that might be agreed among the countries of the hemisphere”, which

⁶⁹⁷ Author’s interview with Watson.

⁶⁹⁸ Feinberg (1997), p. 135.

⁶⁹⁹ Ibid., p. 136.

⁷⁰⁰ Ibid., p. 141.

aimed at corrective or compensatory measures independent of the perspective of forming a free-trade area'.⁷⁰¹ Finally, the new plan addressed a range of social issues, among which were education, health, narcotics, crime and extreme poverty.⁷⁰²

With both the United States and Brazil intent on taking the lead on the final text, the Airlie House conference got off to a rocky start. Brazil's chief negotiator Abdenur invited a US delegation to the Brazilian embassy in Washington on 26 November, one day before the conference commenced, and proposed merging the two versions of the Plan of Action. Even though he assured US officials of Brazil's positive attitude toward the summit, the US delegation was unpleasantly surprised and even 'offended by Abdenur's preachy, paternalistic presentation, even as it respected his negotiating tactics'. The United States' immediate response was that it 'would view an effort to put forth a sub-regional draft at this late date as decidedly not helpful'.⁷⁰³ The next day, according to Feinberg, Abdenur met with the other Rio Group members in order to 'stir up latent resentment against the United States, to foster fears that Washington would use the summit agreements to monitor their activities and intervene in their domestic affairs'.⁷⁰⁴ The veracity of this perspective on the Rio Group meeting is difficult to corroborate. However, according to the Brazilian delegation's head, the meeting did not encounter any problems and there was general consensus among the participants.⁷⁰⁵ Another Brazilian account confirms there was a general commitment among Latin American officials to the Rio Group's draft.⁷⁰⁶ As one scholar remarked, Clinton administration officials may have found it hard to understand that a new dynamic had appeared in the Western Hemisphere in which many Latin American countries, particularly those in the Southern Cone, were interested in subregional integration as an end goal and not, as the United States preferred to see it, as a transitory state toward hemispheric integration.⁷⁰⁷ Therefore, US officials' account of US annoyance over Brazil's attitude might also be a sign of a lack of US understanding of its interlocutors' interests and positions.

As Abdenur explained, Brazil presented its own draft through the Rio Group because it calculated that it would not be able to further its national interests if it allowed the conference to simply agree on the US draft. That would put Brazil in a passive, defensive position. By offering an alternative text, Brazil greatly increased its negotiating power,

⁷⁰¹ Magalhães (1999), p. 113.

⁷⁰² *Ibid.*, p. 113.

⁷⁰³ Feinberg (1997), p. 142. Watson, who was also closely involved at Airlie House, similarly recalled the US delegation's annoyance with the Brazilian delegation's negotiating tactics.

⁷⁰⁴ Feinberg (1997), p. 142.

⁷⁰⁵ Author's interview with Abdenur.

⁷⁰⁶ Magalhães (1999), p. 123.

⁷⁰⁷ Roett (1999), p. 114.

balancing out the negotiation. This related directly to Brazilian impressions of US hegemony that needed to be contained but not opposed entirely. As Abdenur put it,

‘We had to balance these contradictory movements. On the one hand, the acceptance of American hegemony, and on the other, the rejection of American hegemony. So, we had to strike a balance. We reacted positively to the idea [of the summit], but carefully also not to have the United States play the role of hegemon too excessively, so to say’.⁷⁰⁸

In the Rio Group meeting, Brazil and the other members produced two documents. One took the Rio Group’s Plan and inserted suggestions from the US Plan of Action in italics. This way, Brazil’s plan cleverly came to serve as the base document from which the delegations would work during the conference. The second document put both plans side by side in two columns. An initiative of the Brazilian delegation, the two documents aimed at forcing an examination of the US and Brazilian plan on equal terms. Furthermore, Rio Group members agreed in the meeting that they would remain cohesive during the conference and allow Brazil to coordinate the group’s negotiation at Airlie House.⁷⁰⁹

The conference opened the evening of 27 November with a plenary session that quickly accepted the Declaration of Principles. As expected, the Plan of Action encountered complications. The US delegation, led by Clinton’s Special Envoy for the Americas Thomas McLarty, requested a late-night meeting with the Brazilian delegation to find a solution. The trade issues in the text were a particular problem and the main focus of the meeting.⁷¹⁰ According to Feinberg (who was present), Abdenur sought to change the text of the Plan of Action by making it less binding (for example, by changing a certain phrasing from ‘commit’ to ‘consider’). At some point, however, the parties reached an agreement.⁷¹¹ Several US concessions and a Brazilian commitment to give greater specificity to certain issues in the text enabled this successful conclusion.⁷¹²

Abdenur recalled that McLarty (who, by Feinberg’s account, was not present at the meeting) in particular understood that the Brazilians spoke for the Rio Group; he listened and did not press issues that were unacceptable to the group. Abdenur also made sure to point to issues on which the two sides could reach agreement. His overall impression of the meeting was that it ran smoothly and that McLarty, like Abdenur himself, was satisfied with the result.⁷¹³ Particularly for Brazil, this satisfaction with the Airlie House conference is

⁷⁰⁸ Author’s interview with Abdenur.

⁷⁰⁹ Magalhães (1999), p. 123.

⁷¹⁰ Author’s interview with Watson.

⁷¹¹ Feinberg (1997), p. 143.

⁷¹² Magalhães (1999), p. 125.

⁷¹³ Author’s interview with Abdenur.

understandable. Of the final agreed text, 85 per cent came from the Brazilian draft.⁷¹⁴ NAFTA, which the United States had pictured as the main format for discussing hemispheric trade, was not mentioned at all.⁷¹⁵ It seemed that Brazil's plan to contain US hegemonic impulses had worked. Besides the removal of the NAFTA structure, Abdenur listed among his main achievements the allowance of exceptions to the total liberalization of commerce, the recognition of Mercosul as a group and unified player in the FTAA process—something the United States had vehemently opposed—and the final date for the FTAA to come into force, which was set in 2005.⁷¹⁶ This last agreement had been hard to obtain. Many Latin American governments, among which was Brazil's Mercosul partner Argentina, preferred a five-year deadline. During the summit, Abdenur called Foreign Minister Amorim for advice. The minister responded firmly, 'It will be ten years or nothing'.⁷¹⁷ Some analysts, however, insist that the end date was still a concession on the part of Brazil, which had originally hoped to set an even later date for completion of the FTAA.⁷¹⁸

Miami and the Mexican crisis

With the Airlie House discussions brought to a satisfactory conclusion, the Miami Summit held on 9-11 December became the success the United States had hoped for. Prior criticism that the gathering would turn into a show that lacked real substance was silenced by the unanimously positive attitudes at the summit. The 34 participating states approved both the Declaration of Principles and the Plan of Action, and soon policymakers fondly referred to the 'spirit of Miami'. The summit also confirmed Clinton's interest in Latin America, and it formulated four main common objectives on which the future of inter-American relations would be built: the strengthening of democracy, free trade, eradication of poverty and discrimination, and sustainable development and conservation of the environment.⁷¹⁹

The free-trade initiative was unquestionably the commitment that raised the highest expectations throughout the continent. A first step toward expanding free trade came at the summit when the United States, Canada and Mexico announced that Chile could begin the process of acceding to NAFTA.⁷²⁰ This obviously raised the issue of NAFTA accession as a free-trade mechanism, but except for Brazil most countries did not have major issues with such a format. In fact, the US government believed it was generally understood that

⁷¹⁴ Nelson (2015), p. 161.

⁷¹⁵ Ibid., p. 78.

⁷¹⁶ Author's interview with Abdenur.

⁷¹⁷ Amorim (2011), p. 503.

⁷¹⁸ Arashiro (2011), p. 34; Nelson (2015), p. 78.

⁷¹⁹ Palmer (2006), p. 27.

⁷²⁰ Cooper and Cordoba (1994).

negotiations would follow two tracks. One would be multilateral, while the second would pursue direct accession to NAFTA.⁷²¹ Brazil expressed opposition to this structure from the beginning. Lampreia called the US aspiration to lead the integration project ‘the most perverse’ element in Washington’s role in the process, precisely because it involved propagating a system which virtually sidelined other interregional initiatives and in which all other states had to ‘report’ to the United States.⁷²²

Still, the FTAA’s final implementation date of 2005 was relatively far away, taking some pressure off the negotiations and putting both Washington and Brasilia more at ease. The Clinton administration could postpone trade talks in light of domestic ‘trade fatigue’, a dramatic loss in the midterm elections a month earlier, and the approaching presidential campaign in which Clinton hoped to win a second term.⁷²³ Brazil, on the other hand, perceived 2005 to be distant enough for it to continue to press for slow integration based on regional blocs without being accused of obstructionism. Nonetheless, as President-elect Cardoso pointed out in Miami, to Brazil the final date of 2005 seemed unrealistic. He explained that in his view Brazil needed more time to adjust its productive sectors to the rules of open competition.⁷²⁴

When the summit came to an end, enthusiasm and optimism reigned among the participating governments and external observers. As one analyst noted at the time, the new US policy for Latin America was casually compared to such historic initiatives as Roosevelt’s Good Neighbor Policy and Kennedy’s Alliance for Progress, while several books and articles appeared proclaiming a new era for US-Latin American relations.⁷²⁵ Within ten days this optimism was dealt a severe blow when the Mexican government was forced to sharply devalue its currency, an action that destroyed investors’ faith in the Mexican economy, led to massive capital flight, and set off the Mexican ‘Peso Crisis’. The country entered a period of deep economic malaise and needed help to prevent an outright financial default. Having only recently entered into NAFTA with Mexico, the Clinton administration decided to bail out its southern neighbour, but it was confronted with a Congress vehemently opposed to such action. Eventually the White House decided to go at it alone and come to Mexico’s aid, circumventing congressional approval.⁷²⁶

⁷²¹ Nelson (2015), p. 79.

⁷²² Magalhães (1999), p. 138.

⁷²³ In the 1994 midterm elections, Clinton’s Democratic Party lost control not only of both houses of Congress but also of the governorships and legislatures in a majority of states. The result was overwhelmingly interpreted as presaging Clinton’s defeat in his 1996 bid for re-election.

⁷²⁴ Cardoso (2006), p. 611.

⁷²⁵ Wiarda (1995), p. 44.

⁷²⁶ Roett (1999), p. 112.

The effects of the crisis on Latin America were profound. Many investors saw the entire region as homogenous and irresponsible on the economic front, leading to setbacks for many other Latin American countries (including Argentina and Brazil) that had not made the type of economic mistakes the Mexican government had.⁷²⁷ Moreover, the effects of the crisis on the prospects for the FTAA were arguably decisive. In the United States, opponents of free trade seized upon the opportunity to up their game and point to the crisis as proof of the validity of their objections.⁷²⁸ If congressional enthusiasm for free-trade initiatives had been low after the passage of the Uruguay Round legislation, NAFTA and the midterm elections, now it hit rock bottom. The chances of the Clinton administration obtaining fast-track authority declined even further, thereby shrinking Latin Americans' belief in US commitment to the FTAA.⁷²⁹ After all, what point was there in negotiating for years with the Clinton administration if a potential deal could then be renegotiated by a hostile US Congress?

Shortly after the Mexican crisis began, Cardoso commenced his first term. According to Lampreia, the FTAA presented Cardoso with a *fait accompli*. He had not been informed before the summit that the FTAA would, as agreed upon in Miami, not only liberalize 'practically all trade' but would also be a so-called WTO-plus agreement (that is, going beyond what was agreed at the WTO level) that would include rules for trade in services, intellectual property, government procurement, investment and agriculture.⁷³⁰ Given that Cardoso was present at the summit as president-elect, it is somewhat unclear how he could have been unaware of this. However, feeling that the project might be more ambitious than he preferred in light of Brazil's situation in terms of its manufacturing and agricultural sectors, Cardoso was (with Lampreia) sceptical of Washington's willingness to truly open up the US market to Brazilian agricultural products.⁷³¹ Agriculture was a sector in which Cardoso was confident Brazil could compete.⁷³² However, as he had already stressed in Miami, Brasilia was well aware that most of its industry was not yet ready for a complete trade liberalization that would force it to compete with the 'much more developed, sophisticated, and competitive' US and Canadian industries.⁷³³ Cardoso, therefore, wished to slow down the FTAA process while strengthening Mercosul through further integration within South

⁷²⁷ Wiarda (1995), p. 45.

⁷²⁸ Schott (2001), p. 11.

⁷²⁹ Teixeira (2012), p. 120.

⁷³⁰ Lampreia (2009), p. 181.

⁷³¹ *Ibid.*, p. 183.

⁷³² Hoge (1995), p. 67.

⁷³³ Lampreia (2009), p. 184.

America, a development dubbed the ‘South-Americanization’ of Cardoso’s foreign policy by one prominent scholar of Brazil’s diplomatic history.⁷³⁴

In early 1995, however, many Latin American states, among them Argentina, Chile and practically all of Central America, pursued both the FTAA and accession to NAFTA.⁷³⁵ With the Clinton administration shying away from meaningful trade talks after the Mexican debacle, Brazil seized the opportunity to increase its leverage. Mercosul officially launched on 1 January 1995, and even if Argentina was keen on joining NAFTA, the positive effects of Mercosul on Argentine exports increased Buenos Aires’s commitment to the sub-regional bloc.⁷³⁶ Because it was unlikely that Argentina could join NAFTA in the short term, Mercosul became an alternative and much more credible core of Latin American integration.⁷³⁷ Regarding Chile, Washington seemed to renege on its promise. The Clinton administration did not make fast-track authority a priority in 1995 even though it had assured Chile the previous year that it would.⁷³⁸ The chances of Chile joining NAFTA thus shrank significantly, in part as a consequence of Mexico’s predicament. Mercosul then began negotiations with Chile and Bolivia, which like Chile was a FTAA enthusiast.⁷³⁹ By 1997, both countries had become associate members of Mercosul, increasing Mercosul’s—and, by extension, Brazil’s—leverage, exactly as Brazil had intended.

Although Cardoso was aware of the interests that divided Brazil and the United States in terms of hemispheric integration, he promoted good relations with the United States in other areas throughout his two terms. Cardoso always publicly emphasized his desire to establish a healthy partnership with Washington.⁷⁴⁰ Such a partnership was enabled by the good relationship Clinton and Cardoso developed. Clinton invited his Brazilian colleague to visit Washington in early 1995. According to several sources, both leaders established great rapport, which contributed to a constructive relationship between both countries, generally understood in Brazil as vital to its interests.⁷⁴¹ This would change when George W. Bush was elected president in 2000. Cardoso had a less amicable relationship with him.⁷⁴²

⁷³⁴ Ricupero (2017), p. 632.

⁷³⁵ Vigevani and Passini (2001), p. 31.

⁷³⁶ Wise (1998), p. 294.

⁷³⁷ Bulmer-Thomas and Page (1999), p. 85; Haggard (1998), p. 330.

⁷³⁸ Feinberg (1997), p. 134.

⁷³⁹ Teixeira (2012), p. 120.

⁷⁴⁰ Vigevani and Fernandes de Oliveira (2007), p. 66.

⁷⁴¹ Barbosa (2014), p. 1; Author’s interview with Fonseca; Watson.

⁷⁴² Cervo and Bueno (2008), p. 478.

The FTAA talks consisted of annual ministerial meetings, the first of which took place in Denver, Colorado, in June 1995. Prior to the meeting, the USTR published a list of negotiating priorities. It argued that the FTAA should go beyond WTO commitments in several areas, including government procurement, intellectual property and services. Furthermore, the United States advocated the elimination of product exceptions in all regional agreements by 1999 and the establishment of multiple working groups, including ones that would discuss labour rights and the environment.⁷⁴³ USTR Kantor held a closed-door meeting in Denver with the heads of delegations during which he expressed his concerns regarding labour rights and emphasized the US goal of establishing norms within the FTAA to protect such rights. The Latin American rejection of this initiative was reportedly unanimous because these countries suspected the United States of wanting to use the issue to justify protectionist measures. As Lampreia put it, 'No one was convinced that the American government had suddenly decided to become the greatest defender of the rights of Latin American and Caribbean workers'.⁷⁴⁴

For the United States, the Denver meeting was mostly disappointing. Latin American countries rejected its push for WTO-plus commitments as well as labour and environmental standards. Instead, the parties agreed that the FTAA would be discussed consistent with WTO rules, take into account the different levels of development among the participating countries, and be made up of a smaller number of working groups than Washington had initially proposed. These groups excluded issues of special US interest (government procurement, intellectual property, services and competition policy), while including several issues of interest to states like Brazil (market access, customs procedures and rules of origin, investment, standards and technical barriers to trade, sanitary and phytosanitary measures, subsidies, and anti-dumping and countervailing duties). Most importantly, the United States agreed to include in the Denver ministerial declaration that the FTAA would be a 'single undertaking' (ie, nothing is agreed until everything is agreed), which was a serious concession. It meant that the NAFTA-accession mechanism, in which individual countries could sign up for the agreement, was no longer part of the FTAA process. The latter would instead be a collective endeavour.⁷⁴⁵ Brazil thus came out of Denver in a stronger position than the United States. Many of its priorities were addressed, while a US-centred hub-and-spoke system seemed further away than ever. The rejected US proposal, however, also confirmed Brazil's

⁷⁴³ Haggard (1998), p. 334.

⁷⁴⁴ Lampreia (2009), p. 185.

⁷⁴⁵ Arashiro (2011), p. 36.

earlier worries—namely, that Washington would happily push its demands without offering any meaningful counterproposals on issues of importance to Brazil.

The next and rather uneventful meeting took place in Cartagena, Colombia, in March 1996. Before this meeting, Kantor met with Lampreia and once again raised the issue of labour rights. Kantor explained that inclusion of the issue was indispensable if the Clinton administration wanted to obtain fast-track authority from Congress. Congressional Democrats insisted on labour and environmental standards in order to address the concerns of key Democratic Party constituencies.⁷⁴⁶ Lampreia repeated his earlier response, stating that Brazil's constitution already protected labour rights and that Brazil had adopted all relevant International Labour Organization conventions.⁷⁴⁷ Still, at the Cartagena meeting it seemed the United States tried to please Brazil. Having earlier supported Costa Rica in its bid to organize the 1997 ministerial summit, Washington changed course and backed Brazil's proposal for the meeting to take place in Belo Horizonte.⁷⁴⁸

Lack of fast-track authority continued to cast a shadow over the FTAA, with Latin American governments increasingly frustrated at the Clinton administration's refusal to request it. Some Republicans in favour of free trade accused Kantor of not trying hard enough to cut a deal in Congress, which some USTR staff reportedly acknowledged. With the 1996 presidential election looming, Kantor, who had been Clinton's 1992 campaign chair, allegedly tried to avoid the unpopular issue of free trade altogether.⁷⁴⁹ Several US officials involved in trade issues at the time confirmed that the Clinton administration did not truly pursue fast-track authority.⁷⁵⁰ It finally appeared to do so in 1997, after Clinton won a second term, when the president mentioned the fast-track issue in his State of the Union address as a presidential priority. Nevertheless, Congress still did not receive a formal request. This only happened in September, meaning yet another ministerial FTAA meeting had passed without US fast-track authority. The request once again encountered strong opposition in Congress. In exchange for supporting fast-track, a group of conservative Republicans demanded a cut in foreign aid to organizations that supported abortion in their family-planning programs, while Democrats supported a campaign against fast-track mounted by US labour organizations. Facing certain defeat, the White House repealed its request. As one analyst maintained, without fast-track 'any possibility that the Clinton administration could pursue the US commitment to advance the FTAA by 2005 evaporated'.⁷⁵¹ Another consequence

⁷⁴⁶ Wiarda (1995), p. 48.

⁷⁴⁷ Lampreia (2009), p. 186.

⁷⁴⁸ Arashiro (2011), p. 37.

⁷⁴⁹ Feinberg (1997), p. 177.

⁷⁵⁰ Author's interview with Barshefsky; Watson.

⁷⁵¹ Palmer (2006), p. 36.

was that Chile definitively turned its back on NAFTA accession and refocused on other trade options.⁷⁵²

This played into the hands of proponents of SAFTA. First proposed in 1993, SAFTA had disappeared after the excitement over NAFTA and the Miami Summit. Beginning in 1996, with the seeming lack of US commitment to the FTAA, the prospect of merging Mercosul, the Andean Pact and Chile suddenly gained in popularity in South America. As Carranza indicates, there are two assessments of Brazil's intentions with regard to SAFTA. The first holds that SAFTA would significantly increase South America's and, by extension, Brazil's leverage in the FTAA negotiations. The second sees SAFTA as an end in itself and an alternative to the FTAA, excluding the United States and allowing Brazil to take a leadership position.⁷⁵³ The second perspective, however, ignores Brazil's clear interest in the US market, making the first explanation more plausible.⁷⁵⁴

In 1997, Barshefsky succeeded Kantor as USTR. During a Senate hearing, she declared that 'the increasing interest generated by [Mercosul], not only in South America and in the Caribbean, but also in Europe, Japan, and China, is felt [by the United States] as a threat to our commercial interests and to the US leadership in the hemisphere'.⁷⁵⁵ In an interview with the author, Barshefsky explained that her comment at the time was not meant to imply Mercosul itself was seen as a threat; rather, the reference was to the US impression 'that Brazil was trying to cordon off part of the hemisphere to the United States,' which 'would have been unacceptable'.⁷⁵⁶ Similarly, during her confirmation hearing before the Senate Committee on Finance, Barshefsky, when asked about the importance of fast-track authority, replied:

'I think the absence of fast-track leaves a vacuum in our own hemisphere with respect to leadership and with respect to the rules of trade in our hemisphere. What the absence has done has been to lead an agglomeration by other countries of trading partners in our own hemisphere as a means of building their own little unit or system of rules and obligations. [Mercosul] is one such example'.⁷⁵⁷

There could hardly be a clearer indication that leading officials in the Clinton administration saw Mercosul as an obstacle to its hemispheric ambitions. The tying together of NAFTA

⁷⁵² Haggard (1998), p. 318.

⁷⁵³ Carranza (2000), p. 11.

⁷⁵⁴ Ibid., p. 106; Rompay (2004), p. 135.

⁷⁵⁵ Vizontini and Wiesebron (2004), p. 19.

⁷⁵⁶ Barshefsky, author's interview.

⁷⁵⁷ Barshefsky, Hearing Before the Committee on Finance, US Senate, 29 January 1997.

and Mercosul became one of the main US objectives in the FTAA.⁷⁵⁸ During a trip to Brazil that same year, Clinton himself assured Cardoso he supported Mercosul, and he even offered to—and then did—publicly say so after Cardoso explained to him that without Mercosul there would be no FTAA.⁷⁵⁹ Still, this was likely a generous diplomatic, and possibly impulsive, gesture on Clinton's behalf. The USTR's comments before the Senate should be taken at face value, as Mercosul countries surely did. Unsurprisingly, they were not amused. As Lampreia dryly commented in his memoirs, Clinton's assertion was not confirmed by any US document on Mercosul.⁷⁶⁰

Barshefsky's concerns about Mercosul soon proved more than valid. Before the Belo Horizonte ministerial in 1997, Lampreia set out the bloc's position. The FTAA should be subject to hemispheric consensus and build on existing regional integration schemes such as Mercosul; it should be gradually implemented and based on balanced, equitable and advantageous commitments by all states; and it should leave open the option for states to define certain products or sectors that might be subject to special treatment.⁷⁶¹ Brazil's foreign minister could hardly have produced a list that more clearly contradicted US objectives in the FTAA. One month before the ministerial, Mercosul countries (including Bolivia and Chile) convened and agreed to present a common position in Belo Horizonte.⁷⁶²

At the meeting, Lampreia went so far as to say that 'what is good for the U.S. is not good for Brazil', perhaps an accurate assessment but diplomatically speaking openly confrontational.⁷⁶³ When the meeting ended, the participating states agreed to allow collective negotiation through regional blocs if states so wished, and they agreed on the single undertaking principle.⁷⁶⁴ Both were large concessions on behalf of the United States, which had little more to show for its efforts than a commitment from the Latin Americans to officially launch the FTAA negotiations at the coming SoA in Santiago de Chile. The Brazilian press hailed the meeting, in somewhat exaggerated fashion, as a diplomatic victory for Brazil.⁷⁶⁵ However, the Belo Horizonte ministerial unquestionably reinforced Brazil's leadership position in South America.⁷⁶⁶ The Cardoso administration had successfully soft-balanced and buffered, building a coalition of South American states that unanimously opposed the United States with a common list of demands, the most important items of which Washington was forced to accept.

⁷⁵⁸ Author's interview with Barshefsky.

⁷⁵⁹ Cardoso (2006), p. 627.

⁷⁶⁰ Lampreia (2009), p. 181.

⁷⁶¹ *Ibid.*, p. 186.

⁷⁶² Cason (2000), p. 36.

⁷⁶³ Carranza (2000), p. 106.

⁷⁶⁴ Summit of the Americas, Third Trade Ministerial Meeting, 'Joint Declaration', 16 May 1997.

⁷⁶⁵ Nelson (2015), p. 87.

⁷⁶⁶ Fishlow (2011), p. 266.

At the fourth ministerial meeting held in San José, Costa Rica, in March 1998, the ministers established a Trade Negotiations Committee at the vice-ministerial level that would meet at least twice a year, while the ministerial meetings would exercise oversight. Parties also agreed on the final thematic subjects of the nine negotiating groups: market access; investment; services; government procurement; dispute settlement; agriculture; intellectual property; subsidies; anti-dumping and countervailing duties; and competition policy.⁷⁶⁷ Compared to the groups agreed on in Denver, both the United States and Brazil gained on topics of interest to them. For the United States these included intellectual property, government procurement, services and competition policy. Brazil, which had already seen most of its priorities acknowledged in Denver, notably gained the group on agriculture, which would be chaired by Argentina. Lampreia was very pleased with this achievement, as well as with Brazil's chairing of the group on anti-dumping and countervailing duties.⁷⁶⁸ The United States chaired the group on government procurement.

Negotiators also agreed in San José that the United States and Brazil would co-chair the overall FTAA talks during the last two years of the negotiation process (2003-2005). Washington, expecting that Brazil would mostly oppose the negotiations, hoped that this way Brazil would find it hard to obstruct the process toward the end.⁷⁶⁹ At the time, Lampreia acknowledged that the co-chairmanship could compromise Brazil to some extent, but Brasilia ultimately agreed because it preferred the decisive influence the role gave it.⁷⁷⁰

At the SoA in Santiago, leaders agreed to launch the negotiations according to what was agreed in San José. In order to ensure Cardoso's support, the United States officially accepted the format that Brazil had argued for from the beginning.⁷⁷¹ Even though US officials such as Barshefsky tried to present the launch as a victory, the question of US fast-track authority (which Clinton had still not obtained) overshadowed the summit, and disillusionment prevailed.⁷⁷² Even worse, as one analyst observed when comparing the state of affairs in 1994 and 1998, the United States had 'lost its leadership position of the FTAA process and ha[d] become a mere bystander in a hemispheric process of trade liberalization in which Brazil now [was] setting the pace and direction of negotiations'.⁷⁷³

⁷⁶⁷ Summit of the Americas, Fourth Trade Ministerial Meeting, 'Joint Declaration', 19 March 1998.

⁷⁶⁸ Lampreia (2009), p. 188.

⁷⁶⁹ Author's interview with Barshefsky.

⁷⁷⁰ Lampreia (2009), p. 189.

⁷⁷¹ Albuquerque (2003), p. 51.

⁷⁷² Arashiro (2011), p. 39; Carranza (2000), p. 121.

⁷⁷³ Sweeney (1998).

In 1999, a currency-exchange crisis hit Brazil when an overvaluation of the *real* led to massive capital flight that at one point amounted to US\$500 million per day.⁷⁷⁴ Eventually, Cardoso saw himself forced to let the currency float freely against the US dollar, receiving a US\$9 billion emergency credit from the IMF. The crisis had two main effects on the FTAA negotiations.

First, it led to a deterioration of relations between Brazil and Argentina and thus weakened Mercosul. Brazil's devaluation of the *real* decreased Argentine exports to Brazil and ultimately contributed to the economic trouble that would plague Argentina in the years to come, culminating in the Argentine crisis of 2001. As a consequence, Argentina turned away from Mercosul and approached the United States for bilateral trade talks. Relations with Brazil would much improve after the 2003 election in Argentina of Néstor Kirchner, who like Lula (who had been elected one year earlier) was much more sceptical of neoliberal policy than his predecessors and refocused Argentina's foreign-trade policy on Mercosul and away from the United States and the FTAA.⁷⁷⁵

Second, after the exchange-rate crisis the Cardoso government shifted the primary focus of its national development strategy from an emphasis on attracting foreign direct investment, which, as had just been demonstrated, made Brazil extremely vulnerable to external shocks, to the advancement of exports of agricultural and low value-added industrial products. This inevitably placed Brazil more at odds with the United States in the FTAA talks with respect to the already thorny issues of agricultural subsidies and anti-dumping and countervailing duties.⁷⁷⁶

The same year the Argentine crisis hit, a new round of multilateral WTO negotiations (the Doha Round) began. For both the United States and Brazil, this pushed the FTAA negotiations into the background. The United States preferred to discuss agriculture and anti-dumping at the WTO so that the EU and Japan were involved in any possible agreement. Brazil expected a better outcome on agriculture at the WTO, and it also preferred to address multilaterally topics it felt could harm its interests, such as intellectual property and services.⁷⁷⁷ Furthermore, with the Clinton administration drawing to a close and the United States in the grips of a presidential election campaign, Brazilian officials noticed a waning interest in hemispheric trade in Washington.⁷⁷⁸

⁷⁷⁴ Moniz Bandeira (2004), p. 161.

⁷⁷⁵ Nelson (2015), p. 99.

⁷⁷⁶ Ibid., p. 147.

⁷⁷⁷ Arashiro (2011), p. 40.

⁷⁷⁸ Lampreia (2009), p. 190.

As trade relations with Argentina took a negative turn, the Cardoso administration made another attempt to solidify Brazil's leadership position in South America. In 2000 Brazil convened, for the first time ever, the heads of state of all South American states at a summit in Brasilia to discuss several issues, among which was regional trade. In a clear reference to the FTAA project, Cardoso denounced rich countries for pushing for removal of trade barriers at a rate faster than South American states could sustain.⁷⁷⁹ Concerning US interests, the summit sent unclear signals. Although the official line of the Itamaraty was that the gathering 'did not pretend to be an alternative' to other existing regional arrangements, Cardoso and Venezuela's Hugo Chávez announced the beginning of a dialogue that would lead to the establishment of a free-trade area encompassing Mercosul and the Community of Andean Nations (CAN, the successor of the Andean Pact), as well as Chile, Guiana and Suriname, by 2002.⁷⁸⁰ In other words, South American nations revived the SAFTA project. As Cardoso himself noted, South American integration and the consolidation of Brazil's presence in the region, without discarding relations with Mexico, was 'one of the pillars' of his foreign policy. 'The more we would strengthen our Latin American ties, the more advantageously could we negotiate with the United States and Canada in the FTAA'.⁷⁸¹ Two prominent scholars of Brazil's foreign policy noted that with the Brasilia summit, Cardoso succeeded in fortifying South America as an economic region under Brazilian leadership.⁷⁸²

Brazil hardens its stance

Still, one could hardly argue that South American states held a unanimous common position within the FTAA. In December 2000, Chile proposed to change the final end-date of the negotiations from 2005 to 2003, a move quickly supported by the United States and Argentina. At a Mercosul summit that same month, Cardoso's response was firm. He stated Brazil was ready to sit down 'at any moment to discuss those issues that [were] substantive', by which he meant access to the US market for important Brazilian exports. That, Brazil's president maintained, had absolute priority over the end-date. He added, 'Either there are matters to discuss, or the [final] date is a spectacle, and such spectacle will be a failure'.⁷⁸³

At the 2001 ministerial meeting held in Buenos Aires, participating countries once more confirmed 2005 as the year in which the FTAA talks should conclude.⁷⁸⁴ A few weeks

⁷⁷⁹ Zibechi (2014), p. 186.

⁷⁸⁰ Singer (2000).

⁷⁸¹ Cardoso (2006), p. 611.

⁷⁸² Cervo and Bueno (2008), p. 461.

⁷⁸³ Rossi (2000).

⁷⁸⁴ Summit of the Americas, Sixth Trade Ministerial Meeting, 'Joint Declaration', 7 April 2001.

later, the SoA took place in Quebec. Here, Cardoso made Brazil's position clearer than ever before when he stated,

'The FTAA will be welcome if its creation is a step toward providing access to more dynamic markets; if it is effectively the path toward shared anti-dumping regulations and reduced non-tariff barriers; if it avoids the protectionist misuse of good sanitation regulations; if, in protecting intellectual property, it simultaneously promotes the technological capability of our peoples. And further, if it goes beyond the Uruguay Round and corrects the imbalances crystallized there, above all in agriculture. Unless it is all this, it will be irrelevant, or, in the worst case, undesirable'.⁷⁸⁵

A few months later, the Brazilian president described the 'protectionist policies' of 'rich countries' as 'discrimination'.⁷⁸⁶ It was clear Brazil had changed its earlier approach of discrediting the US commitment and stalling the negotiations to becoming more offensive in its demands. This moment marked a significant change in the Cardoso administration's diplomatic posture.⁷⁸⁷

Another factor Brasilia needed to take into account were the consequences of the Argentine crisis. Although economically this obviously weakened Mercosul, as one analyst argued, Mercosul was actually strengthened politically. The refusal on behalf of the United States to come to Argentina's aid (for example, by not supporting an IMF rescue package) pushed Argentina away from Washington and closer to its Mercosul neighbours, which at a 2002 Mercosul summit supported Argentina by asking IFIs to provide their fellow member with aid.⁷⁸⁸ Ultimately the crisis led to the election of Kirchner to the Argentine presidency, which signalled a turn in Argentine foreign-trade policy away from neoliberalism, the IMF and the United States and toward Brazil and Mercosul.⁷⁸⁹ The failure of the United States to save Argentina thus 'dampened the prospects for the FTAA because it damaged the Washington Consensus on which the original FTAA proposal was based'.⁷⁹⁰ According to some, Mercosul began to embody South American resistance to neoliberalism and an alternative route toward development, away from US-led hemispheric free trade.⁷⁹¹ South Americans began to doubt the benefits of close trade relations with the United States that they once held to be self-evident.

⁷⁸⁵ Cited in Barbosa (2014), p. 116.

⁷⁸⁶ Cardoso (2001), p. 8.

⁷⁸⁷ Oliveira (2003), p. 313.

⁷⁸⁸ Carranza (2004), p. 326.

⁷⁸⁹ Margheritis (2010), p. 27.

⁷⁹⁰ Carranza (2004), p. 327.

⁷⁹¹ Malamud (2005), p. 423.

The George W. Bush administration, and particularly Bush's USTR Robert Zoellick, also began looking at alternatives to the FTAA. Zoellick rearticulated US policy toward bilateral trade, a strategy he coined 'competitive liberalization'. In the words of Zoellick's assistant USTR for intergovernmental affairs and public liaison, the idea was that the United States 'would use [its] leverage as the largest market in the world to try to liberalize with those who were willing'.⁷⁹² Here 'willing' meant being prepared to concede to US demands on issues such as intellectual property, labour and environmental standards, competition policy and government procurement. Zoellick's hope was that by establishing several bilateral free-trade agreements in the region, over the long term, little by little, a feasible FTAA would appear by allowing the countries that signed bilateral agreements with the United States to 'connect the deals and perhaps expand to Brazil and others', if and when such countries were ready.⁷⁹³ In other words, Zoellick stepped away from immediate hemispheric integration, in which the US advantage by now had been greatly reduced, and shifted instead toward asymmetrical trade negotiations that put the United States at a greater advantage. As such, the policy signified a move away from Liberal-internationalist multilateralism and toward Realist coercion that made use of US economic power and sought to leave Latin American states little choice but to comply. Negotiating bilaterally, the United States would always be in a stronger position against any given counterpart. An additional advantage was that through competitive liberalization, as the name implies, Latin American states would begin to compete against one another. If one state signed a deal, others could see their exports negatively affected and would thus be more inclined to agree to US demands and sign a deal of their own.

Zoellick's long-term goal of connecting all such deals and thereby creating the FTAA in a way revived the NAFTA-accession format. The United States would negotiate on its terms and get states to concede to its demands, while the evident asymmetry would hardly require it to make concessions of its own. Then, one by one, these agreements would be tied together as a chain running through the Americas, all on US terms, just like NAFTA accession would have been. In the words of one Bush administration official who was involved,

⁷⁹² Author's interview with Padilla.

⁷⁹³ Author's email correspondence with Zoellick.

‘Our view was that bilateral trade agreements, one by one, [did] not take away from a FTAA; they contribute[d] to a FTAA. You start with NAFTA, then you look at what the Bush administration accomplished and look at it chronologically. Number one, Chile. That was the first one out of the box. [...] Then CAFTA-DR [Dominican Republic-Central America Free Trade Agreement, DR-CAFTA]’.⁷⁹⁴

Several other Latin American states would follow suit and embark on bilateral negotiations with Washington outside the FTAA talks. Zoellick, through this strategy, intended to circumvent both Brazilian and Venezuelan opposition to US interests in the FTAA negotiations. As Brazilian Foreign Minister Lafer put it, the United States, when it started the ambitious FTAA project, had simply not expected such trouble from Brazil, and, as a consequence, chose to change course by going bilateral.⁷⁹⁵

Bilateral trade agreements allowed Zoellick to push US demands that Brazil would never agree to, such as the inclusion of labour and environmental standards.⁷⁹⁶ The message seemed to be that if Brazil would not budge, then the United States would integrate with Latin America without the Brazilians. Competitive liberalization had a further debilitating effect on the FTAA because each country that signed a deal with Washington and secured access to its market lost incentives to pursue the FTAA.⁷⁹⁷

At the same time, the United States withdrew from the FTAA those issues that were of most interest to Brazil (particularly agricultural subsidies and anti-dumping legislation), arguing these should be discussed multilaterally in the Doha Round. This was a clear breach of the collective agenda and working groups established at the ministerial summit of 1998 in San José, where countries had agreed on which topics to include in the FTAA talks. At the same time, Washington insisted on keeping its own key issues (eg, intellectual property) on the FTAA negotiating table.⁷⁹⁸

In Spring 2002, Washington dealt two more blows to the hemispheric trade deal and to Brazil in particular. First, in March, Bush placed tariffs of up to 30 per cent on steel imports.⁷⁹⁹ The highly protectionist move dented US credibility regarding its commitment to free-trade negotiations and severely affected steel exporting countries, especially Brazil.⁸⁰⁰ Then in May, Bush signed into law the Farm Security and Rural Investment Act, commonly referred to as the ‘Farm Bill’, which raised agricultural subsidies to American farmers by

⁷⁹⁴ Author’s interview with Maisto.

⁷⁹⁵ Author’s interview with Lafer.

⁷⁹⁶ Arashiro (2011), p. 103.

⁷⁹⁷ Tussie and Labaqui (2005), p. 88.

⁷⁹⁸ Barbosa (2014), p. 110.

⁷⁹⁹ Sanger (2002).

⁸⁰⁰ Arashiro (2011), p. 102.

billions of dollars per year.⁸⁰¹ The effects of the Farm Bill were particularly felt by Mercosul countries.⁸⁰² In light of such protectionism, one might see the United States and not Brazil as the main obstructionist of hemispheric free trade. Both Chile and Argentina joined Brazil in objecting to the US bill, indicating that the move seriously harmed their expectations of achieving agreement in the FTAA.⁸⁰³

With domestic opposition to the FTAA mounting, the Cardoso government, despite US obstructionism, actually came out in defence of continuing negotiations with the United States. Lafer published an op-ed article in one of Brazil's major newspapers in which he appealed to Brazilian society to support the talks and defended the administration's continued backing for the project.⁸⁰⁴ Seemingly at this point the Brazilian government was more genuinely interested in the FTAA than its US counterpart.

In August, with the US Congress having protected various US productive sectors through the measures described above, the Bush administration was finally granted fast-track authority, now renamed trade promotion authority (TPA). However, the TPA came with congressional conditions attached. Throughout trade negotiations, the USTR would have to consult with the Congress so that it could ensure US domestic interests were protected.⁸⁰⁵ Such consultations would apply to a list of roughly three hundred agricultural products, including all of Brazil's main agricultural exports. Not coincidentally, this congressional oversight on trade negotiations applied to those agricultural products on which Washington had offered 'the smallest possible concession' of 15 per cent, staggered over a six-year period, in the Uruguay Round.⁸⁰⁶

In Brazil, opposition to trade negotiations with the United States grew, and in September 2002, with a presidential election just around the corner, the national debate became ever fiercer. A large and diverse coalition of civil society groups organized a plebiscite on the FTAA, which registered approximately ten million votes.⁸⁰⁷ Although the result of the vote could not be taken to represent Brazilian society as a whole, the rejection rate in the plebiscite was over 90 per cent, which sent a strong signal to Brazilian politicians.⁸⁰⁸ As some have argued, the intense rejection of the FTAA was specifically caused by the association of the project with the 'extension of US power into Latin America'.⁸⁰⁹ Playing to these sentiments, presidential candidate Lula denounced US proposals in the FTAA as amounting

⁸⁰¹ Allen (2002).

⁸⁰² Lorenzo and Vaillant (2003), p. 8.

⁸⁰³ *La Nación*, 'Bush defendió los subsidios al agro', 14 May 2002, online edition.

⁸⁰⁴ Lafer (2002).

⁸⁰⁵ Rompay (2004), p. 129.

⁸⁰⁶ Ricupero (2003), p. 37.

⁸⁰⁷ Korzeniewicz and Smith (2005), p. 146.

⁸⁰⁸ Tussie and Labaqui (2005), p. 89.

⁸⁰⁹ Nelson (2015), p. 164.

to annexation. Zoellick was in no mood to mollify Brazil when he declared that if it did not want a trade deal with the United States, it could choose ‘another direction... Antarctica’.⁸¹⁰

However, Lula was not yet president, and the Cardoso administration was less hostile in its rhetoric. Nonetheless, at the ministerial meeting in Quito, Ecuador, in November 2002, Lafer explained that Brazil would not continue with the negotiations if the United States insisted on keeping agricultural subsidies and anti-dumping legislation off the table.⁸¹¹ Eventually the United States managed to convince its Latin American counterparts that agricultural subsidies were a matter for the WTO, acknowledgement of which was included in the ministerial declaration.⁸¹² Still, Cardoso was not convinced. US unilateralism in deciding what was and what was not on the table worried him. In response, Brazil began diversifying its relations by strengthening ties with other large, developing nations such as China, India and South Africa, a policy that Cardoso’s successor would further enhance. After ‘autonomy through distance’ before Cardoso and Cardoso’s ‘autonomy through participation’, Brazil now began a third foreign policy era of ‘autonomy through diversification’ based on so-called South-South alliances.⁸¹³

The end the FTAA

Lula’s election signified a shift to the left in Brazilian politics. His campaign had been severely critical of the FTAA, although he did not officially support the plebiscite against it, instead criticizing the project on a slightly vague slogan of ‘no to annexation, yes to integration’.⁸¹⁴

In terms of foreign policy, the Lula administration pursued a range of objectives, most notably the intensification of relations with other ‘emerging states’, securing its prominent role in the Doha Round negotiations, maintaining good relations with developed countries including the United States, improving relations with African countries, pushing for United Nations Security Council reform in which Brazil hoped to obtain a permanent seat, and the inclusion of social objectives in Brazil’s foreign policy.⁸¹⁵ Upon returning to the role of foreign minister, Amorim stated that Brazil would ‘seek to narrow the gap between rich and poor nations, promote respect for equality between peoples and the effective democratization of the international system’. In the same speech, he highlighted the ‘elimination of barriers and subsidies that today brutally distort trade and deprive developing

⁸¹⁰ King, Jr. and Karp (2002).

⁸¹¹ Nelson (2015), p. 105.

⁸¹² Summit of the Americas, Seventh Ministerial Meeting, ‘Joint Declaration’, 1 November 2002.

⁸¹³ Vigevani and Cepaluni (2007), p. 1313.

⁸¹⁴ Nelson (2015), p. 175.

⁸¹⁵ Vigevani and Cepaluni (2007), p. 1314.

countries of their comparative advantages' as key conditions for Brazil's development.⁸¹⁶ As the Cardoso administration had done, Lula and Amorim focused on South American integration, particularly through Mercosul, in order to increase Brazil's leverage on the multilateral stages of the FTAA and the WTO.⁸¹⁷

However, the new administration understood the importance of good relations with the United States and made a priority of improving ties with Washington.⁸¹⁸ Lula's third pre-inaugural visit was to Washington, and he visited the US capital again in June 2003, six months into his presidency. Nonetheless, within the Lula administration there were voices that opposed the United States to such an extent one could speak of 'anti-Americanism'. The appointment of Samuel Pinheiro Guimarães as secretary general of the Itamaraty particularly increased the influence of such views in Brazil's foreign policy. Guimarães, an ardent opponent of the FTAA and a strong proponent of South-South cooperation, Mercosul and Brazilian leadership in South America, sustained that, 'The participation of Brazil in an eventual FTAA would destroy its economic autonomy and rob it of an independent foreign policy. Obviously, with the FTAA, the possibility of creating a South American pole in a multipolar world will disappear'.⁸¹⁹ Besides loss of political influence, Guimarães also prophesized economic hardship for Brazil were it to agree to the FTAA, predicting an 'increase of the trade deficit with the United States and a decrease of Brazilian exports to South America, with the ultimate result being an increase in the deficit of Brazil's global commercial balance'.⁸²⁰ A cable from the US embassy in Brasilia summarised Guimarães's view of the FTAA quite aptly as 'at worst [...] a project of the United States to take over the Brazilian economy and at best [...] a necessary evil'.⁸²¹

Guimarães's comments could easily lead to assumptions that the new Brazilian government simply wished to obstruct the FTAA, as well as the United States as a player in South America. In fact, some US officials expressed such a belief to the author.⁸²² However, a closer examination of the Lula administration's policy with regard to the FTAA does not confirm a Brazilian obstructionist position. Although some Lula administration officials acknowledged the existence of anti-American elements in the administration, all those interviewed by the author repudiated the notion that this inhibited a successful conclusion

⁸¹⁶ Amorim, speech on the occasion of the transmission of the office of Minister of Foreign Relations, Brasilia, 2 Jan 2003, <http://www.itamaraty.gov.br/pt-BR/discursos-artigos-e-entrevistas-categoria/ministro-das-relacoes-exterores-discursos/7547-discurso-proferido-pelo-embaixador-celso-amorim-por-ocasio-da-transmissao-do-cargo-de-ministro-de-estado-das-relacoes-exterores>.

⁸¹⁷ Amorim (2010), p. 227.

⁸¹⁸ Author's interview with Amorim.

⁸¹⁹ Guimarães (2004), p. 117.

⁸²⁰ Guimarães (2002), p. 122.

⁸²¹ US Embassy in Brasilia, 'What's behind Brazil's FTAA policy', diplomatic cable, 18 July 2003.

⁸²² Author's interview with Maisto; Padilla.

of the talks.⁸²³ Brazilian Ambassador Rubens Barbosa maintained that anti-Americanism had a decisive influence on US-Brazilian relations, but this influence only surfaced after he had left Washington in 2004, when the FTAA talks were already completely deadlocked (see below).⁸²⁴ It seems Guimarães's role in the FTAA talks was rather modest and opposed by more influential figures, who were open to honest negotiations with Washington.

Like Cardoso and Clinton, Lula and Bush quickly developed a good relationship. In spite of Lula's antagonistic campaign rhetoric, Bush called him a day after his victory to invite him to Washington as president-elect. Lula gladly accepted the invitation, and the visit was a diplomatic success.⁸²⁵ Reportedly, Bush appreciated Lula for being a 'kind of regular guy, [an] easy going person', and both presidents 'hit it off personally'.⁸²⁶ According to Barbosa, Lula had a meeting with Zoellick in which he expressed his belief that a deal in the FTAA negotiations would be a possibility.⁸²⁷ The ambassador describes US-Brazilian relations as 'flourishing' at the beginning of the Lula administration. Gradually, however, Brazil's foreign policy priorities changed and came into conflict with US objectives.⁸²⁸

With regards to the FTAA talks, this was particularly visible in an assertive Brazilian stance that led to an impasse in 2003, a situation that resulted in part from a tough attitude in Washington.⁸²⁹ According to Amorim, the Lula administration found itself engaged in a negotiation in which the prior administration had already ceded more ground than was in Brazil's interests. As co-chair and with negotiations entering the final stage, the Brazilians were under a lot of pressure.⁸³⁰ It had been agreed earlier that countries would present their FTAA offers in February 2003, roughly a month and a half into Lula's presidency. Feeling it was an impossible imposition to prepare an offer in such little time, Amorim simply refused.⁸³¹ Within the Lula administration there was great disagreement on this. Foreign trade is discussed in the Chamber for Foreign Trade (CAMEX), comprised of the ministers of agriculture, industry, and foreign relations, amongst others. Within the CAMEX, Minister of Industry Luiz Fernando Furlán and Minister of Agriculture Roberto Rodrigues advocated continued Brazilian engagement in the form of a quick offer. Amorim disagreed and received Lula's support.⁸³² Because the CAMEX is not a decision-making body, in case of

⁸²³ Author's interview with Amorim; Arslanian; Bahadian; Rodrigues.

⁸²⁴ Author's interview with Barbosa.

⁸²⁵ Vigevani and Cepaluni (2007), p. 1320.

⁸²⁶ Author's interview with Negroponte.

⁸²⁷ Barbosa (2014), p. 89.

⁸²⁸ Ibid., p. 2.

⁸²⁹ Almeida (2004), p. 176.

⁸³⁰ Amorim (2011), p. 504.

⁸³¹ Author's interview with Amorim.

⁸³² Amorim (2013), chapter 3, paragraph 4-7.

disagreement within it the final decision is made by the Itamaraty, and so Brazil made no offer.⁸³³

In essence, Brazil's strategy in 2003 became further entrenchment of the Cardoso administration's stance: demanding US reciprocity in the making of concessions, while seeking regional alliances to increase Brazilian leverage. 'We want free trade, but free trade that is characterized by reciprocity', Lula declared.⁸³⁴ A complicating factor was that several other participating states wished to speed up the talks. Amorim decided to repeat Cardoso and Lampreia's strategy of uniting Mercosul behind Brazil's interests so he could speak for the entire bloc.⁸³⁵ Still, within Mercosul divergence appeared when members presented individual offers on investment, services and government procurement.⁸³⁶

In what signified a shift away from politicization of the FTAA during the presidential campaign to a more pragmatic approach to foreign trade in 2003, Brazil revived Mercosul-EU trade talks. In these, although here too agriculture was a thorny issue, other sensitive topics such as services and investment stayed closer to WTO rules, unlike the FTAA negotiations in which the United States still pursued NAFTA-type agreements. Moreover, a deal with the EU would not make Mercosul irrelevant, in contrast to a potential FTAA. All these circumstances made talks with the EU more attractive to Brasilia, which even began to speak of 2004 as a concluding year for the Mercosul-EU talks, even earlier than the prospective conclusion of the FTAA.⁸³⁷

Differentiated offers

As indicated, Brazil refused to make an FTAA offer in February. Adhemar Bahadian, who co-chaired the talks together with the United States' Peter Allgeier, remembers the negotiations as being very difficult from the beginning. Brazil made no offer because it wished to hear first the US position on agriculture. This issue was then moved to the Doha Round. Despite being responsible for leading the negotiations to a satisfying conclusion, both co-chairs were in fact the main hardliners, unwilling to move on precisely those issues of interest to the opposing side.⁸³⁸

The United States did make an offer, one that outraged Brasilia. Washington differentiated between Latin American regions, giving Mercosul the least attractive offer for

⁸³³ Author's interview with Rodrigues.

⁸³⁴ Cervo and Bueno (2008), p. 496.

⁸³⁵ Amorim (2011), p. 508.

⁸³⁶ Arashiro (2011), p. 42.

⁸³⁷ Oliveira (2003), p. 322.

⁸³⁸ Author's interview with Bahadian.

market access. The United States would drop tariffs for Mercosul for 50 per cent of agricultural products and 58 per cent of non-agricultural goods. Andean countries, Central America and the CARICOM all received better access (for, respectively, 68, 64 and 85 per cent of agricultural goods and 61, 66 and 91 per cent of non-agricultural goods).⁸³⁹ The US justified its offer as being based on the ‘level of development of countries’, favouring the least developed with better deals. Although such a practice may be quite common in international trade, as a justification it understandably fell on deaf ears in Brasilia. No one could argue that Colombia was less developed than Paraguay. Brazil interpreted the offer as eliminating the very element that made multilateral trade negotiations attractive—namely, that preferences could not be granted on a discretionary basis.⁸⁴⁰ Brazil’s reaction should have come as no surprise because the offer clearly disadvantaged it vis-à-vis other states. Additionally, in terms of agricultural products of special interest to Brazil, tariffs would be eliminated in no less than ten years, further disadvantaging Brazil.⁸⁴¹

If anything, the US offer offended Brazilian officials and therefore had a negative effect on the FTAA negotiations. As Bahadian recalled, the Brazilian side was ‘irritated’ and felt ‘the game was not fair’.⁸⁴² Regis Arslanian, then Brazil’s chief FTAA negotiator, confirmed Brazil ‘got kind of upset it was a differentiated offer’.⁸⁴³ Amorim’s immediate response was to rally his Mercosul partners behind the Brazilian rejection of the offer by traveling to Argentina and publicly stating Brazil’s position on the matter. This had the desired effect of preserving Mercosul unity, which was then further strengthened with the election of Kirchner that same year.⁸⁴⁴

As Arashiro puts it, the differentiated offers ‘doomed’ the FTAA.⁸⁴⁵ She asks the question whether the United States overplayed its hand and made a miscalculation in terms of the amount of pressure it could place on Brazil, or whether the offer reflected the bilateral ambitions of the Bush administration. Christopher Padilla, assistant USTR, explained the US position:

‘Other than Brazil, what country in the region competes with the United States economically [in certain areas]? There really isn’t one. Mexico maybe, or Canada in some areas. I can understand why they [demanded a non-differentiated offer]. It was in their advantage to say,

⁸³⁹ Ricupero (2003), p. 43.

⁸⁴⁰ Oliveira (2003), p. 319.

⁸⁴¹ Amaral Jr. (2003), p. 30.

⁸⁴² Author’s interview with Bahadian.

⁸⁴³ Author’s interview with Arslanian.

⁸⁴⁴ Author’s interview with Amorim.

⁸⁴⁵ Arashiro (2011), p. 135.

“Within the region everybody gets the same deal”. But we were not willing to give up that leverage’.⁸⁴⁶

It appears, then, that one of the reasons the USTR deviated from multilateralism toward bilateralism was to purposefully protect its own interests from Brazil’s competition. A result, however, was that Brazilian negotiators began to publicly discard the FTAA, instead promoting the pursuit of bilateral Mercosul-US (known as ‘four-plus-one’) negotiations in which the bloc’s interests could be better served, while also redirecting attention to talks with the EU and to the WTO negotiations, which seemed a more promising platform for progress on the issue of agricultural subsidies.⁸⁴⁷ After all, although Brazil was displeased with the unattractive market access offer, agricultural subsidies, as well as other non-tariff barriers, were the main area in which Brazil stood to gain.⁸⁴⁸ To illustrate, a survey carried out by the Instituto de Estudos para o Desenvolvimento Industrial (Institute for the Study of Industrial Development, IEDI) among its roughly 50 members (executives of large Brazilian companies) concluded that agriculture was the only area in which Brazil was ‘very competitive’, and that the FTAA would be a ‘good commercial deal’ if it eliminated ‘non-tariff barriers and subsidies that restrict’ Brazil’s exports.⁸⁴⁹ The Itamaraty’s attention thus understandably shifted to the approaching WTO round.

Three-track negotiations and the impact of Cancún

Still, Brazil did not yet completely abandon the FTAA. Instead, in line with its demand for reciprocity, it granted itself the right to remove those issues from the table that it considered most sensitive. After all, if the United States could remove issues like agricultural subsidies and anti-dumping legislation, then Brazil surely could remove intellectual property.⁸⁵⁰ At this point, Amorim developed what became known as the ‘three-track approach’, a plan he laid out to Zoellick at a meeting in Rio de Janeiro in May 2003. The idea was that negotiations would continue, but on three different levels, dependent on the issues at hand. Those that were too sensitive for either party (agricultural subsidies for the United States, and investment, services and intellectual property for Brazil) should be reserved for the multilateral Doha Round negotiations, a meeting of which would take place later that year in Cancún, Mexico. Second, trade rules and regulations that were indispensable in any trade

⁸⁴⁶ Author’s interview with Padilla.

⁸⁴⁷ Arashiro (2011), p. 135.

⁸⁴⁸ Staub (2001), p. 9.

⁸⁴⁹ Instituto de Estudos para o Desenvolvimento Industrial (2002), p. 2-11.

⁸⁵⁰ Barbosa (2014), p. 118.

agreement, such as those relating to rules of origin and customs policy, should be discussed on the second track, the FTAA talks. The third track would concern market access and should be agreed bilaterally, or, in the case of Brazil, directly between the United States and Mercosul.⁸⁵¹

Although Zoellick did not exactly embrace Amorim's proposal, the deadlock in the negotiations prevented him from rejecting it, and he expressed his wish to move forward adopting 'a problem-solving approach'.⁸⁵² In practice, Amorim's proposal would gut the FTAA project. The ministerial negotiation groups were no longer at the helm of the talks, and the single undertaking, once the basic principle on which the agreement would be built, was effectively eliminated by allowing bilateral talks. It is important to note, however, that Amorim's proposal was a reaction to the earlier US shift from multilateral to bilateral negotiations. Brazil's foreign minister maintained that his proposal did not intend to deconstruct the FTAA project itself, but rather how the FTAA was conceived.⁸⁵³ His three-track approach was a consequence of the negotiation strategy already applied by the United States—namely, discussing each issue at the level where US interests could best be protected. As one scholar notes, bilateralism under Zoellick's competitive liberalization, which had begun as a means to increase US leverage in the FTAA negotiations, now became an end outside of the FTAA.⁸⁵⁴ Instead of convincing Brazil to temper its demands out of fear of missing the boat of US market access, it had pushed Brazil to torpedo the FTAA project as a whole. This could provide an answer to Arashiro's question, noted above, as to whether the United States overplayed its hand and made a miscalculation when applying pressure on Brazil.

Amorim's first track would come into action in September 2003 when the Doha Round meeting took place in Cancún. Agricultural subsidies in developed countries became the main issue of the summit. In the earlier Uruguay Round, the issue had been agreed between the European Community and the United States in the so-called Blair House Agreement. This agreement, although it signified a shift in perspective on the importance of liberalizing agricultural trade, had not gone far enough in the eyes of many less-developed states that were large exporters of agricultural products. As one account on the agreement points out, although it purported to shift away from trade-distorting subsidies, in reality more than 60 per cent of the support provided to agricultural sectors continued to distort trade.

⁸⁵¹ Amorim (2013), chapter 3, paragraph 13-14.

⁸⁵² Author's interview with Amorim.

⁸⁵³ Amorim (2011), p. 510.

⁸⁵⁴ Nelson (2015), p. 108.

This had a particularly detrimental effect on the competitive position of farmers in less-developed countries.⁸⁵⁵

Leading up to the summit in Cancún, Brazil learned that the United States and the EU were again preparing a document on agriculture. Brasília immediately feared that Cancún would become a repetition of Blair House. In the Cairns Group (a group of agriculture-exporting less-developed countries plus Australia, Canada and New Zealand that seeks to further the liberalization of global agricultural trade), Brazilian Agriculture Minister Rodrigues proposed preparing an alternative document to counter the US-EU proposal, but he found little support. Brazil therefore decided to go at it alone, preparing a paper that Brazil's WTO representative Luiz Felipe de Seixas Corrêa then promoted in Geneva.⁸⁵⁶ Eventually he managed to persuade 19 countries, among which were India, South Africa and China, to sign the paper. The signatory states would become known as the G-20. Presenting himself as its leader in Cancún, Amorim then used the group's paper to press for significant reductions in subsidies in the United States and Europe, a demand that would eventually lead to the failure of the Doha Round meeting. In Amorim's words, the US-EU proposal meant a 'lowering of ambition of other countries'.⁸⁵⁷ Brazil would not let that happen, and it shocked the United States and EU by leading its G-20 block to derailing the Cancún meeting.

To the indignation of US officials, Brazil and the G-20 states celebrated the failure of 'Cancún' as a victory.⁸⁵⁸ What Washington seemingly failed to see was that the failure was felt mostly in the United States and Europe, while G-20 states like Brazil, India and China perceived they would not have gained much had the US-EU proposal been accepted.⁸⁵⁹ According to Rodrigues, an agreement would have approved '20 more years of high subsidies' that harmed Brazilian interests.⁸⁶⁰ But even more, Cancún was perceived to be a victory by less-developed states because it signified a break from the standard proceedings of the WTO and its predecessor the GATT, in which a small group of powerful countries (the United States, the EU, Japan and Canada) made the decisions. Contrary to interpretations of the G-20 as mere obstructionists to 'free trade', in Cancún these countries demanded a say in the construction of the global free-trade framework, opposing protectionism in the United States and the EU, which were in their eyes the real obstructionists.⁸⁶¹

⁸⁵⁵ Trebilcock and Howse (2005), p. 365.

⁸⁵⁶ Author's interview with Rodrigues.

⁸⁵⁷ Author's interview with Amorim.

⁸⁵⁸ Author's interview with Padilla.

⁸⁵⁹ Moniz Bandeira (2004), p. 300.

⁸⁶⁰ Author's interview with Rodrigues.

⁸⁶¹ Amorim (2010), p. 218; Bosco and Stuenkel (2015), p. 24.

Shortly after the Cancún summit, Zoellick published an op-ed article in the *Financial Times* titled 'America will not wait for the won't-do countries' in which he lamented that 'victory' in Mexico had been 'defined [...] in terms of political acts rather than economic results'. He furthermore indicated that the United States would continue its course and 'move towards free trade with can-do countries'.⁸⁶² Three days later, Amorim countered with an op-ed in the *Wall Street Journal* in which he denied he had been merely interested in a 'North-South' confrontation. Instead, he argued that a positive aspect of Cancún was that 'attempts by major trading powers to dilute the Doha mandate on agriculture did not prosper, and the voice of the developing world was taken into consideration'.⁸⁶³

The FTAA abandoned

However one interprets the events in Cancún, the stand-off would have its impact on the FTAA, which held a ministerial meeting only two months later in Miami. The United States had taken agricultural subsidies off the FTAA table to discuss at the WTO. Now, without an agreement, it seemed impossible to accede to a main Brazilian demand in the FTAA. This severely lowered Brazil's potential gains from a deal, which in turn obviously affected its preparedness to make concessions. In order to keep the hemispheric talks alive, Brazil proposed discussing a deal on two tracks, one for topics on which all countries agreed and the other for those issues around which deeper commitments were necessary. Each country could decide for itself which track it wished to sign on to. The Ministerial Declaration recognized 'that countries may assume different levels of commitments', further allowing 'for countries that so choose, within the FTAA, to agree to additional obligations and benefits'.⁸⁶⁴ The new format, dubbed 'FTAA à la carte' or 'FTAA-light', signified the official dropping of the single undertaking.

Brasília defended its move by pointing out that with its main topics of interest off the table, it saw no point in discussing US interests that were highly sensitive to Brazil. Instead, a 'traditional' free-trade agreement purely focused on tariff reduction and elimination could be discussed and hopefully agreed. According to its chief negotiator, Brazil was prepared to include 90 per cent of goods in such talks. The deal may have been 'light', but Brazilians were aware that more was not possible at that stage.⁸⁶⁵ Zoellick seemed to agree when he supported the idea and announced the FTAA was moving forward.⁸⁶⁶

⁸⁶² Zoellick (2003).

⁸⁶³ Amorim (2003).

⁸⁶⁴ Summit of the Americas, Eighth Ministerial Meeting, 'Joint Declaration', 20 November 2003.

⁸⁶⁵ Author's interview with Arslanian.

⁸⁶⁶ Nelson (2015), p. 106.

However, a few days after the meeting, several countries, including Mexico, Chile and Costa Rica, pressured the United States into withdrawing its support for the two-track option and instead pursuing a more ambitious deal.⁸⁶⁷ Countries opposed to this more comprehensive track, including Venezuela, Bolivia, Argentina, Ecuador and, of course, Brazil, refused to continue on such course. Effectively from that moment on the FTAA was abandoned. Two years later, at the Summit of the Americas in Mar del Plata, Argentina, Hugo Chávez made a spectacle of ‘burying’ the FTAA. However, the project had already died at the Miami ministerial in 2003, almost nine years after its inception in the same city.

US demands and Brazilian agency

Like any state in the Western Hemisphere, Brazil was asymmetrically dependent on the United States. For example, the United States was Brazil’s largest single-state trading partner between 1994 and 2003, representing between 20 and 23 per cent of Brazilian imports and between 17 and 26 per cent of Brazilian exports annually.⁸⁶⁸ The US share of FDI into Brazil’s economy between 2001 and 2005 fluctuated from 14 to 25 per cent, before showing a drop in the next few years.⁸⁶⁹ Brazil’s market size and regional influence gave it certain power in the Realist sense, meaning that it was better equipped to challenge the US hegemon than any other Latin American state. However, such relative leverage alone proved insufficient to oppose Washington. Instead, Brasilia took full advantage of the Liberal character of post-Cold War inter-American relations, exploiting the multilateral format of the FTAA and rallying its Mercosul partners, as well as other Latin American states, behind its cause on numerous occasions.

The causes of FTAA failure were manifold and certainly not confined to the stand-off that developed over the years between the United States and Brazil. That said, lack of Brazilian consent to the FTAA as envisioned by Washington was a decisive factor. In the eyes of Brasilia, the proposed FTAA harmed, rather than served, Brazilian interests. Nonetheless, Brazil never really opposed the FTAA project per se. Instead, it decided to consider the US proposal and then actively worked to mould that project into something more palatable, often taking the initiative and applying several strategies.

At the beginning of the negotiations, the Cardoso administration treaded with caution, while slowing down the process to allow the Brazilian economy and Mercosul to prepare for trade liberalization. This was in part due to worries Brasilia had about the US-

⁸⁶⁷ Barbosa (2014), p. 123.

⁸⁶⁸ WITS Database. The EU trading bloc accounted for a larger share in imports and exports over the same period.

⁸⁶⁹ UNCTAD. The annual EU share was consistently larger than that of the United States.

centred hub-and-spoke format of the FTAA. From the start, Brazil expressed its objections to the NAFTA-accession structure and made clear its preference for allowing regional blocs to negotiate as groups. The United States opposed this until, at the Belo Horizonte ministerial, it had to accept the regional blocs as well as the single undertaking, the gradual implementation of trade-barrier elimination and the possible exclusion of certain products or sectors. These US concessions were testament to Brazil's effective negotiating tactics.

Still, in the early stages of the talks it turned out that Brazil did not really need to slow down the process; this was achieved by the Clinton administration and the US Congress, both of which failed to commit the United States to the FTAA by not equipping the USTR with fast-track authority. This provided Brazil with the opportunity to question US leadership in the FTAA, rally other states around Mercosul and initiatives for South American integration, and extract concessions from the United States in the FTAA negotiation structure.⁸⁷⁰ Brazil's message resonated with other states like Argentina and Chile, which saw that the United States was an unreliable hegemon. Their professed readiness to follow the US lead and sign up for NAFTA did not lead to the promised benefits.

Fast-track authority was a major issue, which is evident from a statement USTR Barshevsky made during her confirmation hearing before the Senate Committee on Finance. When asked about the importance of fast-track for negotiations with Mercosul, Bolivia, Chile and the Andean Pact, Barshevsky explicitly stated that she perceived fast-track to be indispensable, saying, 'Absent fast-track, they will not deal with us'.⁸⁷¹

The fast-track issue demonstrates how domestic politics may greatly affect US foreign-trade policy. Brazil happily made use of the situation by further challenging US leadership with demands of reciprocity. Although it is unwise to speak in counterfactuals, it seems likely that Washington would have been able to steer the FTAA project in a much more favourable direction had the Clinton administration had fast-track authority early on. After all, the NAFTA-accession format was highly popular among most Latin American states at the beginning of the FTAA talks, which may have made it harder for Brazil to obstruct the approach at that time. Therefore, the lack of fast-track is a likely cause of FTAA failure and of frustration of the US hegemonic ambitions that lay at the root of the project. Moreover, it gradually provided Brazil with a growing group of allies that opposed the FTAA. The 'pink-tide' leftist governments that came to power in Latin America in the late 1990s and early 2000s were highly sceptical of free trade with the United States, changing the playing field of negotiations that in the mid-1990s had been overwhelmingly pro-free trade. As such, Brazil's leverage increased with time.

⁸⁷⁰ Nelson (2015), p. 88.

⁸⁷¹ Barshevsky, Hearing Before the Committee on Finance, US Senate, 29 January 1997.

An often-heard explanation for the failure was that Brazil simply had no interest in the FTAA and actively worked to obstruct the project from the very beginning.⁸⁷² One line of argument maintains that Brasilia preferred deepening Mercosul and saw this as incompatible with a hemisphere-wide deal.⁸⁷³ Another perceives a realist bargain made by Brasilia between economic gains (which the FTAA would presumably generate) and political power (which Brazil presumably would lose, were the FTAA established), in which the latter prevailed over the former.⁸⁷⁴ US officials involved in the negotiations echoed such notions of Brazilian obstruction and disinterest.⁸⁷⁵

A more nuanced view, backed by the available evidence, is that Brazil was in fact interested in the FTAA but sought to protect the national interests that would have been harmed by the format initially proposed: a hub-and-spoke system built around a US hub, swift implementation and the inclusion of topics sensitive to Brazil's economy, while excluding those that were most important to Brasilia.⁸⁷⁶ This view is sustained by the positions the Brazilian government took throughout the FTAA talks, demonstrating interest in a deal as long as it furthered Brazil's interest. At Airlie House, Abdenur tried to find a balance between acceptance and rejection of US hegemony, 'not to let the United States play the role of hegemon too excessively'.⁸⁷⁷ This balancing act clearly illustrates that Brazil tried to make US hegemony work in its favour. If its interests could be furthered, Brazil was ready to accept US leadership.

Similarly, Amorim denied he was against the project. He, too, emphasized that his intention was to balance the FTAA so that it would serve all countries involved, hardly an unreasonable or obstructionist demand in a trade negotiation.⁸⁷⁸ As mentioned above, two internal assessments made by the Itamaraty recommended Brazilian cooperation and active involvement in the FTAA process.

Brazilian officials almost constantly emphasized their willingness to negotiate free trade as long as this meant Brazilian exports would have improved market access in other (mainly US) markets, particularly through the elimination of non-tariff trade barriers. For example, in Belo Horizonte, Lampreia stated, 'Brazilian society only entertains a negotiation that broadens the access to the Brazilian market of goods and services and the investment opportunities in Brazil if it guarantees the effectively unimpeded access of our exports to the

⁸⁷² Feinberg (1997), p. 176; Oliveira (2003), p. 312.

⁸⁷³ Cason (2000), p. 36.

⁸⁷⁴ Weyland (2016), p. 156.

⁸⁷⁵ Author's interview with Barshefsky; Padilla.

⁸⁷⁶ Burges (2017), p. 69; Nelson (2015), p. 147; Visentini (2013), p. 105.

⁸⁷⁷ Author's interview with Abdenur.

⁸⁷⁸ Amorim (2011), p. 506.

markets of our partners in the Americas'.⁸⁷⁹ Ambassador Barbosa repeated the same message before the US Senate in 2000, insisting on the FTAA being 'a two-way street' and a 'win-win negotiation' if it ever were to become a reality.⁸⁸⁰ Interviews with Brazilian officials involved during the later phase of the negotiations under Lula also confirm a genuine Brazilian interest in establishing the FTAA.⁸⁸¹

Rather than obstructionist, a better description of Brazil's position would be one of caution. Like any country, it sought to maximize gains and minimize losses. And Brazil was very aware of what it stood to gain, particularly in terms of exports to the US market. However, Brazil was also aware of its own vulnerability, especially vis-à-vis the much more advanced and competitive economies of the United States and Canada.⁸⁸² Therefore, it applied several strategies to protect its national interest.

First, it demanded discussion of US agricultural subsidies and other protectionist non-tariff measures. Realizing that alone Brazil did not have enough leverage to make such demands, Brazilian officials applied buffering and soft-balancing behaviours by using Mercosul to form a bloc of countries that would support its position. Preventing the undermining of Mercosul during the FTAA project's construction became a priority for Brasilia. In the words of Abdenur, 'We welcomed the major American political decision to integrate with Latin America, but we were very keen to preserve Mercosul'.⁸⁸³ This demonstrates that Brazil was indeed interested in the FTAA, but wished to stand strong and protect its interests and leverage in the negotiation process.

US officials appear to almost constantly have mistaken this Brazilian position for outright obstruction. Such misunderstanding may have been mutual, as one scholar pointed out.⁸⁸⁴ Interviews conducted by the author confirmed the prevalence among US officials of the idea that Brazil opposed the United States and that it played a continuous power game of win or lose.⁸⁸⁵ One official expressed indignation regarding Brazilian demands for reciprocity.⁸⁸⁶ At the same time, Brazilian officials scoffed at accusations of anti-Americanism or of seeking to rival Washington for regional power. In the words of one Brazilian diplomat, 'That is the problem with the Americans. Our ideas are as valid as theirs, [but] they disqualify our ideas. "They want to be a regional leader". We just want to defend our national

⁸⁷⁹ Lampreia (1999), p. 319.

⁸⁸⁰ Barbosa (2000), p. 7.

⁸⁸¹ Author's interview with Amorim; Arslanian; Rodrigues.

⁸⁸² Lampreia (1997), p. 6.

⁸⁸³ Author's interview with Abdenur.

⁸⁸⁴ Burges (2017), p. 197.

⁸⁸⁵ Author's interview with Maisto; Padilla.

⁸⁸⁶ Author's interview with Maisto.

interests'.⁸⁸⁷ This insistence on national interest as opposed to a presumed ideological anti-Americanism that underlay Brazilian positions was also underscored by Amorim.⁸⁸⁸

US-perceived Brazilian anti-Americanism could be a cause of the FTAA's failure. Unsurprisingly, however, this is strongly denied by several of the Brazilian officials involved. Arslanian admitted there were anti-American elements in the Lula administration, but he claimed that these had no influence on Brazil's position in the negotiations. He insisted that the negotiations failed because the United States would not give Brazil what it wanted, market access.⁸⁸⁹ Abdenur adds that the negotiation became nearly impossible because the United States made 'outrageous' demands that were 'totally unacceptable from the point of view of Brazil'.⁸⁹⁰

The picture that emerges is thus one in which the FTAA talks between Brazil and the United States failed, not as a consequence of Brazilian obstructionism or anti-Americanism, but because of a calculated cost-benefit analysis made in Brasilia that demonstrated the FTAA was detrimental to Brazilian interests. In other words, Brazil felt US demands were too high and US offers too low. Ideology may have played a part in this cost-benefit analysis. Seeing itself as a regional leader, Brazil may have perceived acquiescence to US demands as a loss in terms of its regional role and reputation. Still, in direct economic costs and benefits, perhaps the biggest issue for Brazil was that of agricultural subsidies. The 2002 US Farm Bill was a blow, as was the increase in tariffs on steel imports, because both measures directly harmed Brazilian interests. This led to suspicions in Brasilia that the United States was insincere in the FTAA.

When Zoellick became USTR, differentiated offers to regional groups greatly offended Brazil, while competitive liberalization meant a move away from Liberal-internationalist multilateral cooperation toward Realist coercion. Whereas the United States seemingly hoped to pressure Brazil into being more cooperative, this approach had the opposite effect. Brazil saw the move as a confirmation that the United States was not prepared to make an attractive offer, and it began to distance itself from the FTAA project, rallying other states behind its cause. To make matters worse, the United States took the agricultural issue completely off the table, moving it to the WTO instead. When 'Cancún' failed, particularly because of Brazilian agency, Washington refused to discuss the issue in the FTAA. This eliminated the main interest Brazil had in discussing a deal and led to serious disappointment on the Brazilian side. Ambassador Barbosa recalled that at every meeting he

⁸⁸⁷ Author's interview with Fonseca Jr.

⁸⁸⁸ Author's interview with Amorim.

⁸⁸⁹ Author's interview with Arslanian.

⁸⁹⁰ Author's interview with Abdenur.

had in Washington, US officials always assured him that everything was on the table.⁸⁹¹ Brazilian co-chair Bahadian recalled the same US message, adding that because Brazil had already gone far (from the Brazilian perspective) in the WTO in terms of intellectual property, Brazilian negotiators hoped the United States and EU would repay this concession, particularly in the area of agriculture.⁸⁹² However, US demands remained much higher than the Brazilians believed they could accept, not only on intellectual property but also in the areas of government procurement, services and investment.⁸⁹³

In sum, the FTAA did not offer Brazil the benefits it sought, which made the costs of agreeing with US demands far too high. Within the multilateral character of inter-American relations of the 1990s and 2000s, Brazil could translate its dissent into effective and ultimately decisive agency. From taking the initiative at Airlie House and rallying South American states behind its cause during the ministerial meetings, to forming the G-20 and causing the WTO Cancún debacle, Brazil made sure it sat in the driver's seat. Washington may have absorbed the resulting blow of the FTAA collapse through bilateral agreements, but it lost the greatest prize of all, a free-trade deal with Mercosul.

⁸⁹¹ Barbosa (2014), p. 109.

⁸⁹² Author's interview with Bahadian.

⁸⁹³ Author's interview with Arslanian; Bahadian.

Five

Consent: Peru's Pursuit of the US-PTPA

When the Free Trade Area of the Americas (FTAA) negotiations floundered, it became clear that a deal, if ever agreed, would definitely not meet the 2005 deadline. Under US Trade Representative (USTR) Robert Zoellick, 'competitive liberalization' became the new US strategy, compelling Latin American states to engage in bilateral negotiations with the United States out of fear of being outdone in competition with other Latin American states. Through this process, one by one, states in the Western Hemisphere would sign deals with the United States, Zoellick hoped. The result would be the same as what the FTAA had set out to achieve: the entire region would be pulled more closely into the US economic sphere of influence.

Several Latin American states also regretted slow progress in the talks and were keen to sign deals of their own with the United States. Chile was the first to do so in June 2003. That same year, negotiations started with El Salvador, Guatemala, Honduras and Nicaragua for what would be the Central American Free Trade Agreement (CAFTA), which the Dominican Republic joined in 2004 (changing the agreement's name to DR-CAFTA). The governments of these countries clearly believed they would gain from closer economic ties with the United States, even if this meant they needed to negotiate with the US hegemon individually (or in a small and economically very weak group, such as happened in DR-CAFTA). Individual negotiation meant greater asymmetry and less leverage for the smaller states, precisely what Brazil had sought to avoid in the FTAA by negotiating through the Common Market of the South (Mercosul). In bilateral negotiations, the United States had a clear advantage, and concessions on the part of the smaller states were likelier. Nonetheless, Colombia, Panama and Peru soon expressed interest in following in Chile's and the Central American states' footsteps.

This chapter focuses on Peru and its quest to sign a free-trade deal with the United States. It particularly highlights the agency of the Peruvian government in initiating the talks, in moving the negotiations forward and in getting the deal through the US Congress. Peruvian agency in this regard was based on the conviction, prevalent among Peruvian policymakers, that Peru would gain much from a free-trade agreement (FTA). Close trade relations with the United States had been largely beneficial to Peru's development in the preceding years, and Peruvians were happy to consent to US hegemony in order to obtain more such benefits. The 'Washington Consensus', having lost popularity in many other Latin American states, was still alive in Peru in the early 2000s.

The next section provides a succinct contextualization of Peruvian affairs during the period preceding negotiations for the FTA. It briefly touches on Peru's politics and economic policies during the 1970s and 1980s, and particularly discusses the country's favourable views towards free trade later on. The failure of the FTAA and Peru's economic dependence on the United States, then, inspired Peru's pursuit of a bilateral FTA with the United States. The third section offers a detailed description of the negotiation process, starting with attempts to negotiate an Andean Free Trade Agreement (AFTA, including Colombia and Ecuador) with the US until Peru reached agreement bilaterally. The fourth section focuses on Peruvian efforts to get the FTA passed by the US Congress. Peruvian officials played a crucial part in the agreement's ratification. Finally, the last section places the case in the context of an asymmetrical negotiation process between a dependent subordinate-state and a much more powerful but less interested hegemon. As such, it makes a case for the relevance of subordinate-state consent and agency for understanding how the US-Peru FTA came about.

Peru's interest in free trade

Peruvian government support for free trade with the United States had certainly not been a constant in the decades preceding the end of the Cold War. In the late 1960s, after a military junta seized power via a coup d'état, a left-wing military dictatorship under the leadership of General Juan Velasco Alvarado (1968-1975) implemented a nationalist economic policy that aimed to lessen Peruvian dependence on international actors, most notably the United States, which it held responsible for many of the country's social and economic problems.⁸⁹⁴ One measure soon put the Velasco government on a collision course with Washington: nationalization of oil and mineral industries, which meant the expropriation of the assets of international companies operating in Peru.⁸⁹⁵ Peru then signed a trade agreement with the Soviet Union that the government hailed as the 'opening of a new commercial front' that ended Peru's one-directional trade with the United States.⁸⁹⁶ Together with Bolivia, Chile, Colombia and Ecuador, in 1969 Peru established the Andean Pact, which aimed to boost regional industrialization and substitute dependence on imports by integrating these countries' economies.

Like most Latin American governments during the 1970s, the Peruvian regime acquired massive foreign debt, mostly through excessive borrowing. To illustrate, between 1968 and 1980, Peruvian debt increased roughly fourteenfold, reaching US\$1 billion and then

⁸⁹⁴ Clayton (1999), p. 254.

⁸⁹⁵ Mauceri (1997), p. 17; Walter (2010), pp. 148-149.

⁸⁹⁶ Walter (2010), p. 172.

further swelling to US\$1.4 billion by 1985.⁸⁹⁷ This was in spite of a change in policy by a new government under the leadership of General Francisco Morales Bermúdez (1975-1980). Morales abandoned state capitalism and economic nationalism in favour of an economic-stabilization policy that aligned more with neoliberal practices.⁸⁹⁸ Nonetheless, these measures failed to ward off an economic depression that lasted until 1990. In 1980, Peru transitioned to democracy, holding elections that were won by former President Fernando Belaúnde (1980-1985) of Acción Popular (Popular Action, AP). Faced with what would become Peru's 'lost decade' of debt crisis, at first Belaúnde continued to spend, pushing Peru's budget deficit to 11.9 per cent of GDP by 1983.⁸⁹⁹ He extended the Morales regime's agenda of favouring businesses, foreign direct investment and privatization of state enterprises, while neglecting the popular sectors.⁹⁰⁰ Hit hard by the economic malaise, Peruvians then elected Alan García of the leftist Alianza Popular Revolucionaria Americana (American Popular Revolutionary Alliance, APRA) to the presidency (1985-1990). García's populist denouncement of capitalism may have enthused the electorate, but his administration exacerbated Peru's economic troubles. He reduced government debt repayments, challenged international companies that operated in Peru, increased public spending and attempted to nationalize private banks.

As a consequence, by 1990 Peru's economy was in dire straits, having experienced an economic decline during the 1980s that was unparalleled in South America.⁹⁰¹ Inflation-adjusted per capita GDP had shrunk to less than the 1960 level, while the real minimum wage stood at less than a quarter of the 1980 figure.⁹⁰² During García's five-year term, average annual inflation stood at 967 per cent, climbing to 1,722 per cent in 1988 and reaching 2,776 per cent in 1989.⁹⁰³ Peruvians once again desired change, but they were also concerned about further hardship that austerity measures proposed by Frente Democrático (Democratic Front, FEDEMO) presidential candidate Mario Vargas Llosa might bring. Therefore, they instead elected Alberto Fujimori (1990-2000) of Cambio 90 (Change 90), who promised to gradually fix Peru's economy.

Ironically, hardly any Latin American government came to illustrate the surge in popularity of the Washington Consensus among Latin American leaders in the early 1990s more than Fujimori's administration. Almost immediately after taking office, he reneged on his campaign promise and implemented a drastic economic reform program that became

⁸⁹⁷ Clayton (1999), p. 262.

⁸⁹⁸ Mauceri (1997), p. 18; McClintock and Vallas (2003), pp. 29-30.

⁸⁹⁹ McClintock and Vallas (2003), p. 32.

⁹⁰⁰ Mauceri (1997), p. 30.

⁹⁰¹ McClintock (1993), p. 113.

⁹⁰² McClintock and Vallas (2003), p. 93.

⁹⁰³ Pastor and Wise (1992), p. 90.

known as 'Fujishock'. First, Fujimori announced the elimination of price controls, which led to soaring prices for basic goods and foodstuffs. Other measures included exchange-rate liberalization, import-tariff reduction, export-tariff elimination, capital-market liberalization, fiscal reform, lay-offs in government and state-owned enterprises, privatization of state-owned enterprises and financial institutions, elimination of employment security laws, elimination of wage indexation, easing of labour laws and protection, and privatization of social security.⁹⁰⁴ As one analyst remarked, in a few years' time, 'Peru was transformed from pariah to darling of the financial world'.⁹⁰⁵ Although many Peruvians greatly suffered the consequences of Fujishock, by combining neoliberalism with neo-populism Fujimori managed to maintain broad support for his policies, presenting his administration as doing what had to be done to save the country.⁹⁰⁶

Fujimori pushed through most of these policies via presidential decrees, issuing more than 900 in the first years of his presidency. In 1992, he went even further, suspending Peruvian democracy by closing down the Congress, purging much of the judiciary and declaring emergency rule in a so-called '*autogolpe*' (self-coup).⁹⁰⁷ The election that eventually followed the *autogolpe* gave Fujimori a majority in Congress, providing support for his free-market policies and enabling him to run for re-election. As such, Fujimori had cunningly gotten rid of the previous Congress that would not have supported either measure. He also managed to convince Peruvians that he needed unrestricted power to fight Peru's Sendero Luminoso (Shining Path) guerrillas and stabilize the economy.⁹⁰⁸ Although the international community disapproved of the *autogolpe* and Fujimori's economic stabilization program was 'the harshest [...] ever adopted in Latin America', most Peruvians continued to support him.⁹⁰⁹

Fujimori's 'reinsertion' of Peru into the global economic system closely aligned with the George H.W. Bush administration's (1989-1993) Enterprise for the Americas Initiative (EAI) and its proposals of debt relief, foreign private investment and hemispheric free trade.⁹¹⁰ Fujimori resumed debt payments and Peru began debt relief talks in Washington.⁹¹¹ In terms of foreign trade, drastic tariff eliminations opened up Peru's economy. The total number of tariff categories dropped from 39 to only three, while the average import tariff fell from 46.5 per cent in 1990 to 13.5 per cent in 1998. Similarly, non-tariff barriers were

⁹⁰⁴ Stokes (1997), p. 214.

⁹⁰⁵ Stokes (2012), p. 163.

⁹⁰⁶ Weyland (1996), p. 9.

⁹⁰⁷ Arce (2005), p. 38.

⁹⁰⁸ Weyland (2002), p. 171.

⁹⁰⁹ Cameron (1997), p. 48.

⁹¹⁰ Ramacciotti and Méndez (2012), p. 104.

⁹¹¹ McClintock and Vallas (2003), p. 94.

lowered.⁹¹² In Fall 1991, Fujishock produced its first results when the International Monetary Fund (IMF) officially approved Peru's stabilization program, the Inter-American Development Bank (IDB) granted the country a US\$1.7 billion loan, and the Paris Club of creditor states rescheduled Peru's entire outstanding debt of US\$6.6 billion.⁹¹³

An important factor in Peru's economic growth during the 1990s was the Andean Trade Preferences Act (ATPA), passed in 1991 by the US Congress. The law coupled trade preferences to counternarcotics policy and sought to encourage licit crop cultivation in areas where Andean farmers grew coca by entirely dropping US import tariffs on certain products from Bolivia, Colombia, Ecuador and Peru. Preferences under the ATPA were granted to Peru in August 1993 with an expiry date in December 2001.⁹¹⁴ During the 1990s, Peru's total trade grew significantly. Exports increased from US\$2.7 billion in 1989 to US\$6.1 billion in 1999. Trade with the United States grew in absolute terms, and the country remained Peru's most important trading partner by far, even if trade with the United States declined as a relative share of Peru's total trade during most of the 1990s because of increased Peruvian trade with Asian nations and other Latin American states.⁹¹⁵ At the end of the decade, the US relative share of Peruvian trade began to increase, reaching over 32 per cent in 1998 compared to 16 per cent in 1994.⁹¹⁶

However, in 2001 the ATPA expired after Andean countries failed in their efforts to have the preferences renewed. Eduardo Ferreyros Kupperts, who later would become Peru's trade minister, worked at the Ministry of Foreign Trade and Tourism (MINCETUR) at the time and recalled trips to Washington to push for renewal as being 'very exhausting because we had to knock on the doors of each of the representatives of Congress, explain what [the ATPA] was about and why we needed their vote'.⁹¹⁷ In the end, Peru and the other Andean countries were left without the trade preferences for eight months, until the US Congress passed the Andean Trade Promotion and Drug Eradication Act (ATPDEA) that coupled trade preferences more closely to Andean countries' cooperation in drug eradication and was set to expire in December 2006. As such, the ATPDEA became a unilateral tool in that it allowed the United States to 'certify' countries, making trade preferences conditional on counternarcotics policies.⁹¹⁸

⁹¹² Morón et al. (2005), p. 150.

⁹¹³ McClintock and Vallas (2003), p. 95.

⁹¹⁴ Morón et al. (2005), p. 158.

⁹¹⁵ McClintock and Vallas (2003), p. 97.

⁹¹⁶ According to data from the United Nations Department of Economic and Social Affairs Comtrade Database (hereinafter UN Comtrade).

⁹¹⁷ Ferreyros Kupperts (2010), p. 5.

⁹¹⁸ Ramacciotti and Méndez (2012), p. 111.

The ATPDEA also extended preferences to approximately seven hundred products not included in the ATPA, among which were some of Peru's most important exports, including textiles and apparel, shoes, leather products and certain fish products.⁹¹⁹ As a consequence, Peruvian exports to the United States as a proportion of total trade, which had dropped after the expiration of the ATPA in 2001, increased once again, passing the 30 per cent threshold by 2005.⁹²⁰ There is no doubt that US trade preferences between 1993 and 2006 greatly enhanced the country's economy, boosting production.⁹²¹ The preferences also made Peru's economy more dependent on the US market, as demonstrated by the relative rise of exports to the US. Peru thus had a strong interest in maintaining preferential access.

Under President Alejandro Toledo (2001-2006) of Perú Posible (Possible Peru, PP), Peru's foreign policy continued to focus on the United States through an approach that became known as 'association with autonomy'.⁹²² The association entailed a recognition of the United States as a superpower, Peru's main trading partner and the main source of aid for counternarcotics operations. However, in other international areas Toledo sought autonomy, at times placing Peru at odds with the United States without harming the relationship. This was particularly expressed through participation in international fora and summits, and by improving ties with other states in Latin America and globally. Toledo reportedly established an amicable relationship with US President George W. Bush (2000-2008), which further aided support and cooperation between both countries.⁹²³

Shortly after his election in 2001, Toledo travelled to Washington and made clear his government would be in favour of free-trade policies.⁹²⁴ He soon underscored that his administration's objectives would be economic growth and the encouragement of foreign direct investment (FDI), which Toledo saw as the main tools for reducing poverty levels, by appointing Roberto Dañino and Pedro-Pablo Kuczynski as prime minister and minister of the economy, respectively. Both men had extensive experience and ties in the corporate financial world and international financial institutions (IFI).⁹²⁵ In an attempt to ease domestic worries about his support for 'neoliberalism', the president termed his economic policy 'market economics with a human face', which aimed to stimulate growth, keep inflation levels low and increase Peru's international reserves, thereby creating jobs and ultimately improving the living standards of the average Peruvian.⁹²⁶ Toledo achieved the first objectives as GDP

⁹¹⁹ Morón et al. (2005), p. 158.

⁹²⁰ UN Comtrade.

⁹²¹ Morón et al. (2005), p. 176; Ramacciotti and Méndez (2012), p. 111.

⁹²² Ramacciotti and Méndez (2012), p. 118.

⁹²³ Ibid., p. 119.

⁹²⁴ De la Pedraja (2016), p. 68.

⁹²⁵ McClintock and Vallas (2003), p. 167.

⁹²⁶ St. John (2010), p. 37.

rose, inflation remained low and foreign reserves grew. However, this did not lead to the anticipated results of lower unemployment and less poverty.⁹²⁷

From the beginning, Peru had been a strong proponent of the FTAA. As Pablo de la Flor, vice minister of trade in the mid-1990s and between 2004 and 2006, recalled, Peruvians considered the FTAA to be ‘a golden opportunity’ for their country ‘that was completing its transition away from this interventionist developmental model that had been engraved [sic] with such poor results in the previous 20 years’.⁹²⁸ The FTAA fit well in Fujimori’s overall trade policy, which focused on liberalization through the unilateral lowering of tariffs. The FTAA would provide better access to foreign markets, which was exactly what Peru desired. As one Peruvian negotiator put it, Peru became one of the ‘propellers of the FTAA’.⁹²⁹

When the FTAA project came to an effective standstill, Peru was therefore very keen on pursuing an alternative FTA with the United States. Peruvian policymakers expected this would achieve three main objectives: integrate Peru into the global economy, which was seen as vital for the country’s development; increase inflows of FDI; and improve the efficiency of Peru’s factors of production, thereby increasing overall economic efficiency. These three goals became talking points and were promoted by government officials in unison in all communications about the pursuit of an FTA with the United States.⁹³⁰ The focus on the United States was logical because it was Peru’s main trading partner, representing roughly 27 per cent of total Peruvian exports in 2003.⁹³¹ Between 1996 and 2003, the total value of exports to the United States had increased from US\$ 1.2 billion to US\$ 2.4 billion.⁹³²

Maintaining preferential market access to the United States was, therefore, vital to Peru, particularly in relation to the ATPDEA’s approaching expiry date.⁹³³ With more products included in the ATPDEA than in the earlier ATPA, Peru was very keen on making this access permanent and not subject to unilateral US ‘certification’. As one economist calculated, the signing of an FTA would add an additional 0.98 per cent to Peruvian GDP per year, while the loss of ATPDEA preferences would cost the country approximately 1.08 per cent.⁹³⁴ Peruvians also hoped an FTA with the United States would stimulate FDI flows. As several Peruvian officials recalled, there had been concrete examples of investors who decided against investment in Peru precisely because of the uncertainty of ATPDEA

⁹²⁷ De la Pedraja (2016), p. 149.

⁹²⁸ Author’s interview with De la Flor.

⁹²⁹ Author’s interview with Hooker.

⁹³⁰ Cornejo (2006), p. 100; De la Flor (2004a), p. 308.

⁹³¹ UN Comtrade.

⁹³² Fairlie (2005), p. 12.

⁹³³ Author’s interview with De la Flor; Morón et al. (2005), p. 18.

⁹³⁴ Fairlie (2005), p. 107.

renewal.⁹³⁵ Permanent market access would nurture investor confidence and help Peru grow its economy.

Lastly, regional and global competition was a great incentive for Lima to pursue the FTA. The competition came first of all from Mexico, Chile and Central America, which had already signed FTAs with the United States. However, Peru also hoped an FTA would arm it against anticipated competition from South Asian countries in textiles, manufacturing and agriculture.⁹³⁶ In this regard, Zoellick's competitive liberalization strategy seemed successful at pushing countries to negotiate with the United States. Particularly when Colombia began pressing Washington for bilateral talks, Peru realised it could not lag behind, and it insisted on being included.

The negotiations

Inevitably, because of the differences between Peru and the United States in terms of resources, technical capacity, negotiating experience and the respective sizes of their economies, negotiations between the countries would be highly asymmetrical. This asymmetry was further exacerbated by the fact that in this case Peru was the interested party.⁹³⁷ Peruvian policymakers were very aware of the potential limitations of an agreement negotiated under asymmetry. For example, because of evolving US political positions and legislative requirements, Peru had to agree with the inclusion of topics such as intellectual property, environmental standards and labour rights. As Peru's lead negotiator indicated, Peruvians saw agreeing to discussion of these topics as a necessary trade-off that would ultimately lead to a deal that overall benefitted the country.⁹³⁸ More specifically, Peruvian policymakers felt they needed to be cautious about eliminating certain tariffs too quickly, and they saw another challenge in the implementation of normative standards in terms of intellectual property, customs norms and investment.⁹³⁹

Obviously, there were further concerns about certain groups in Peru suffering negative consequences from an FTA with the United States, particularly those working in agriculture who might not be able to compete effectively against US competition. For instance, there was serious worry among corn, milk and chicken producers. Peruvian officials listened carefully to these concerns. However, one analyst highlighted that Peruvian society

⁹³⁵ Author's interview with De la Flor; Ferreyros (2010), p. 6.

⁹³⁶ Braun (2012), p. 88.

⁹³⁷ De la Flor (2004b), p. 16.

⁹³⁸ De la Flor (2009), p. 20.

⁹³⁹ Author's interview with Hooker.

in general looked rather positively at further opening up Peru's economy.⁹⁴⁰ Simply put, Peruvian decisionmakers made a cost-benefit analysis of the effects an FTA with the United States would have on Peru's economy and society and decided that it was desirable.

The AFTA

The United States reportedly had no particular interest in an FTA with Peru, but it had embarked on its course of competitive liberalization. This enabled it to push willing partners on trade policies that so far it had failed to secure at the World Trade Organization (WTO) or the FTAA.⁹⁴¹ When Colombian President Álvaro Uribe met US President Bush in Washington on 28 April 2003, while the FTAA negotiations were still in full swing and the disastrous WTO Doha Round meeting in Cancún had not yet taken place, he pressed his US colleague to start bilateral talks on a US-Colombia FTA. Uribe specifically mentioned the stalling of the FTAA as an incentive to look for alternatives, also in light of the approaching expiry date of ATPDEA preferences at the end of 2006.⁹⁴² Interestingly, it was the Colombian president who pushed for bilateral talks at this point, while Bush seemed less keen. Bush indicated he preferred to focus efforts on the FTAA, which he highlighted as 'the most hopeful trade agreement there is' at a joint press conference held by the two presidents.⁹⁴³ Nonetheless, a few months later Bush sent USTR Zoellick to Colombia to initiate exploratory talks on a possible bilateral deal.⁹⁴⁴ Zoellick reportedly sought to test the water to make sure Colombia would be willing to comply with US demands, particularly in terms of the intellectual property chapter, which the United States wished to model after that of the US-Chile FTA and later DR-CAFTA, even though the latter had not yet been concluded at the time of Zoellick's trip.⁹⁴⁵

In spite of US demands in these areas, Peru and Ecuador expressed interest in joining the talks. At this point neither the United States nor Colombia was keen on including the other countries, but Peru pushed for participation until it was allowed to join.⁹⁴⁶ As one Peruvian negotiator recalled, Peru really put its foot in the door because it realised it would end up lagging far behind Colombia if the Colombians agreed on a deal without Peru.⁹⁴⁷ On 18 November 2003, Zoellick sent a letter to the US Congress informing legislators of the

⁹⁴⁰ Perales (2010b), p. 21.

⁹⁴¹ De la Flor (2009), p. 13.

⁹⁴² Garay, Lombaerde and Barberi (2011), p. 143.

⁹⁴³ Remarks by President Bush and President Uribe of Colombia in Photo Opportunity, 30 April 2003, <https://georgewbush-whitehouse.archives.gov/news/releases/2003/04/20030430-25.html>.

⁹⁴⁴ USTR (2003a).

⁹⁴⁵ Braun (2012), p. 127.

⁹⁴⁶ Rubio Correa (2016), p. 44.

⁹⁴⁷ Author's interview with Hooker.

Bush administration's intent to begin talks for the AFTA with Colombia, Ecuador and Peru.⁹⁴⁸ In his letter, Zoellick pointed out that an FTA with the Andean countries would lead to growth in the United States and create jobs, while addressing 'impediments to trade and investment' in the countries involved such as those pertaining to 'intellectual property rights, high tariffs on agricultural goods, unjustified use of sanitary and phytosanitary measures, restrictive licensing practices, discriminatory treatment related to investment, and limitations on access by service providers'. In addition, Zoellick stressed, an FTA would enhance US 'efforts to strengthen democracy and support for fundamental values in the region, such as respect for internationally recognized workers' rights and the elimination of the worst forms of child labor, greater respect for the rule of law, sustainable development, and accountable institutions of governance', while it could also serve to combat corruption. Lastly, the FTA would 'lend momentum to concluding the Free Trade Area of the Americas negotiations by January 2005'.⁹⁴⁹ From this last assertion it seems that Zoellick and the Bush administration still believed at this point that the FTAA was a feasible project and that they saw the AFTA in part as a way to obtain this larger objective.⁹⁵⁰ The Bush administration's decision to pursue the AFTA fell precisely in between the failed WTO Cancún meeting and the Miami ministerial meeting for the FTAA.

In March 2004, the USTR announced the beginning of talks in May. However, the announcement only mentioned Colombia as a negotiating partner. The USTR 'hope[d] that in the coming weeks [Peru and Ecuador would] take the follow-on steps that will enable us to include them at the negotiating table'.⁹⁵¹ The exclusion of both countries at this stage had to do with investor disputes between US companies and the Peruvian and Ecuadorian governments. In the case of Peru, it concerned the government taxation agency's alleged non-transparent, retroactive changing of agreements and tax rulings, which harmed US companies. Although these disputes had been ongoing for a long time, it seems the USTR did not include Peru and Ecuador following pressure from the US Senate on the issue. Only a few weeks before the announcement, senators on the Subcommittee on the Western Hemisphere had in a letter urged the Bush administration not to negotiate with Peru or Ecuador until the disputes were settled in a satisfactory manner.⁹⁵² The Peruvian government quickly worked to resolve the issues in order to be included in the first negotiation round, which was to take place on 18-19 May 2004.⁹⁵³ On 3 May, the USTR announced the issues

⁹⁴⁸ Bolivia did not join the talks; rather, it chose to be an observer.

⁹⁴⁹ USTR (2003b).

⁹⁵⁰ This closely relates to attempts to put pressure on Brazil to make concessions in the FTAA, discussed in Chapter Five.

⁹⁵¹ USTR (2004a).

⁹⁵² Paéz (2004).

⁹⁵³ Camacho (2004).

had been addressed and that both Peru and Ecuador would join the first round of AFTA talks.⁹⁵⁴

The parties hoped to conclude negotiations swiftly for a number of reasons. First, all three Andean states would hold presidential elections in 2006, the outcome of which could affect the successful conclusion of the AFTA. Second, the Bush administration's Trade Promotion Authority (TPA, formerly 'fast-track authority') would expire in July 2005, and a possible FTA would have to be presented to the US Congress for a yes/no vote 90 days in advance of this deadline. Later, the US Congress extended TPA until July 2007, but at the start of negotiations this had not yet been agreed. Third, there was the imminent expiry of the ATPDEA in December 2006, which worried the Andean states because they were greatly dependent on the preferential access the act provided them.⁹⁵⁵ Lastly, the 2006 US midterm elections may also have been a worry because they could shift the balance in the US Congress toward opposition to passage of a deal.

In the negotiations, Colombia, Peru and Ecuador operated in conjunction, giving the talks a bilateral character. The three states presented themselves as a bloc on the issues of intellectual property, environmental standards and labour rights, as well as in their objectives to maintain price bands for agricultural products and their objections to US attempts to establish complicated rules of origin for textiles.⁹⁵⁶

The Peruvian negotiating team considered itself experienced and up to the challenge, specifically thanks to lessons learned during the FTAA negotiations, talks between Peru and Mercosul and Peru's active participation in the WTO.⁹⁵⁷ In terms of strategy, according to Peru's chief negotiator De la Flor, the Peruvians developed a rigorous plan.⁹⁵⁸ First, they prepared thoroughly by analysing previous trade agreements negotiated by the United States, such as those with Chile and the Central American countries. This provided them with a type of blueprint on what to expect regarding US demands and how demands might evolve over time. For example, labour rights and environmental standards were a relatively new US priority, and the Peruvian team made sure to acquaint itself with such matters. Second, they looked at the effects of Chile's agreement on its economy and conducted econometric studies to predict the effects a similar agreement would have on Peru, all of which yielded positive projections.

Peru formed a large negotiating team comprised of people from several ministries, all of whom were highly trained, skilled and equipped with in-depth knowledge of the issues

⁹⁵⁴ USTR (2004b).

⁹⁵⁵ Braun (2012), p. 107.

⁹⁵⁶ Watson (2016), p. 63.

⁹⁵⁷ De la Flor (2004b), p. 13; Author's interview with Hooker.

⁹⁵⁸ Author's interview with De la Flor.

on the table. Importantly, Peru developed a mechanism for coordination in which the heads of the ministries involved would meet often, which according to De la Flor was vital to the success of the talks.⁹⁵⁹ Additionally, they created a system for identifying key issues that were then weighted in terms of importance, and they outlined alternative ways of achieving their goals. They did the same thing from the US perspective, giving the Peruvians a clear understanding of US positions and strengthening their capabilities to push for the best options for Peru. This included identifying key US stakeholders, reaching out to them and understanding their agendas. In these ways, the Peruvians developed an advanced understanding of how the US Congress worked, which would be crucial in achieving the agreement they sought.⁹⁶⁰

Cooperation, both with national stakeholders and with Colombia and Ecuador, was another important part of the strategy, even if Peru had much less trouble than Colombia did in committing to opening up its economy. The cooperation gave Andean states some leverage against the much more powerful United States. This was particularly important with regard to issues that were of interest to all Andean parties. The three states sought to buffer by holding separate meetings to discuss their common strategies in the negotiation rounds, thus coordinating a common position with which to confront Washington.⁹⁶¹ However, Peruvian officials were aware that in some areas their interests might differ from those of their Colombian and Ecuadorian colleagues.⁹⁶²

The Peruvian government also extensively informed Peruvian society throughout the process. A look at the DR-CAFTA negotiations had made apparent the importance of such inclusion. The Peruvian government often publicly stated its positions and offers to the United States, making the process as transparent as possible through press releases and conferences. Toward this same end, the government created the Consejo Empresarial de Negociaciones Internacionales (Entrepreneurial Council of International Negotiations, CENI) to represent stakeholders from all sectors of society.⁹⁶³ The CENI was constantly kept in the loop while the negotiations progressed, and the officials heading the 22 negotiating groups that were established at the beginning of the talks would even consult CENI representatives during the negotiations. This privilege was not, however, granted to labour, environmental, human rights or non-governmental organizations. Different actors discussed issues through the CENI and then developed a common position from which to

⁹⁵⁹ Author's interview with De la Flor.

⁹⁶⁰ Ibid.

⁹⁶¹ Author's interview with Hooker.

⁹⁶² De la Flor (2004b), p. 12.

⁹⁶³ Rubio Correa (2016), p. 48.

support the talks, keeping all disagreements strictly internal.⁹⁶⁴ This unity between the government and the private sector greatly influenced public opinion, which shifted from being largely against free trade to being overwhelmingly in favour. Between 2003 and 2005, a series of polls showed that between 64 and 73 per cent of Peruvians supported the FTA.⁹⁶⁵ The Peruvian government also took seriously the concerns expressed by certain sectors, not ignoring, for example, the agricultural producers who worried about the FTA's effects on their business. In fact, the government promised them compensation packages in case their sectors were seriously harmed. It made such promises regardless of government projections (which later turned out to be correct) showing that the agricultural sector's concern was unwarranted.⁹⁶⁶ The involvement and consultation of the private sector softened domestic opposition and paved the way for Peruvian negotiators to actively pursue the agreement.

The talks

Before the first negotiation round, the United States presented the Andean countries with a draft text of the agreement.⁹⁶⁷ Contrary to what the Andean negotiators had anticipated, the draft went beyond protections of intellectual property that the United States had agreed in the US-Chile and DR-CAFTA agreements. This move advanced the negotiations immediately toward text-based discussions, even though the Andeans had preferred a format in which each state first expressed its expectations, something they subsequently pushed for in the first negotiation rounds.⁹⁶⁸ Instead of a draft of their own, the Andeans had developed so-called *líneas rojas* (red lines) that they would not cross. They held on to these determinedly, although toward the end of the negotiations Peru would cross some of them.⁹⁶⁹

The first round of talks was held on 18-19 May 2004 in Cartagena, Colombia. The parties agreed on the establishment of 14 working groups and a schedule that aimed to conclude seven rounds by early 2005.⁹⁷⁰ In June, Zoellick visited Peru to acquire a better understanding of Peruvian interests and to clearly articulate US positions. During his visit, he indicated that the United States wanted Andean countries to eliminate price bands on sensitive agricultural products. Instead of price bands, he advocated the possible use of means such as safeguards (temporary restrictions on imports) in critical situations and the gradual lowering of tariffs. Zoellick also insisted the United States could not discuss

⁹⁶⁴ Author's interview with Lemor.

⁹⁶⁵ De la Pedraja (2016), p. 154; *La República*, '59.3%: El TLC beneficia a EEUU', 20 November 2004, p. 14.

⁹⁶⁶ Author's interview with De la Flor.

⁹⁶⁷ Silva (2007), p. 122.

⁹⁶⁸ Braun (2012), p. 128.

⁹⁶⁹ Author's interview with Hooker.

⁹⁷⁰ Sek (2005), p. 3.

agricultural subsidies in the AFTA talks, even if it wished to eliminate them, because this had to be agreed at the WTO with the European Union (EU) and Japan. When the Peruvians confronted Zoellick with the negative effects of US subsidies on Peruvian agricultural exports, the USTR made a comparison with low labour costs in Peru which, according to him, likewise hurt US competition. Related to this, Zoellick acknowledged the existence of labour laws in Peru, but he stressed the lack of proper enforcement. With regard to patents, he revealed US intentions to negotiate an additional patent period exceeding the standard 20 years under WTO rules, citing statistics that showed that 98 per cent of medicines on the Peruvian market were generic. A longer patent period was in the interest of US patent holders, who faced competition from much cheaper generic medicines once a patent expired. However, Zoellick did offer space for consideration of protection of Peruvian biodiversity and traditional local knowledge in the production of medicine, two important Peruvian demands.⁹⁷¹

The second round of talks was held a few days later in Atlanta. Here, parties exchanged information on the current state of affairs regarding tariffs in each country, as well as statistics on the existing trade flows between the participating states.⁹⁷² Again, Andean negotiators pressed for delaying discussion of the US text, instead wishing to focus on expressions of the interests and expectations of each country.⁹⁷³ Peru made a counterproposal to the US demand to allow the patenting of plants and living animals that sought to recognize and protect biodiversity, genetic resources and traditional knowledge in the Andean region.⁹⁷⁴ In Peru, centuries-old cultural diversity and an abundance in biodiversity have interacted to produce all kinds of knowledge and daily usage of hundreds of species. Peru wished to include recognition of its biodiversity and possible compensation for so-called 'biopiracy' in the agreement. US negotiators promised to review the proposal, which would be discussed in the third round of talks. Andean negotiators also raised the issue of agricultural subsidies, only for it to be referred to the WTO by US lead negotiator Regina Vargo. The parties agreed that gradual elimination of tariffs on industrial products would occur according to three 'baskets': products in the first basket would see immediate elimination, tariffs on products in the second basket would be eliminated after five years, and tariff elimination on goods in the third basket would occur after ten years. With regard to agricultural products, a fourth basket was added for an unspecified 'more than ten years'.

⁹⁷¹ Ortiz and Cevallos (2004).

⁹⁷² Rubio Correa (2016), p. 49.

⁹⁷³ *La República*, 'Se inicia la segunda ronda de las negociaciones para el TLC', 14 June 2004, p. 13.

⁹⁷⁴ *La República*, 'El Perú plantea defensa de la biodiversidad andina en el TLC', 17 June 2004, p. 13.

At this point, no basket distribution of products was announced. Lastly, Andean negotiators pressed for the preservation of free-trade zones within their territories.⁹⁷⁵

In late July, the third round was held in Lima. All parties made explicit offers for tariff elimination. Each product was assigned a group, as agreed in the previous round. Peru presented 911 agricultural products for tariff elimination, 41 per cent of which would be immediate, including sugar, which Peru considered to be a sensitive product. De la Flor explained this offer by asserting that the United States was not an exporter of sugar but in fact a large importer, which offered opportunities for Peruvian sugar producers.⁹⁷⁶ For its part, the United States placed asparagus, one of Peru's main agricultural export products, in the group for tariff elimination after ten years, a move clearly counter to Peruvian interests. Peruvian officials downplayed the importance of this disappointing offer, arguing it was likely a negotiation tactic to push Peru to lower tariffs on wheat, an important US export and a sensitive product for Peruvian farmers. Peru's negotiators indicated they expected the United States could be persuaded to make a better offer later in the negotiations.⁹⁷⁷ Other agricultural products of importance to Peru, such as paprika and avocado, did receive better tariff-elimination offers.⁹⁷⁸ However, particularly in light of the Peruvian offer to immediately lower tariffs on the sensitive product of sugar, the appearance was that Peru made a more generous offer than the United States at this stage.

Before the fourth round took place in Puerto Rico in September 2004, US Ambassador to Peru James Curtis Struble raised the still unresolved litigation cases of US companies in Peru. Struble went so far as to say that if the disputes were not resolved, be that in favour of or against the companies involved, a final FTA would not be sent to the US Congress for approval, thereby applying serious pressure on Peru to address the issue.⁹⁷⁹ Later the ambassador softened his stance, denying he had issued an ultimatum but instead merely a request that Peru honour agreements it had made earlier.⁹⁸⁰ Nonetheless, US officials would continue to raise the issue in the following months as a condition for passing the FTA once negotiations were finalised. The Puerto Rico round itself did not make much headway, in part as a consequence of Hurricane Jeanne, which hit the island during the negotiation round.⁹⁸¹

The fifth round was held between 25-29 October in Guayaquil, Ecuador. To the disappointment and surprise of the Andean negotiators, the United States reiterated many

⁹⁷⁵ Manrique (2004a).

⁹⁷⁶ Ortiz (2004a).

⁹⁷⁷ Ortiz (2004b).

⁹⁷⁸ Author's interview with De la Flor.

⁹⁷⁹ Ortiz (2004c).

⁹⁸⁰ Manrique (2004b).

⁹⁸¹ Guerra (2004).

of its demands, among which was agreement on the patenting of plants and animals, second-use patents (when a second medical use of a substance is discovered), and restrictions on the use of safeguards on patented medicine in cases of emergencies.⁹⁸² As a consequence, the parties made no real progress on the issue of intellectual property.

The United States also informed its counterparts that it would maintain its agricultural subsidies, while at the same time urging the Andean states to break down their tariff systems as quickly as possible in response to US offers to do the same.⁹⁸³ Another problem arose when US negotiators indicated the ATPDEA preferences would not serve as a foundation on which to build the FTA, but that instead market access would have to be discussed starting from zero. The Andean states strongly objected, arguing that discussion of an FTA that would not go beyond the ATPDEA was of no interest to them. In the end, US chief negotiator Vargo ended the round with a promise that the FTA would surpass ATPDEA benefits.⁹⁸⁴

The next round in Tucson, Arizona, which commenced on 29 November, produced more results. The United States demanded the elimination of Andean price bands for sensitive agricultural products, but it conceded that these could be protected through compensatory measures such as safeguards, something Zoellick had hinted at prior to the beginning of the talks. Still, Andean agreement to the replacement of price bands by safeguards was unexpected.⁹⁸⁵ The United States increased its offer of immediate tariff-free market access for industrial goods, excluding textiles, from 82 to 99 per cent of tariff lines, while Peru similarly raised its offer for immediate access from 49 to 65 per cent.⁹⁸⁶ This signified a serious advance in the market access negotiations. The countries also reached agreement on the initiation of the design of concrete proposals for dealing with sensitive agricultural products, an important Andean demand. According to one analyst, to counterbalance this small concession, the United States rejected an Andean proposal to search for solutions on the issue of sanitary and phytosanitary standards that blocked market access of Andean products.⁹⁸⁷ During the round, Andean negotiators made a concession on the issue of intellectual property, specifically regarding patents on medicine, in that they accepted the US demand that the 20-year validity of patents could be extended by five additional years in case of delays in granting the patent by the local patent-granting body, which in Peru was the Instituto Nacional de Defensa de la Competencia y de la Protección

⁹⁸² Ortiz (2004d).

⁹⁸³ Rubio Correa (2016), p. 50.

⁹⁸⁴ Ortiz (2004e).

⁹⁸⁵ Silva (2007), p. 124.

⁹⁸⁶ Campodónico (2004).

⁹⁸⁷ Rubio Correa (2016), p. 51.

de la Propiedad Intelectual (National Institute for the Defence of Competition and the Protection of Intellectual Property, INDECOPI). An exception to this rule applied to medicines 'essential' for public health.⁹⁸⁸

At the seventh round in Cartagena, Colombia (originally intended as the last negotiation meeting), the parties did not manage to close agreements in any of the by now 23 different working groups. They therefore agreed to add three more rounds, all taking place within the first half of 2005 so that the talks could be finished well before elections in the Andean countries in 2006.⁹⁸⁹

During the next round, held in Washington in March, negotiators increased the number of extra rounds to six, making the total 14. This again indicated the parties had trouble reaching agreement on many issues and that talks would continue well into the second half of 2005. Negotiations on agriculture were bilateralized as a consequence of the different demands and interests of each Andean state.⁹⁹⁰

Lima was the host city for the ninth round in April 2005. The round was characterized by renewed US insistence that the Andean nations eliminate price bands on sensitive agricultural products. The United States considered price bands to be in violation of WTO regulations, and it now sought to limit use of the special agricultural safeguards that Andean negotiators had proposed as an alternative in Tucson. The Andean countries, however, considered price bands to be a necessary protection against highly subsidized US agricultural products.⁹⁹¹ Negotiators were nonetheless able to close a few chapters on less sensitive issues.⁹⁹²

A particularly unproductive tenth round was held in Guayaquil, Ecuador, in June 2005. On the topic of intellectual property, Andean negotiators were not prepared to go further than the concessions already made of allowing patent extensions of five years and three-year protection of test results from use for the production of generic medicines.⁹⁹³ As a result, the United States had requested that the negotiating table on intellectual property not meet in this round. Nor was there a meeting of the negotiating table on the critical but sensitive issue of agriculture. However, to the surprise of the Andean teams, US negotiators assigned to the table on sanitary and phytosanitary measures did not show up either. Their absence led one disgruntled Peruvian negotiator to state that the United States was demanding too much, while voices in the CENI tried to explain and justify US reserve as a

⁹⁸⁸ Ortiz (2004f).

⁹⁸⁹ Ortiz (2005a).

⁹⁹⁰ Rubio Correa (2016), p. 52.

⁹⁹¹ Ortiz (2005b).

⁹⁹² Rubio Correa (2016), p. 52.

⁹⁹³ Ortiz (2005c).

consequence of the ongoing struggle in Washington to pass the DR-CAFTA.⁹⁹⁴ When the round came to an end, practically no advance had been made. This meant negotiators would definitely not meet the original objective of finishing the talks before the expiration of the Bush administration's TPA. In June 2005, it seemed unlikely the US Congress would block a two-year TPA extension.⁹⁹⁵ Still, Peruvian frustration with the slow pace of the talks and with US intransigence was evident from comments made by Peruvian officials such as Vice President David Waisman, who exclaimed, 'Why have we had nine months of negotiations? To end up getting on our knees?'⁹⁹⁶

Waisman's choice of words may have been an exaggeration, but later that month a high-profile Peruvian delegation comprised of the ministers of trade, finance, agriculture and production travelled to Washington to meet with senior US officials, among whom were USTR Rob Portman and Commerce Secretary Carlos Gutierrez, to push for the FTA. They told their US counterparts that they were willing to go 'bilateral' if necessary, probably because they felt this would speed up the negotiations. The US embassy in Lima cabled Washington before the visit that US officials should 'congratulate the Peruvians on their economic achievements and proactive pursuit of an FTA', but also highlight difficulties relating to US Congressional approval that limited US flexibilities in the negotiations and the unlikelihood of ATPDEA renewal. The cable continued, 'It is particularly important that these [Peruvian] political-level officials come away with a firm impression of our limited flexibility in agriculture and [intellectual property] issues', while also reporting that President Toledo was 'increasingly nervous about the timing' of an agreement and 'ready to pick up the pace and conclude [bilateral] negotiations by September' provided the US showed flexibility precisely in the agricultural area.⁹⁹⁷ The congressional limitations on US negotiators' flexibility were real, of course, but from the cable it also appears that US officials saw an opportunity to exploit the Peruvian sense of urgency to conclude a deal, with or without Colombia and Ecuador, by emphasizing their inability to concede in agriculture.

A month later at the eleventh round in Miami, negotiators closed a few more FTA chapters on less sensitive issues. The United States made a concession on intellectual property in that it permitted 'disclosure of invention' to constitute a loss of 'novelty' and thus preclude patenting. In the United States a so-called 'grace period' existed, whereas under Andean norms disclosure annulled the possibility of patenting (although the Peruvian legislature was at the time contemplating grace periods). The United States did demand,

⁹⁹⁴ Ortiz (2005d).

⁹⁹⁵ Sek (2005), p. 10.

⁹⁹⁶ Humala (2005), p. 156.

⁹⁹⁷ US embassy in Lima, 'Visit of Peruvian Ministers to discuss FTA', diplomatic cable, 17 June 2005.

though, that Peru increase immediate market access from 67 to 80 per cent.⁹⁹⁸ When the round finished, Peruvian Trade Minister Alfredo Ferrero expressed optimism about the progress of the talks and indicated the deal should be signed by January 2006.⁹⁹⁹

From this moment on, Peruvian officials began to push US officials almost constantly for a swift conclusion of the talks. In September, President Toledo and his Colombian colleague, President Uribe, used a trip to the United States to attend the annual United Nations meeting of world leaders to make a combined diplomatic push for the FTA in Washington.¹⁰⁰⁰ Prior to the trip, both presidents had a meeting in which Toledo pressed Uribe to be more flexible in the negotiations. He reportedly told his Colombian colleague he was prepared to conclude the talks the following month but preferred Colombia to be on board rather than pursue a bilateral deal between Peru and the United States.¹⁰⁰¹ Ferrero meanwhile told US embassy officials in Lima that Peru still hoped to conclude the deal with Colombian involvement, but that 'plan B' was to conclude the agreement bilaterally, which Peruvians believed might force Colombia's hand to join as well.¹⁰⁰² Toledo was keen on signing the deal during his administration and, with elections the next year, time was running out.

A week later, at the twelfth round for the AFTA in Cartagena, Colombia, it became clear that Ecuador would refuse to accept US intellectual property demands, particularly relating to restrictions on the use of test results for generic medicines. In response, Colombia and Peru announced they might go forward without Ecuador, indicating their desire to conclude the talks soon.¹⁰⁰³ End-dates of October and November 2005 began to appear in the news, but US negotiators crushed this optimism when they announced it was unlikely the deal would be signed before the second half of 2006. The reasons they gave were the approaching elections in all three Andean states, as well as the US midterm elections in November 2006.¹⁰⁰⁴ Still, the round ended with the closing of the chapters on financial services, safeguards and technical norms.¹⁰⁰⁵

⁹⁹⁸ *La República*, 'Negociación del TLC con EEUU se ampliará más de lo proyectado', 20 July 2005, p. 11. *La República* does not specify if the percentages given refer to the number of tariff lines, the number or volume of export products, or export value, but the reference is most likely to the percentages of harmonized-system tariff lines. Most sources discussing market access between Peru and the United States use this measure for market access. For example, see De la Flor (2010), pp. 68-70; US International Trade Commission (2006), p. 2-1.

⁹⁹⁹ *La República*, 'En enero se firmaría el TLC con Estados Unidos', 22 July 2005, p. 12.

¹⁰⁰⁰ Ortiz (2005e).

¹⁰⁰¹ US embassy in Bogotá, 'Toledo successfully presses Uribe to Close US-Andean FTA in October', 7 September 2005.

¹⁰⁰² US embassy in Lima, 'The Toledo-Uribe meeting and Peru's game plan for U.S.-Andean FTA', diplomatic cable, 8 September 2005.

¹⁰⁰³ Ortiz (2005f).

¹⁰⁰⁴ Ortiz (2005g).

¹⁰⁰⁵ Rubio Correa (2016), p. 54.

At the end of September, Ferrero and chief negotiator De la Flor met with US Ambassador Struble. In the meeting, De la Flor indicated two ‘red lines’ for Peru. The country would not permit the importation of used clothing under the FTA, and it was not prepared to go further in the area of intellectual property than what had been agreed in the DR-CAFTA.¹⁰⁰⁶ Faced with US postponement of the conclusion of the talks, in October both Toledo and Uribe pressed Bush to quickly conclude the negotiations so that the final deal could be announced during the Summit of the Americas (SoA) in Mar del Plata, Argentina, the next month.¹⁰⁰⁷ A few days later, Production Minister David Lemor indicated to US officials that Peru was ‘ready to wrap up talks on the most difficult issue, agriculture [...]’.¹⁰⁰⁸ Not long thereafter, De la Flor once more pushed for a conclusion, while also indicating the importance of the national health emergency waiver in the intellectual property chapter. Peru’s health minister would resign if this waiver were not included, which would, De la Flor told the US ambassador, imperil Peruvian congressional approval of the deal.¹⁰⁰⁹

The Andean countries saw the thirteenth round, hosted by the United States in Washington, as key to success mostly because it could very well be the final round of talks, and thorny issues (mainly agriculture and intellectual property, according to Ferrero) still had to be tackled.¹⁰¹⁰ Perhaps because of this sense of urgency, the Andean presidents, Toledo of Peru, Uribe of Colombia and Palacios of Ecuador, arranged for a joint meeting with Bush at the fourth SoA in Mar del Plata, the same summit that saw the effective burial of the FTAA. At this meeting, Toledo requested that Bush instruct his negotiators to move from the ‘technical’ to the ‘political’ part of the negotiations, meaning a speeding up of the talks with the goal of prompt conclusion. According to Toledo, Bush responded positively to his request.¹⁰¹¹

Peru’s desire to conclude the talks became ever more apparent when its negotiators, unlike those from Colombia and Ecuador, made concessions in the area of intellectual property. Peru accepted the protection of test results for up to five years on the condition that this would not apply to already existing generic medicines. Other ‘red lines’ for Peru were patents for second use, patents on therapeutic treatments and patents on plants and animals.¹⁰¹² Peru went even further when it stated that, because of the difficulties Colombia

¹⁰⁰⁶ US embassy in Lima, ‘Trade Minister foreshadows FTA red lines’, diplomatic cable, 30 September 2005.

¹⁰⁰⁷ US embassy in Lima, ‘Toledo and Uribe encourage President to support FTA’, diplomatic cable, 18 October 2005.

¹⁰⁰⁸ US embassy in Lima, ‘WHA/AND Director’s meetings on bilateral relations, trade, narcotics, and human rights’, diplomatic cable, 24 October 2005.

¹⁰⁰⁹ US embassy in Lima, ‘Peru’s chief FTA negotiator on final issues’, diplomatic cable, 8 November 2005.

¹⁰¹⁰ Flores (2005). The issues of labour and environmental standards proved to be a major hurdle later, during the ratification stage (discussed below), but did they not play a significant role at this point.

¹⁰¹¹ Ibid.

¹⁰¹² Ortiz (2005h).

and Ecuador encountered on issues such as intellectual property, agriculture and textiles, Peru was prepared to show flexibility in order to close a bilateral deal with the United States. For example, Peruvian negotiators saw little problem in opening their market to US cotton, wheat and barley.¹⁰¹³ Similarly, Peru increased its offer to the United States for the annual import quota of corn from 160,000 tons to 300,000 tons, and then to even 400,000 tons. According to Peruvian Minister of Agriculture Manuel Manrique, this concession, as well as others made on agriculture, was justified because it would eventually lead to better trade conditions with the United States than those that Peru enjoyed under the ATPDEA.¹⁰¹⁴

Then, still during the thirteenth round, Ecuador and Colombia ended the talks, both indicating that a deal could not be reached at this point because of US inflexibility in the areas of intellectual property and agriculture but that they hoped to hold another round of talks in the near future. Peru's response was to push even harder for a bilateral deal, a demand denied by the United States. Ferrero insisted that the closure of the round had been a mutual decision, but reports from both media sources and Peruvian legislators questioned this assertion.¹⁰¹⁵ While Colombia and Ecuador indicated they hoped to continue talks in December or January, Peru stressed the beginning of December as the preferred moment for continuation.¹⁰¹⁶

This breakdown led to a split in the Andean bloc. When Vargo blamed the Andean governments' 'inflexibility' in agriculture and intellectual property for slowing down the negotiations, Peru shifted its stance, indicating it was willing to cede terrain in both areas.¹⁰¹⁷ This opened the door to bilateral US-Peruvian talks, which took place on 6-7 December with a focus on the three unresolved issues of intellectual property, agriculture and market access. De la Flor recalled that this final part of the talks was particularly difficult, especially relating to the areas of tariff elimination and quotas on agricultural products, in which Peru was forced to make concessions.¹⁰¹⁸ Products that caused particular complications were corn, chicken thighs, pork, sugar and asparagus. With respect to intellectual property, the talks reportedly stalled on issues relating to the protection of test results.¹⁰¹⁹ Then, finally on 7 December there was white smoke when Peru and the United States announced they had reached an agreement for a bilateral FTA. It was clear Peru had made many concessions,

¹⁰¹³ Ortiz (2005i).

¹⁰¹⁴ Ortiz (2005j).

¹⁰¹⁵ Ortiz (2005k).

¹⁰¹⁶ Rubio Correa (2016), p. 55.

¹⁰¹⁷ Ortiz (2005h); (2005i).

¹⁰¹⁸ Author's interview with De la Flor.

¹⁰¹⁹ Ortiz (2005l).

with some analysts concluding there was ‘no doubt’ that Peru ‘gave away too much’.¹⁰²⁰ However, Peru’s negotiators did manage to extract some concessions from Washington.

The agreement

In terms of imports from the United States, Peru conceded the elimination of price bands on sensitive agricultural products, which in some cases was compensated for by special agricultural safeguards. Wheat, cotton, barley and oilseeds, all of which Peru initially had wanted to place in the group of products destined for tariff-free market access after ten years, were allowed to enter freely immediately. The United States had also demanded immediate access for pork products, while Peru insisted on tariff elimination after 12 years. In the end, negotiators reached a compromise for five years.¹⁰²¹ Reportedly, there was a serious impasse on this issue during the last day of the talks because the United States did not want to concede ground on the subject. Peruvian negotiators eventually proposed that the United States make several concessions on other issues in return, which to their surprise the United States accepted without much discussion.¹⁰²²

US corn exports received an annual quota of 500,000 metric tons, more than the 160,000 tons Peru had initially proposed but also significantly less than the 1 million tons the United States had pushed for. For rice, Peru had proposed a quota of 20,000 tons and a special agricultural safeguard calculated by price. The United States asked for 115,000 tons and for the safeguard to be determined by volume. The final agreement allowed for 74,000 tons and a volume-determined safeguard. Chicken received a quota of 12,000 tons, more than Peru’s proposal of 1,300 tons but also much less than the US request for 36,000 tons.¹⁰²³

In terms of exports, Peru made some serious gains. For sugar, it had asked for free access to the US market without receiving a US counterproposal. In the agreement, the annual quota was set at 11,000 tons as long as Peru remained a net exporter of sugar. For its most competitive agricultural export products, Peru had requested immediate free access to the US market, which was the status that asparagus enjoyed under the ATPDEA. The United States had countered with a proposal of tariff-free entry only after ten years after the agreement went into effect. This had likely been a negotiating tactic because in the final agreement the United States granted free access to products such as asparagus and artichokes from the outset.¹⁰²⁴

¹⁰²⁰ De la Pedraja (2016), p. 156.

¹⁰²¹ *La República*, ‘Glosario’, 28 December 2005, p. 10.

¹⁰²² Rubio Correa (2016), p. 56.

¹⁰²³ *La República*, ‘Glosario’, 28 December 2005, p. 10.

¹⁰²⁴ *Ibid.*

Intellectual property was from the beginning an area in which the United States made strong demands, forcing Peru to make large concessions. Although Peru had at first rejected exclusivity of test results for medicines, it later offered to protect such data for three years. The United States insisted on five years and on ten years for agrochemicals, and in the end it got its way. Regarding patents, Peru had stated its refusal to grant these in cases of second use and on animals, plants and therapeutic methods, all of which the United States demanded. Here, Washington made the largest concession. Second-use patents, patents on animals and patents on therapeutic methods would not be granted, while Peru pledged to make 'reasonable efforts' in cases of patents on plants. Both countries also agreed that patents could be suspended in case of public health emergencies. Peru had wanted to secure some form of payment for use of its biodiversity, a demand it later toned down to including in the agreement some form of acknowledgement of the same. The final text acknowledged the 'importance' of biodiversity and of traditional knowledge, without tying this acknowledgement to any specific action.¹⁰²⁵

In terms of market access for industrial goods, Peru had initially offered tariff elimination on 42 per cent of goods and the United States offered the same on 82 per cent. In the final agreement, both increased these percentages to, respectively, 82 and 99 per cent of tariff lines. A separate issue was that of second-hand clothes, which the United States had wanted to include in the agreement but Peru effectively managed to exclude from the final text.¹⁰²⁶

Everything taken together, Peru certainly made more concessions than the United States. At this point it is important to revisit briefly the most complex issues, agriculture and intellectual property, as well as the key role that the looming expiration of ATPDEA preferences played in the negotiations.

With regard to the ATPDEA, there is no doubt that both Peruvian government officials and the national business community were so determined not to lose preferential access to the US market that they made major concessions in many areas.¹⁰²⁷ They certainly stood to lose much if the ATPDEA had indeed expired without an FTA to take its place. Many Peruvian industries were dependent on tariff-free access to the United States. For instance, MINCETUR calculated that without the ATPDEA the country would lose US\$700 million in textile exports and US\$300 million in agricultural exports.¹⁰²⁸ In terms of job creation through the FTA, critics proposed taking the estimated jobs that would be gained (85,500) and deduct the estimated jobs that would be lost to US competition (67,400), with

¹⁰²⁵ *La República*, 'Glosario', 28 December 2005, p. 10.

¹⁰²⁶ *Ibid.*

¹⁰²⁷ Pomareda (2006), p. 62; Ramírez (2006), p. 95.

¹⁰²⁸ Mincetur (2005), p. 9.

a modest net gain of 18,100 jobs.¹⁰²⁹ However, as Braun correctly points out, such calculations fail to take into account the very likely prospect of the ATPDEA expiring during the negotiations, something US officials repeatedly hinted at—possibly as a means of exerting pressure on Peru.¹⁰³⁰ According to De la Flor, however, the United States never applied pressure in this way, and there was always the conviction that in case of expiry a standby agreement would be quickly put in place.¹⁰³¹ Still, there was no guarantee of this, and an end of the ATPDEA with no FTA to take its place would undoubtedly have had harmful effects on Peru's productive sectors and employment.

Besides the fears of the negative consequences of 'no deal', the positive effects Peru had experienced from the ATPDEA further incentivized Peruvian concessions. The trade benefits had brought a considerable rise in prosperity in Peru's coastal areas, convincing Peruvians of the benefits of open trade with the United States.¹⁰³² In fact, continued and expanded tariff-free trade with the United States was perceived, according to one Peruvian negotiator, as essential for the country's continued development—continued because Peru had already seen the positive developmental effects of free trade with the United States, and expanded because certain product areas in which Peru was competitive had still not been liberalised completely.¹⁰³³ In short, Peru had benefitted from the ATPDEA and wished both to make its benefits permanent and expand these to include a much wider range of products. To obtain this objective, the country had been prepared to make many concessions.

Peru made several such concessions in the area of agriculture. The results of a report on the FTA's effects on Peruvian agriculture carried out in 2007 by the Inter-American Institute for Cooperation on Agriculture (IICA) explain why such concessions seemed justified in the eyes of Peruvian negotiators. The IICA found that previous studies all 'agree that the Peruvian economy would stand to benefit from the signing of the [FTA] and estimate that Peruvian exports will be consolidated on the North American market. Employment would also be promoted in the production sectors, which would make the economy as a whole more dynamic and generate wellbeing in the entire population'.¹⁰³⁴ Furthermore, the IICA, in conjunction with the Peruvian Ministries of Agriculture and Foreign Trade and Tourism, found that only four Peruvian products (wheat, cotton, corn and rice) could experience negative effects from the FTA.¹⁰³⁵ The report attributed the

¹⁰²⁹ Campodónico (2005).

¹⁰³⁰ Braun (2012), p. 92.

¹⁰³¹ Author's interview with De la Flor.

¹⁰³² De la Pedraja (2016), p. 153.

¹⁰³³ Author's interview with Hooker.

¹⁰³⁴ Paz and Arias (2007), p. 7.

¹⁰³⁵ *Ibid.*, p. 9.

relatively low impacts on Peru's agricultural sector to the country's low import tariffs, a consequence of policies initiated in the 1990s.¹⁰³⁶

The fact that US agricultural subsidies hardly affected Peruvian export products and were instead applied mostly to products Peru imported from the United States, further encouraged Peruvian flexibility in the agricultural area. Of those 14 agricultural products that received US subsidies, Peru only produced seven, and none on a scale large enough to satisfy Peruvian national demand. Moreover, of these seven products Peru imported only two overwhelmingly from the United States, while the other five were imported mostly from its South American neighbours.¹⁰³⁷ For Peru, then, US agricultural subsidies were simply not a very big concern.¹⁰³⁸ Colombia and Ecuador were in a different position, particularly in light of the US demand that they eliminate the price band mechanism on agricultural products without the change in US agricultural subsidies they had hoped to gain in return. With price bands on over 150 different products, this was a sensitive issue for Ecuador and Colombia.¹⁰³⁹ Peru, on the other hand, applied price bands to imports of corn, sugar, rice, milk and related products. Even if the price band mechanism was important to Peru, as the negotiations on the issue proved, in the end Peruvian negotiators deemed access to the US market to be more important than maintenance of the price band mechanism, the elimination of which they conceded.¹⁰⁴⁰ Peru's reward was significant. The United States granted immediate tariff-free access to its market not only to all products that previously entered freely under the ATPDEA, but also to a total of 90 per cent of Peruvian agricultural export products (which accounted for 99 per cent of export value). This meant that the deal made permanent the tariff-free entry for Peruvian exports such as ethanol, artichokes, onions, asparagus, mangoes, paprika, plantains and grapes, among others, and extended such entry to products previously not included in the ATPDEA, including olives, cotton, and other fruits and vegetables.¹⁰⁴¹

The chapter on intellectual property was perhaps the most contentious part of the FTA negotiations, particularly because it became a topic of heated debate in Peruvian society. In bilateral FTA negotiations, as well as in the hemisphere-wide talks for the FTAA, the United States pushed for agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) that went beyond existing multilateral agreements on intellectual property. Elements surpassing the multilateral TRIPS are commonly referred to as TRIPS+. In Peru,

¹⁰³⁶ Paz and Arias (2007), p. 14.

¹⁰³⁷ De la Flor (2004a), p. 321.

¹⁰³⁸ Author's interviews with De la Flor; Hooker.

¹⁰³⁹ Sek (2007), p. 5.

¹⁰⁴⁰ Rebosio and Macedo (2006), p. 88.

¹⁰⁴¹ De la Flor (2009), p. 14.

TRIPS+ met with fierce opposition, particularly with respect to those TRIPS+ features that related to healthcare and data exclusivity of medicine test results. Such exclusivity would block the production of generic medicines, which would particularly hurt poor Peruvians who could not afford higher-priced drugs.

While the United States demanded data exclusivity, Peru sought compensation in the intellectual property chapter for biopiracy, or the use of traditional knowledge and genetic resources in new medicines. The United States, meanwhile, was intent on including second-use patents in the FTA, which entails additional protection on an existing product when a new use, other than the originally patented use, is discovered.¹⁰⁴² The outcome of the intellectual property negotiations, discussed above, showed that Peru made many concessions but also managed to persuade the United States to concede on certain issues.

Peru's intellectual property negotiator, Luis Alonso García, was not recruited from any of the government ministries involved, but rather from the agency responsible for intellectual property rights and competition, INDECOPI. During the negotiations, a serious conflict erupted between INDECOPI and MINCETUR, a dispute instigated in large part by INDECOPI's new president, Santiago Roca, who was a fierce opponent of the TRIPS+ features. Roca commissioned several studies on the probable effects of the intellectual property demands, all of which were highly critical and influenced national debate on the issue. The studies came out around March 2005, when negotiations had been ongoing for almost a year.¹⁰⁴³ For his part, García sided with MINCETUR and resigned from his role as intellectual property negotiator in protest against Roca, although he was reinstated in the role by Prime Minister Carlos Ferrero. US Ambassador Struble, who closely monitored the situation, cabled back to Washington that Peruvian negotiators saw Roca as 'bad news' and 'ill-informed on [intellectual property] issues and surrounded by advisors who do not believe in pharmaceutical patent protection'. De la Flor, according to the same cable, told US embassy officials that the conflict between INDECOPI and the ministry 'made his job more difficult', and that 'Peru did not back Colombia and Ecuador's proposal in Cartagena for a three-year period of data exclusivity because of difficulties with INDECOPI, which does not support the idea'.¹⁰⁴⁴ Eventually INDECOPI was sidelined, with García continuing as lead negotiator for intellectual property from within MINCETUR.¹⁰⁴⁵ The move meant the effective silencing of a strong critical voice against an important part of the FTA. Minister of Health Soler Mazzetti, while also raising issues with respect to intellectual property and

¹⁰⁴² Sek (2005), p. 8.

¹⁰⁴³ Braun (2012), p. 106.

¹⁰⁴⁴ US Embassy in Lima, 'Peru's IPR negotiator resigns, but then stays on', diplomatic cable, 4 March 2005.

¹⁰⁴⁵ Braun (2012), p. 106.

Peruvians' access to medicines, eventually supported the concessions, which enabled agreement on the matter in late 2005.¹⁰⁴⁶

As mentioned earlier, the AFTA intellectual property negotiating table reached an impasse, particularly over the protection of test results, because Colombia and Ecuador refused to make concessions. At this point, Peru decided to go at it alone 'with a view of finalizing the FTA as expeditiously as possible'.¹⁰⁴⁷ Peruvian negotiators defended this move by pointing to the concession they won from the United States that, in case of health-related emergency situations, the parties could suspend what had been agreed in the chapter on intellectual property.¹⁰⁴⁸ However, some Peruvian analysts pointed out it was unclear from the agreement exactly how this safeguard could be applied.¹⁰⁴⁹

Because the agreement had been concluded in December 2005, the Peruvian presidential election campaign had already begun. Toledo decided not to push the agreement through the Peruvian Congress at this point, instead postponing ratification until after the election when he hoped to strike a deal with the victor for the congressional support he needed to pass the deal.¹⁰⁵⁰ This way, Toledo hoped the FTA would be one of the last acts of his presidency. Throughout 2004 and 2005, he had been very vocal about his desire to sign the agreement, writing articles in Peruvian newspapers and at one point proclaiming that his 'name was not Toledo if [he did not] sign the agreement' and that Peru would 'sign the agreement, yes or yes!'¹⁰⁵¹ He had also put on hold other projects associated with free-market policies, such as the privatization of the state-owned Talara petroleum refinery, so as to prevent large public protests.¹⁰⁵²

Public support for the FTA remained high most of the time, hovering between 60 and 70 per cent of opinion poll respondents.¹⁰⁵³ Support was fostered in large part by the government's broad campaign to promote the agreement and underscore the potential benefits for the population, including catchy public relations slogans and newspaper articles.¹⁰⁵⁴ MINCETUR representatives travelled throughout the country, to practically every region, province and town, to hold meetings to inform people about the FTA. At one point, FTA coordinator Ferreyros proudly announced that 735 such meetings had taken

¹⁰⁴⁶ Author's interview with García.

¹⁰⁴⁷ García (2008), p. 1.

¹⁰⁴⁸ De la Flor (2009), p. 18.

¹⁰⁴⁹ Fairlie, Queija, and Rasmussen (2006), p. 65.

¹⁰⁵⁰ De la Pedraja (2016), p. 158.

¹⁰⁵¹ Braun (2012), p. 124.

¹⁰⁵² De la Pedraja (2016), p. 156.

¹⁰⁵³ *La República*, '59.3%: El TLC beneficia a EEUU', 20 November 2004, p. 14. In 2005, public support reportedly dropped from 70 to 51 per cent, incentivizing renewed government efforts to promote the FTA. See US embassy in Lima, 'WHA/AND Director's meetings on bilateral relations, trade, narcotics, and human rights', diplomatic cable, 24 October 2005.

¹⁰⁵⁴ Rubio Correa (2016), p. 45.

place all over Peru.¹⁰⁵⁵ Government representatives also spoke to trade unions, the main message being that ‘globalisation inevitably is going to arrive in Peru, so we can either prepare for it and reap its benefits, or we do not prepare and globalisation will go over our heads’.¹⁰⁵⁶

These measures, as well as the establishment of CENI, greatly increased public support for the FTA, although there was certainly opposition as well. In December 2005, Peruvian negotiators got the deal they had sought for two years. However, as soon became apparent, the step from agreement to passage in the US Congress was much more difficult than they expected.

US congressional ratification

On 12 April 2006, US and Peruvian officials signed the US-Peru Trade Promotion Agreement (US-PTPA) in Washington. President Toledo accompanied his Trade Minister Ferrero to the signing ceremony with USTR Portman, giving extra political weight to the occasion. In Washington, Toledo and Ferrero indicated that the next hurdle would be to pass the deal in the Peruvian and US congresses, a process that would take around three to four months, Ferrero estimated.¹⁰⁵⁷

Meanwhile, in Peru the presidential election campaign was in full swing. A few days before the signing of the FTA, first-round results had been indecisive, and two candidates, APRA’s Alan García (who had been president from 1985 to 1990) and Ollanta Humala of the Partido Nacionalista Peruano (Peruvian Nationalist Party, PNP), would compete in a second-round vote in June. Unsurprisingly, the FTA became a hot topic in the national debate and dominated the election. Humala’s proposed economic policies focused on nationalization of natural resource extraction and a clear rejection of the FTA.¹⁰⁵⁸ García, on the other hand, was ambiguous about the deal. As the US embassy reported in March, before the first election round took place García had proposed relatively conservative economic policies that were friendly to free trade, part of his effort to calm fears of another economic debacle like the one that had occurred during his earlier presidency. With regard to the FTA, García was said to be ‘supportive in private and vague to mildly negative in public’.¹⁰⁵⁹

During the presidential race, anti-FTA groups launched a campaign against it, calling for a popular referendum on the deal. Disagreement also arose over which Peruvian congress should vote on the agreement, the incumbent one or the one that would be sworn in after

¹⁰⁵⁵ Ferreyros (2010), p. 7.

¹⁰⁵⁶ Author’s interview with Hooker.

¹⁰⁵⁷ Ortiz (2006a).

¹⁰⁵⁸ McClintock (2006), p. 100.

¹⁰⁵⁹ US embassy in Lima, ‘Alan García’s economic plan’, diplomatic cable, 23 March 2006.

elections.¹⁰⁶⁰ Jorge del Castillo, later prime minister under García, informed the US embassy that García wished to downplay the FTA until after the elections, but that he favoured that the deal be put before the sitting Congress.¹⁰⁶¹ This is what happened when the government decided that the agreement should be put up for congressional ratification right after the second round of the presidential election.

This round, held on 4 June, García won with 52.6 per cent of the valid vote. A few weeks later, on 28 June, the Congress passed the FTA to the delight of sitting President Toledo, whose administration expressed hopes that the US Congress would approve the agreement before the end of July.¹⁰⁶² The FTA received overwhelming support in the Peruvian Congress, which voted 79 in favour to 14 against. Reportedly, one reason for this strong support was that, with protests against the FTA growing (much of it fanned by Humala), García instructed his party's congressional representatives to vote in favour because he wanted to avoid having to deal with ratification of the deal once he took office.¹⁰⁶³ The move finally demonstrated his support for the FTA, a position he had kept vague until then.¹⁰⁶⁴ Critics disputed the legitimacy of by-passing the new Congress, which was set to take office the following month.¹⁰⁶⁵ Nevertheless, Peru had ratified the deal. Now it was Washington's turn.

Convincing the US Congress

Contrary to Peruvian hopes of swift passage in the US Congress, Democrats acted to postpone a vote on the deal, stating it appeared unlikely that approval could take place before the approaching August recess. With the prospect of a Democratic victory in midterm elections in November, postponing action promised to produce a much more favourable environment for the changes Democrats sought, particularly in the area of labour rights and environmental standards.¹⁰⁶⁶ Another visit by President Toledo to Washington just weeks before his term ended failed to win support for a US congressional vote before August.¹⁰⁶⁷

On 28 July 2006, the García administration took office. García followed Toledo's line of close association with the United States, even intensifying the relationship through

¹⁰⁶⁰ Ortiz (2006b).

¹⁰⁶¹ US embassy in Lima, 'García off to a good start, says APRA insider Del Castillo', diplomatic cable, 27 April 2006.

¹⁰⁶² Patriau and Martín (2006).

¹⁰⁶³ De la Pedraja (2016), p. 179.

¹⁰⁶⁴ Rubio Correa (2016), p. 81.

¹⁰⁶⁵ Braun (2012), p. 140.

¹⁰⁶⁶ Rubio Correa (2016), p. 71.

¹⁰⁶⁷ *La República*, 'Toledo admite que TLC no se aprobaría en su gobierno', 14 July 2006, p. 6.

the projection of Peru as a 'strategic partner' of Washington in Latin America.¹⁰⁶⁸ The United States came to see the new Peruvian government as reliable in that it sought democratic consolidation and adhered to free-market policies and counternarcotics cooperation, while steering away from close links with the rising Latin American populist left.¹⁰⁶⁹ García also continued Toledo's push for ratification of the FTA in the US Congress. The president carefully framed this objective in nationalist discourse, presenting it as a matter of national honour. As a consequence, the Peruvian population largely supported him in the effort.¹⁰⁷⁰

A few weeks into his presidency, García appointed Peruvian economist Hernando de Soto as his special representative to Washington. De Soto was tasked with getting the deal passed, as well as pressing for changes in the deal that would make it 'more democratic'. This goal focused on ensuring that the agreement's benefits were distributed more evenly within the Peruvian population. De Soto's close relation with former US President Bill Clinton was seen as a favourable asset to gaining access to Democratic members of Congress.¹⁰⁷¹ In September, De Soto made a trip to Washington, accompanied by De la Flor and others, for a first set of meetings with US legislators, business representatives and academic institutions.¹⁰⁷² Prior to his visit, the new minister of foreign trade and tourism, Mercedes Aráoz, also travelled to Washington to meet US officials. Peruvian officials still hoped to have the FTA ratified before the US midterm elections in order to avoid a vote by a Democratic-controlled Congress. However, even while they pressed for haste, they realised their chances were growing slim. Aráoz therefor also began to lobby US policymakers for an extension of the ATPDEA, which was set to expire in December 2006.¹⁰⁷³ The Bush administration's TPA was to expire in May 2007, meaning that if it were the next US Congress that would decide on the FTA there could be new obstacles to ratification.

To give even more weight to the Peruvian campaign for swift US ratification, President García travelled to the US capital in October for a meeting with Bush. The main topics on the agenda were the FTA and counternarcotics. When the meeting was over, García did not have much to show. Bush would not be pinned down on a date for sending the FTA to Congress; instead, he merely promised to encourage Congress to pass the agreement, something he had been doing for months.¹⁰⁷⁴ In a separate meeting with Secretary of State Condoleezza Rice, García explicitly connected the FTA with larger geopolitics in Latin America, arguing that ratification would be a clear signal to the region that Peru had

¹⁰⁶⁸ Ramacciotti and Méndez (2012), p. 102.

¹⁰⁶⁹ McClintock and Vallas (2005), p. 199.

¹⁰⁷⁰ De la Pedraja (2016), p. 180.

¹⁰⁷¹ Núñez (2006).

¹⁰⁷² Rubio Correa (2016), p. 131.

¹⁰⁷³ Medina (2006a).

¹⁰⁷⁴ Martín (2006).

chosen the right option, as opposed to the left-wing populism that had gained influence throughout the continent.¹⁰⁷⁵ In a joint press conference with Bush, García fully embraced free trade when he compared it to the Alliance for Progress, stating that free trade could do now what the Alliance had failed to achieve in the 1960s.¹⁰⁷⁶

In spite of Peru's charm offensive and officials' many trips to Washington, quick ratification became an illusion when on 7 November the Democrats won the midterm elections by a landslide, giving them majorities in both the House of Representatives and the Senate. Democrats had been raising certain issues with Peruvian officials even before the elections, but now they were quick to say that they sought to renegotiate some parts of the FTA. Representative Charles Rangel (Democrat-New York), who would become chairman of the House Ways and Means Committee, in particular took the lead on this, stressing that Democrats felt labour rights had been deliberately neglected in the agreement and needed addressing before Congress could make a decision. Rangel maintained that the Toledo administration had sought to include international labour standards in the agreement but that the Bush administration had objected.¹⁰⁷⁷ In meetings in Washington, García emphasized his own record on, and dedication to, labour rights and poverty reduction, but to little effect.¹⁰⁷⁸ The Democrats would not support the deal before the new Congress was inaugurated, which made earlier passage unlikely. On 26 November, the Peruvian government acquiesced and announced it would, on recommendation of Democratic members of Congress, seek to have the FTA ratified in Washington in the first half of 2007.¹⁰⁷⁹ Prime Minister Del Castillo explained that the risk of having the agreement voted down in 2006 was too great; in his view, congressional approval seemed more likely the following year.¹⁰⁸⁰

Now the extension of the ATPDEA, which had been overshadowed by the ratification of the FTA, suddenly became a priority. The benefits would expire in one month. Soon Peruvians, as well as Colombians, Ecuadorians and Bolivians, could breathe a sigh of relief when the US Senate extended the scheme on 9 December for a period of six months. For Colombia and Peru, this extension could be prolonged by another six months to allow for possible implementation of their respective FTAs. Similar promises were not made to Bolivia or Ecuador. President García interpreted the possible double extension as a clear sign of US legislators' will to pass the FTA.¹⁰⁸¹

¹⁰⁷⁵ Rubio Correa (2016), p. 141.

¹⁰⁷⁶ St. John (2011), p. 130.

¹⁰⁷⁷ *La República*, 'Demócratas piden renegociar TLC con el Perú', 9 November 2006, p. 5.

¹⁰⁷⁸ McClintock and Vallas (2010), p. 202.

¹⁰⁷⁹ Camacho (2006).

¹⁰⁸⁰ US embassy in Lima, 'GOP postpones push for FTA until new U.S. Congress', diplomatic cable, 28 November 2006.

¹⁰⁸¹ Medina (2006b).

Still, the president realised his administration needed to up its game and intensify its lobbying campaign among US congressional representatives if it hoped to have the FTA passed expeditiously. De Soto's efforts were judged to be lacking, reportedly because the economist believed he could rely on his close contacts in the Democratic Party to obtain the needed number of votes. De Soto did little in response to De la Flor's calls for Peruvian officials to speak to a wider range of congressional representatives, both Democrats and Republicans, and to go door to door in the buildings of Congress.¹⁰⁸² In early January 2007, the economist was relieved of his role, and the coordination of the campaign was transferred to Peruvian Ambassador Felipe Ortiz de Zevallos.¹⁰⁸³

Soon afterwards, however, García appointed a new representative to lead the effort. David Lemor, who had been closely involved in the FTA negotiations first as a member of the CENI and later as minister of production under President Toledo, would travel to Washington in February and remain until November. Although he represented the government, maintained an office in the Peruvian embassy and coordinated closely with Ambassador Ortiz, his work in the US capital was paid for by CENI. This meant that Lemor was not a public servant, which had two advantages.¹⁰⁸⁴ First, Lemor would be less accountable, protecting him from public scrutiny. Second, his unusual role gave him more freedom by allowing him to not follow direct orders from the Peruvian government; he could move more freely as a representative on the payroll of the Peruvian business sector.¹⁰⁸⁵ Lemor's appointment is yet another testament to the close cooperation between the Peruvian government and private sector, which worked together to achieve the same objective: quick passage of the deal in the United States.

Lemor immediately went to work, relying on the already extensive network in Washington he had built in his earlier roles related to the FTA.¹⁰⁸⁶ What De Soto had not done, Lemor did tirelessly. He recalled that he

'coordinated everything with the [...] ambassador, Felipe Ortiz de Zevallos. We made a very good team. I think that we complemented each other very well. We started visiting them, congressman by congressman, senator by senator, and we started talking with the Democrats and asking them, "What do we need to do to break the ice?". What we certainly did was take up many of the Democratic Party considerations that were not taken into consideration

¹⁰⁸² Author's interview with Hooker.

¹⁰⁸³ *La República*, 'De Soto deja coordinación de TLC', 9 January 2007, p. 11.

¹⁰⁸⁴ Author's interview with Lemor.

¹⁰⁸⁵ Ibid.

¹⁰⁸⁶ US embassy in Lima, 'Peru further reorganizes trade team; Ex-minister back in', diplomatic cable, 17 January 2007.

before, trying to get to an agreement wherever it was possible from the executive side of the government in Peru'.¹⁰⁸⁷

Lemor, Ortiz and their staff went to work meticulously researching the specific interests of each member of Congress so that they understood how to speak to them, what to expect and what to emphasize. Officially, all Peruvian communications had to go through the USTR under the terms of the TPA that had been granted to the Bush administration, which meant that Congress could not negotiate directly with foreign representatives on matters of foreign trade. This complicated matters at times, especially because there was some friction between the USTR and congressional Democrats over the looming expiration date of the TPA.¹⁰⁸⁸

What Lemor specifically did was to explain to members of Congress the realities on the ground in Peru. For example, there was significant opposition in the United States from domestic interest groups such as the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), Public Citizen and the American Friends Service Committee, which were all concerned about labour standards in Peru.¹⁰⁸⁹ Although the AFL-CIO was split on the issue, some of its member unions strongly opposed the FTA in letters they sent to all members of the US Congress.¹⁰⁹⁰ In an attempt to counter this, Lemor informed US congressional representatives that Peru actually had rather strict labour laws, and that the country was a signatory to more international labour and environmental treaties than the United States. The issue, however, was the large Peruvian informal sector, which made enforcement of labour laws difficult. Explanation of these circumstances, according to Lemor, convinced many Democratic members of Congress to support the FTA.¹⁰⁹¹

Still, more was needed to get the Democrat-majority Congress to pass the Bush administration's trade deal. TPA stood to expire in July 2007, and renewal seemed highly unlikely. Persuading trade-sceptical Democrats to pass trade deals that had been negotiated under TPA granted in 2002 would be a massive challenge. In a letter to Rangel, a large group of Democrats argued for changes in US trade policy, stating that many of them had been elected precisely because of their opposition to 'job-killing' trade deals.¹⁰⁹² To find a solution, USTR Susan Schwab and House Ways and Means Committee ranking member Jim McCrery (Republican-Louisiana) launched intensive negotiations with Democrats to reach agreement

¹⁰⁸⁷ Author's interview with Lemor.

¹⁰⁸⁸ Ibid.

¹⁰⁸⁹ Ángeles Villareal (2007), p. 20.

¹⁰⁹⁰ *The Hill*, 'Labor groups differ on Peru free trade deal', 19 September 2007, online edition.

¹⁰⁹¹ Author's interview with Lemor.

¹⁰⁹² *Inside U.S. Trade*, 'Ways and Means Democrats Demand Environmental Changes To FTAs', 19 January 2007, Vol. 25, No. 3.

over labour and environmental standards.¹⁰⁹³ The result was the ‘New Trade Policy for America’.

Announced on 10 May 2007, this policy assured that labour and environmental standards would be subject to the same dispute-settlement procedures as any other trade-related issues agreed in FTAs. On labour, the policy demanded that core labour standards, as stated in the 1998 International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, were included, while it prohibited countries with which the United States signed trade deals from weakening laws relating to ILO core labour standards as a means of increasing trade or encouraging investment.¹⁰⁹⁴ In addition, intellectual property demands were to be balanced against any FTA partner’s public health needs.¹⁰⁹⁵ Of note, the newly stipulated norms on intellectual property showed much similarity with what Andean negotiators had tried to include in the agreement during the negotiations.¹⁰⁹⁶ In effect, the changes prevented Peru from lowering labour and environmental standards, while allowing for easier access to generic medicines and softening intellectual property demands.¹⁰⁹⁷

Talks between Peruvian officials and US legislators continued. Lemor spoke to Democrats about problems with subcontracting and the right to unionize in Peru. In these meetings, the Peruvian representative often had to explain the situation in Peru, with which US members of Congress were unfamiliar. For instance, he noted that the issue with unionization was not the lack of formal rights but the large informal sector in Peru. In other words, Peru needed better enforcement through, for example, inspections, and for this Lemor requested US assistance in capacity building. Similarly, the issue of illegal logging of endangered mahogany in Peru should not, argued Lemor, lead to a ban on Peruvian mahogany exports to the United States, as certain members of Congress desired. This would only lead to the illegal wood being exported to other countries. Instead, Lemor suggested that the United States assist Peru in creating a tracking system to certify the legality of imported mahogany, as well as aiding Peru in implementing inspection measures.¹⁰⁹⁸ By increasing congressional representatives’ understanding of the situation on the ground in Peru, Lemor soon became confident the actual agreement would not have to be renegotiated, something long feared by proponents of the deal, but that merely some modifications would suffice.¹⁰⁹⁹ During another meeting at the White House with Bush, García once more pressed

¹⁰⁹³ Destler (2007), p. 7.

¹⁰⁹⁴ Ángeles Villareal (2007), p. 15.

¹⁰⁹⁵ Destler (2007), p. 10.

¹⁰⁹⁶ Braun (2012), p. 139.

¹⁰⁹⁷ Tharin (2008), p. 1.

¹⁰⁹⁸ Author’s interview with Lemor.

¹⁰⁹⁹ Ochoa (2007a).

for ratification and showed himself confident that the agreement would soon be successfully put to a vote in Congress. Nonetheless, Democrats still kept insisting on stronger labour and environmental standards in Peru.¹¹⁰⁰

Addendums

Peru's diplomatic and lobbying campaign in Washington, spearheaded by the work of Lemor and Ortiz but buttressed by numerous visits of higher-ranking Peruvian officials such as García himself and Minister of Foreign Trade Aráoz, eventually succeeded in preventing renegotiation of the FTA. Instead, it was agreed that addendums on labour and environmental standards could suffice. Aráoz embraced the prescribed changes and moved quickly in coordination with USTR Schwab to produce the texts of addendums to the deal.¹¹⁰¹ These addendums were signed in Lima by Aráoz and US Ambassador Struble on 26 June. They stipulated that Peru would adhere to basic standards of the ILO, commit to improve the protection of the environment, and better control and sanction the illegal logging of mahogany. Furthermore, both countries agreed to prohibit the favouring of national investors over foreign investors and to relax intellectual property restrictions on medicines.¹¹⁰²

A comparison between the final agreed US-PTPA provisions in the areas of labour and the environment with those in the earlier US-Chile FTA and DR-CAFTA shows that the former were certainly more intrusive into Peruvian sovereignty than the latter two were of Chilean and Central American and Dominican sovereignty. In terms of labour, the US-PTPA differed in that it obliged signatories to adopt and maintain in statutes and regulations the rights as stated in the 1998 ILO Declaration and that it explicitly stated that a 'decision a [signatory] makes on the distribution of enforcement resources shall not be a reason for not complying with the provisions' of the agreement.¹¹⁰³ The US-Chile agreement and DR-CAFTA had instead employed much softer language by merely 'reaffirming' obligations and commitments under the ILO Declaration and 'striving' to ensure labour rights were recognized and protected, while recognizing the right of each signatory state to exercise discretion in terms of resource allocation.¹¹⁰⁴ The US-PTPA (and DR-CAFTA) also extended

¹¹⁰⁰ Flores (2007).

¹¹⁰¹ Braun (2012), p. 141.

¹¹⁰² Ortiz (2007a).

¹¹⁰³ USTR, United States-Peru Trade Promotion Agreement, Final Text, <https://ustr.gov/trade-agreements/free-trade-agreements/peru-tpa/final-text>

¹¹⁰⁴ USTR, Chile Free Trade Agreement, Final Text, https://ustr.gov/archive/Trade_Agreements/Bilateral/Chile_FTA/Final_Texts/Section_Index.html; Central America-Dominican Republic-United States Free Trade Agreement, Final Text,

the list (already included in the US-Chile agreement) of procedural guarantees signatories should ensure were in place.

The US-PTPA's chapter on the environment, however, was even more intrusive. Like the labour chapter, it employed much tougher language (obliging Peru to fulfil obligations made under a total of seven multilateral environmental agreements) than the Chile agreement and DR-CAFTA (which merely recognized the importance of such agreements).¹¹⁰⁵ More importantly, the US-PTPA chapter contained an annex on forest sector governance with far-reaching provisions. Among other provisions, the annex obliged Peru to increase the number and effectiveness of enforcement personnel for logging laws and regulations; develop and implement an anti-corruption plan for forestry administration; provide criminal and civil liability against offenders and violators of any law or regulation intended to assure the sustainable management of Peruvian forests (including a substantial increase of criminal penalties); adopt monitoring policies of endangered tree species; and strengthen regulatory controls and verification mechanisms relating to the harvest and trade of timber. Furthermore, the annex obliged Peru to conduct periodic audits of producers and exporters of timber destined for the United States in order to verify these met all applicable laws and regulations, while also allowing written requests from the United States for additional audits that committed Peruvian officials to visit the premises of the producers and exporters in question. With respect to these visits, the United States could request that Peru allow US officials to participate in the visit. If Peru denied such a request, the United States had the right to deny entry into the US market of the shipment that was subject to audit.¹¹⁰⁶

Despite such intrusiveness in both the labour and environment chapters, support for the provisions was broad in Peru. The García administration felt Democrats' demands were for the better of the country. This perspective was underscored both by Aráoz's swift embrace of the addendums and a remark made by García in a conference call with Peruvian officials working on the texts in Washington. As one of these officials recalled, when confronted with the forestry standards that Democrats demanded, García responded, 'What a shame that it has to be another country that teaches us how to take better care of ourselves and of what is ours'.¹¹⁰⁷ Two days after the signing of the addendums, the Peruvian Congress also accepted the changes and voted to approve the texts, with 70 votes in favour versus 30 against and one abstention.¹¹⁰⁸ The speed with which the addendums were rushed through

https://ustr.gov/archive/Trade_Agreements/Regional/CAFTA/CAFTA-DR_Final_Texts/Section_Index.html

¹¹⁰⁵ USTR - United States-Peru Trade Promotion Agreement, Chile Free Trade Agreement, Central America-Dominican Republic-United States Free Trade Agreement, Final Texts.

¹¹⁰⁶ USTR - United States-Peru Trade Promotion Agreement, Final Text.

¹¹⁰⁷ Author's interview with Hooker.

¹¹⁰⁸ Ochoa (2007b).

the Congress may have impeded serious domestic opposition. A few legislators complained, arguing for more time to study the changes, but their complaints fell on deaf ears.¹¹⁰⁹ In the eyes of Peruvian FTA coordinator Ferreyros, the passage of the addendums made the FTA only more legitimate. After all, the deal had now gone through two distinct Peruvian Congresses, passing with ease on both occasions.¹¹¹⁰

Changes to Peruvian law

Still, Democrats in Washington had their doubts about the FTA. A letter from Representative Sander Levin (Democrat-Michigan), chair of the House Ways and Means Committee's Subcommittee on Trade, to fellow Democrats indicated that Democratic members of Congress might make changes in Peruvian domestic legislation a condition of ratification.¹¹¹¹ This prompted a quick response from Aráoz, that such changes would take place only after the US Congress ratified the deal.¹¹¹² Meanwhile, the ATPDEA had been extended until June, with a possible extension of another six months. However, the US Congress voted in favour of an eight-month extension. This was a compromise between Democrats who had wanted an extension of two years and three months to allow Peru more time to meet their demands, and Republicans who would not go further than eight months without the guarantee—which Democrats refused to give—that the FTA would be put for a vote before the August recess.¹¹¹³

Peruvians continued their campaign to convince Democrats that labour and environmental standards in their country were up to par. Labour Minister Susana Pinilla travelled to Washington in July for several meetings, among which was one with Levin. MINCETUR claimed Pinilla returned to Peru with commitments from Democrats to have the FTA ratified.¹¹¹⁴ This commitment was only made publicly by Rangel after he and other Democrats, among them Levin, visited Peru to see what progress had been made. President García showed his guests the steps his government had taken so far, among which were a boost in the number of labour inspectors and the establishment of a Ministry for the Environment.¹¹¹⁵

¹¹⁰⁹ Ortiz (2007b).

¹¹¹⁰ Ferreyros (2010), p. 7.

¹¹¹¹ *Inside U.S. Trade*, 'Rangel fails to pledge Ways and Means action on Peru FTA in July', 13 July 2007, Vol. 25, No. 28.

¹¹¹² Medina (2007).

¹¹¹³ *Inside U.S. Trade*, 'ATPDEA cleared for Senate action on day after house passage', 29 June 2007, Vol. 25, No. 26.

¹¹¹⁴ *La República*, 'Demócratas apoyan ratificación de TLC', 17 July 2007, p. 14.

¹¹¹⁵ McClintock and Vallas (2010), p. 202.

In response, Rangel announced that US congressional debate on the FTA could commence in September, while a possible vote might happen in October.¹¹¹⁶ However, when he returned to the United States, Rangel's commitment once again appeared to be conditional on changes in Peruvian law. Rangel claimed García gave him 'firm commitments to change Peru's legal framework' and bring its 'laws into alignment with the obligations under the FTA'. According to a House aide, this would be done via presidential decrees that would stipulate Peru was obliged to make the changes required under the ILO's 1998 Declaration.¹¹¹⁷ The statement cleverly stopped short of demanding Peruvian congressional action, instead referring to commitments made by the President, presumably on his own initiative. Unsurprisingly, Rangel's statement led to refutations by Lemor and Minister of Production Rafael Rey, both of whom stressed that Peru would not accept any demands to change its laws as a condition of ratification. The next day Ministers Aráoz and Pinilla insisted that proposed changes to subcontracting laws and labour laws relating to services were not the product of pressure from Democrats in Washington, and that the only commitment made to Rangel was to implement what had been agreed in the FTA and addendums.¹¹¹⁸ According to Lemor, at one point in Autumn 2007 he had a meeting with Rangel in which the US congressman again insisted on changes to Peruvian labour laws. Lemor, in return, said he would lament it if the FTA were to fail on this issue, but that if Rangel insisted on it Lemor would be forced to hold a press conference outside the capitol building to announce the US Congress wanted the Peruvian government to interfere in the work of the Peruvian Congress.¹¹¹⁹ The threat, according to Lemor, had the desired effect, and a few weeks later the different US congressional committees involved began to pass the FTA.

Indeed, on 8 November 2007 the US House of Representatives passed the US-PTPA with 285 votes in favour and 132 against. Roughly one month later, the US Senate followed suit. Nonetheless, congressional approval still came with one condition: Bush could not sign the FTA into law until Peru upgraded its labour and environmental protections, which suggests that Lemor's threat had not succeeded in shelving the issue. The García government acted via more than one hundred legislative decrees in June 2008, some of which were later declared unconstitutional.¹¹²⁰ In late 2008, Democrats were still not satisfied with Peru's progress on the issues. Barack Obama had been elected to the presidency and now the

¹¹¹⁶ Camacho (2007).

¹¹¹⁷ *Inside U.S. Trade*, 'U.S., Peru reach labor deal, administration vows to fight for all FTAs', 10 August 2007, Vol. 25, No. 32.

¹¹¹⁸ *La República*, 'Responden a exigencia de demócratas', 11 August 2007, p. 14.

¹¹¹⁹ Author's interview with Lemor.

¹¹²⁰ McClintock and Vallas (2010), p. 202.

Peruvians were getting nervous. The US president-elect had said he would not negotiate new FTAs, which increased Peruvian fears he might decline to sign the deal once in office.¹¹²¹

On 9 January, mere days before the end of Bush's presidency, the House Ways and Means Committee again raised questions regarding Peru's fulfilment of its obligations under the May 2007 addendums, indicating that legislators were not satisfied with the presidential decrees Peru had passed during the summer.¹¹²² The García administration responded by preparing with lightning speed three bills on labour, the environment and intellectual property that Peruvian legislators approved on 13 January. Still, US labour and environmental organizations called for a delay of the bill, and Rangel and Levin argued against Bush signing it—advice that Bush ignored.¹¹²³ On 16 January, he signed the US-PTPA into law, to go into effect on 1 February 2009. Reportedly it was the penultimate document Bush signed whilst in office.¹¹²⁴

The Peruvian push for free trade

As stated earlier, the Peruvian economy was very dependent on the US market, and this dependency was growing in the lead-up to the FTA talks. Whereas in 1994 the United States accounted for nearly 17 per cent of Peruvian exports, by 2004, when talks commenced, its share had grown to over 29 per cent.¹¹²⁵ US yearly FDI flows into and out of Peru during the 2000s fluctuated wildly, ranging from divestments of US\$136 million in 2002 to investment worth US\$411 million in 2009, probably not coincidentally the year the US-PTPA was signed into law.¹¹²⁶ A deal, therefore, was highly important to Peru, which may explain in part that Peru-US relations during the 2000s were characterized by 'unprecedented bilateral cooperation' on issues ranging from economic development to security and democracy.¹¹²⁷ Presidents Toledo and García followed US leadership in these areas, grounded in the conviction that close relations with the United States were good for Peru.

The FTA, however, was Peru's most important priority. From the beginning, the Toledo administration made sure there was no confusion about its eagerness to sign a deal. In fact, as this chapter demonstrates, Peru was arguably a stronger force behind progress in

¹¹²¹ Author's interview with Hooker.

¹¹²² *Inside U.S. Trade*, 'Ways and Means questions Peru FTA implementation status on labor', 9 January 2009, Vol. 27, No. 1.

¹¹²³ Council on Hemispheric Affairs (2009).

¹¹²⁴ Author's interview with Hooker.

¹¹²⁵ WITS Database. In the following years the US relative share dropped, probably because of increased trade between Peru and China. The US share of Peruvian imports between 1994 and 2004 actually decreased from 28 to 20 per cent.

¹¹²⁶ UNCTAD.

¹¹²⁷ McClintock and Vallas (2010), p. 197.

the negotiation process than Washington. There were several reasons for this interest. First, there was of course the looming expiration of ATPDEA preferences, which would inevitably have had a negative effect on Peru's economy. A long list of Peruvian exports depended on tariff-free access to the US market, but this access was granted unilaterally, temporarily and partially and could be suspended at any point by Washington. Peruvian officials interviewed for this study unanimously mentioned the desire to make US market access permanent as a main motivation for Peru's pursuit of the FTA. Besides market access, a permanent deal was also expected to lead to increased flows of FDI into the country. Another motivation was regional competition with states like Mexico, Chile and the Central American states, which had already signed (or were about to sign) trade deals with the United States. In this respect, Zoellick's competitive liberalization seemed to have the desired effect in Peru.

US interest in the Peruvian market was notably less strong for the simple reason that Peru, as a small market, was only a secondary priority for US export industries. This made negotiations asymmetric, which Peru and its fellow Andean states tried to compensate for by banding together. It also meant that Peruvians would have to make big concessions on, for example, the issue of intellectual property. Peruvian negotiators were well aware of this and had prepared for the talks by closely studying earlier trade agreements that the United States had negotiated with Latin American states. In short, Peru's asymmetrical dependence on the United States both informed its strong interest in the FTA and determined the character of the negotiations held between a supplicant and a much more powerful and less-interested hegemon.

The initiative to join the AFTA talks came from Peru, which pushed for its own inclusion in prospective talks between the United States and Colombia. This move was only the beginning of a long series of instances of Peruvian initiative and agency that would eventually lead to the conclusion of the US-PTPA. For example, by coordinating the talks with Colombia and Ecuador, Peru increased its collective bargaining power. This was an act of buffering or soft balancing that modestly increased Peru's leverage vis-à-vis the United States, up until Peru proposed to continue talks bilaterally.

The negotiations immediately faced serious time pressures. Elections in Peru and other Andean states in 2006 might threaten the existing political will to find agreement. Similarly, US midterm elections were seen as a risk to the AFTA, and on top of that the Bush administration's TPA was set to expire. The ATPDEA was both a threat (if preferences were lost) and an incentive (if preferences were made permanent under an FTA). This put Peru under pressure to quickly conclude a deal, which would be the overwhelmingly desirable outcome. The negative effects of failure or postponement of an FTA were perceived as very harmful. This incentivized Peruvian negotiators to make concessions to US demands, while

constantly pushing for an expeditious conclusion of the talks. This pressure on Peru might be perceived as Realist coercion, particularly the ATPDEA's conditionality on counternarcotics cooperation. Although the coercive effect of this conditionality should certainly be acknowledged, the AFTA talks and eventual bilateral negotiations for the US-PTPA were also clearly characterised by consent on behalf of Peru and other Andean states. Peru initiated the talks without being coerced to do so, and its policymakers were convinced of the benefits of free trade, a clear indication of concordance with the US hegemon's ideology.

One effect of Peruvian haste to seal the deal was that it became the driving force behind going bilateral after the tenth round of the talks. Doing this made the negotiations even more asymmetrical. Peru's eagerness allowed the United States to push harder for Peruvian concessions in agriculture and intellectual property. Peru did indeed eventually agree to US demands on intellectual property that both Colombia and Ecuador refused at that point. However, in the face of Peruvian opposition the United States eased its demands on second-use patents, patents on plants and animals and therapeutic methods. In other words, the United States took into account some of the issues of importance to Peru, thereby enabling Peruvian consent.

Once a deal was reached, passage in the US Congress proved to be another major hurdle. Here again Peruvian agency played a vital role in eventual approval. Peruvian officials launched a lobbying campaign in Washington to convince US lawmakers they should pass the deal. It is telling that García explicitly linked his government and the FTA to geopolitical concerns the United States had in terms of the rise of leftist populism in Latin America. By framing the deal as a counterweight to such developments, Peru hoped to increase support among US members of Congress who feared 'anti-American' populists in the region but were less interested in free trade with Peru. García thus alluded to Peru's role as potential ally to the hegemon on the ideological playing field in the Americas.

On two occasions the García administration sent a representative to the US capital to lobby for the deal, first De Soto and later Lemor. However, both encountered a Democratic majority in the US Congress reluctant to pass the FTA, concerned as Democrats were with labour and environmental standards in Peru. After the presentation of the New Trade Policy in 2007, the Peruvians again swung into action. Addendums to the FTA were designed together with the USTR and quickly passed by the Peruvian Congress. These contained several provisions that were highly intrusive of Peruvian sovereignty. Even then, Democrats were not satisfied, continuously raising labour and environmental concerns. Peruvian officials, particularly Lemor, worked tirelessly to inform them about the realities on the ground in Peru with the aim of winning their support. A delegation of US lawmakers

travelled to Peru to 'inspect' Peruvian progress themselves, another example of hegemonic intrusion into Peruvian affairs. García had to prove his country's progress by pointing to increased labour inspections and a new Ministry for the Environment. A red line seems to have been demands by Democrats that Peru change its laws as a condition of US congressional approval. Peru initially rejected this outright, after which the US Congress passed the FTA. Then, after further pressure, Peru hurriedly approved legislation anyway. In spite of earlier tough talk by Peruvian officials that Peru would not be forced to change its laws as a condition to the FTA, this is precisely what happened in January 2009.

The case is an excellent example of hegemony in action. Peru clearly was in a much weaker position than the United States, and it was very aware of this. However, its leaders decided to defer to US hegemony because they believed this was to the benefit of their country. They made many concessions to US demands and actively pursued a free-trade deal, even pressing Washington to speed up the process. Deference to the United States meant ceding considerable national sovereignty. The United States got most of the things it wanted precisely because the subordinate state perceived that deference to the hegemon was worth the costs. However, although the balance of power overwhelmingly favoured Washington, Peru was certainly not a passive player in the negotiations. In fact, subordinate-state agency was key. Peru accepted US hegemony and solicited closer relations with the United States, precisely because it sought to reap the perceived benefits of doing so.

Six

Subordinate-State Agency and US Hegemony

The four cases analysed in this study differ from one another in multiple ways. Bolivia, Brazil, Colombia and Peru each has its own history, culture, politics, natural resources, industry, human capital, demography, geography, economy and related advantages, challenges and national interests. It follows that each state also has a specific relationship with the United States, and that this specificity is inevitably reflected in the outcome of each of these case studies of bilateral US-Latin American relations during the post-Cold War period of 1990-2010. However, something all cases have in common is the significant impact that each subordinate state's agency had on the outcome of the case and, in turn, on the US hegemonic system, although impact on the latter may be more modest.

This thesis set out to assess precisely that: the role of subordinate-state agency in the workings of hegemony. It hypothesized that subordinate states weigh the benefits and costs of hegemony, the outcome of which leads to either consent (when they perceive the benefits to be greater than the costs) or to dissent (when they believe the costs to be greater than the benefits). Security, various kinds of aid, trade relations and many other considerations may play a role in the subordinate state's judgement in this regard. Either result then leads to agency. In the case of consent, a state will defer to the hegemon, whereas in a case of dissent it will defy the hegemon. Deference or defiance may take many forms, but the general effect is that deference, by increasing support for and the legitimacy of the hegemon, strengthens the hegemonic system, whereas in contrast defiance weakens it by opposing hegemony and delegitimizing it.

To be clear, the hegemonic system refers to the makeup of hegemony. Following Clark, this makeup may vary in terms of leadership and in terms of scope of the constituency involved.¹¹²⁸ The latter is comprised of subordinate states. The hegemonic system functions through the production of opportunities and constraints, or benefits and costs, for actors within the hegemonic order that ultimately generate its legitimacy (ie, the recognition by other states of the hegemon's leadership). As such, the hegemonic system is a constantly changing configuration of 'bargaining, contestation, and cooperation' between the hegemon and subordinate states.¹¹²⁹ Chapter One argued that the way the configuration of the hegemonic system changes, and particularly the role in such change of subordinate-state agency, is a generally understudied topic in hegemony studies in IR. It proposed to

¹¹²⁸ Clark (2011), pp. 61-63.

¹¹²⁹ Ikenberry and Nexon (2019), p. 398.

understand state agency as a complex ensemble of different levels of agency (individual, social systemic and social role). Representatives of a state are both constrained and enabled by these levels of agency and, as a collective, they have a theoretical understanding of the state's activities and are able to monitor and adapt these activities and make decisions. As such, they are capable of bringing about change in the state's situation, its role in the international arena or even to international order itself. Chapter One defined subordinate statehood as a status that refers to the circumstances of the asymmetrical relationship of military, economic and/or ideological dependence these states have with the hegemon.

Lastly, the chapter argued for the relevance of the Liberal-internationalist perspective, rather than Realism or neo-Gramscianism, in the study of post-Cold War US-Latin American relations and complemented this with Clark's English School notion of variable intensity and configuration of hegemony. The value of this theoretical framework is corroborated by the four case studies. Although some US coercion is certainly notable in the cases (eg, with the introduction of 'competitive liberalization' or the possible expiration of the ATPDEA), and there certainly was transnational elite consensus on some issues (eg, in the Colombia and Peru cases and in Bolivia before Morales's election), Realist and neo-Gramscian elements of hegemony did not dominate the relations between the United States and the case-study states. Although Liberal-internationalism leaves room for coercion and elite consensus, its emphasis is on the cooperation and multilateralism that foster consent. Chapter Two demonstrated a significant level of consensual cooperation between US and Colombian officials. Chapter Three highlighted a shift in Bolivian politics that changed the country from a largely passive, compliant subordinate state into a defiant opponent of US influence in Latin America, a development that was not met with a strong coercive US response such as one might expect under Realist hegemony. Chapter Four narrated Brazil's use of multilateralism and soft-balancing behaviour to derail a hegemonic project, leading the US to abandon it. Lastly, Chapter Five saw Peruvian administrations actively court the United States to start, conclude, pass, and sign into law a trade deal. The utility of Liberal internationalism is evident.

Each case study also demonstrates quite clearly that, in terms of the definition proposed here, all four states exercised agency vis-à-vis the United States. Most importantly, each state was capable of bringing about change in its situation. Colombia managed to convince the US hegemon to support it in addressing its security crisis. Bolivia greatly reduced US interference in its domestic affairs by rejecting US counternarcotics policy and US hegemony in general. Brazil averted the establishment of what it saw as an undesirable free-trade agreement (FTA), thereby safeguarding the relevance of Mercosul. Peru succeeded

in closing a bilateral FTA with the United States that it believed to be of vital importance to its economic development.

Two general developments in inter-American relations may have enhanced subordinate states' agency. First, the absence of great-power rivalry in the post-Cold War era has made Washington significantly less concerned about openly dissident voices such as those of Morales and (to a lesser extent) Lula and Amorim. The establishment of an organization opposed to 'US-imperialism', such as the Alianza Bolivariana para los Pueblos de Nuestra América (Bolivarian Alliance for the Peoples for Our America, ALBA), would have been unthinkable in the Cold-War context, and it is questionable whether Amorim's 'North-South' G-20 upset in Cancún would have been possible in a world dominated by an 'East-West' divide. Similarly, one may reasonably expect that Washington would have dealt differently with the threat of a Marxist-insurgent takeover of the Colombian state had it been a realistic scenario in the 1980s. The absence of great-power rivalry softened the US approach to Western-Hemisphere affairs and facilitated subordinate-state agency. This allowed Colombia to take the lead on Plan Colombia, Bolivia to reject US interference, and Brazil to rally South American states in the Free Trade Area of the Americas (FTAA) negotiations and 'Global-South' states at the World Trade Organization (WTO).

The Brazil case particularly illustrates the second development that enhanced subordinate-state agency, the rise of regionalism and multilateralism. Had Brazil stood alone vis-à-vis the United States, negotiations would have been much more asymmetrical. However, with Mercosul negotiating as a bloc, often joined by associate members Chile and Bolivia and the Community of Andean Nations (CAN), the United States could not dominate the FTAA as it had seemingly expected. Furthermore, the cooperative and negotiable character of the FTAA resulted in a climate in which the United States had to make agreements and respect these. One example is the principle of the 'single undertaking', which the US opposed but could not prevent from being adopted. To a lesser extent, in the Peru case multilateralism also played role, at least until Peru decided to pursue a bilateral deal.

As the next subsections detail, taken together, the cases make a strong argument that analyses of relations between subordinate and hegemonic states should closely consider empirical evidence concerning the subordinate state's domestic situation and national interests, which have significant explanatory power in each case. The cases also demonstrate the hegemon's relatively modest influence in matters pertaining to its own hegemony. In Liberal-internationalist hegemony, the hegemon does not simply pull the strings, even if it is much more powerful than other states. If it seeks to do so anyway, as in Bolivia during the 1990s, a strong counterreaction may build that will ultimately lead to less hegemony. The agency of subordinate states is often decisive.

Theme 1: Counternarcotics policy

US counternarcotics policy is by nature intrusive. In choosing a supply-side solution to its domestic drug problem, the United States pursued counternarcotics efforts that by definition had to be executed not within its own territory but within that of sovereign drug-producing states. Success, from the US perspective, within this theme would thus be a cooperative subordinate state that effectively curbed coca cultivation and cocaine production. Non-cooperation would signify failure and be practically unacceptable, especially because the 'War on Drugs' was perceived as an issue of US national security. Its impetus lay clearly with the United States. Although Washington probably preferred consensual Andean cooperation in the Liberal-internationalist sense, the US national security character of the theme could well lead one to expect that non-compliance would result in Realist coercion. Drug-producing subordinate states may have had only modest room for manoeuvre on this particular policy issue.

Colombia, however, had its own need for counternarcotics cooperation. As a consenting state, it actively pushed for close proximity with the United States. Precarious as the Pastrana administration's situation was, it sought to bandwagon on US power by practicing bonding behaviour in an attempt to persuade Clinton administration officials, US military leaders and US congressional representatives to support its cause. It was successful in this endeavour and managed to derive power from its close association with the United States. However, this did come with losses in terms of Colombian sovereignty and increased dependence on the United States. Colombian decisionmakers deemed these costs smaller than the benefits they derived from deference to the US hegemon.

The story of Bolivia under Morales is starkly different. As president, he perceived hardly any benefits stemming from US hegemony; instead, he mainly saw costs. Except for the ATPDEA trade preferences, which he surely hoped to maintain, Morales saw dependency on the United States as a problem. The War on Drugs, US interference in Bolivia's domestic politics, and the country's dependence on US aid were all costs of US hegemony he hoped to eliminate. Within his first three years in office he implemented his community coca control policy against US wishes, regularly lambasted US officials and agencies, eventually expelled the US ambassador and DEA (followed by USAID in 2013), increased ties with US antagonists Venezuela and Cuba, and obtained alternative revenue thanks to the commodity boom. Morales may at times have vilified the United States primarily to score political points, but there is no doubt that his administration saw the state of relations with Washington as harmful to Bolivia.

The outcomes in both cases could hardly contrast more. What accounts for these differences? After all, at the outset the Colombian and Bolivian cases were quite similar. Both states are prominent producers of cocaine, what primarily explained Washington's interest in them during the period under examination. Both received substantial counternarcotics aid following the internationalization of the War on Drugs. Consequently, both had been included in the ATPA and later ATPDEA, which granted them preferential trade access to the US market. Still, Colombia embraced US hegemony, while Bolivia outright rejected it. This difference may be explained by examining the specific national context of both states and the very different role the United States played in each as a consequence.

Coca cultivation in Colombia had long been modest and far below the levels in neighbouring Peru and Bolivia. The coca plant did not form part of daily Colombian life, and large-scale cultivation only grew when drug cartels moved production efforts to Colombia in the 1990s. The lucrative cocaine business soon became an important source of revenue for various illegal armed groups within Colombia, emerging as a means of financing an internal armed conflict that had been ongoing since the 1960s. As detailed in Chapter Two, this had brought the country to the brink of state failure by the late 1990s. This dire situation made the Colombian government defer to US hegemony, convinced as it was that this was essential for the survival of Colombia as a functioning state. In other words, Colombia clearly saw what it could gain from US hegemony and it pushed hard for US help, which it eventually received. It thus consented to US hegemony and applied agency that strengthened the US hegemonic system. It is important in this regard that the initiative for Plan Colombia came from the Colombians.

In Bolivia coca cultivation is a centuries-old tradition. Indigenous people have been growing the plant for a thousand years, and it is part of daily life in a variety of ways. Coca production did not, however, finance a civil war. Still, US policy in Bolivia was arguably much more intrusive than in Colombia, with US officials at times deeply involved in the domestic implementation of counternarcotics policy. Operation Blast Furnace and Law 1008—as well as neoliberal stabilization measures—hurt poor coca growers in Bolivia, who began to mobilize against US policy and the Bolivian governments that assented to it. Colombian coca growers were also affected by US eradication policy, but here the different domestic contexts come into play: whereas the Pastrana government actively requested increased US assistance and included counternarcotics and counterinsurgency policy in its own national policy proposals, Bolivian governments often found they had to accept the US imposition of its counternarcotics policy. In Colombia, the gains were quite obvious; drugs were one of the main drivers behind domestic instability and high levels of violence. In Bolivia, in contrast,

it was counternarcotics policy itself that led to unrest. Colombia therefore pursued US involvement; Bolivia, for decades, passively accepted US interference.

The Bolivian case is a fascinating example of the erosion of a neo-Gramscian historic bloc. As Chapter One discussed, a crisis of hegemony is essentially a crisis of representation, meaning a breakdown in the relationship between the people and their political leaders.¹¹³⁰ In Bolivia, for several decades national administrations had subscribed to US ideology and followed the US lead, both in terms of counternarcotics policy and neoliberal economic stabilization measures. Then Morales and the MAS launched an ideological offensive against the status quo. Morales framed his main message (no more neoliberalism, no more War on Drugs) in strongly nationalist terms. This message resonated because to Bolivians the gains of both policies were not very clear. Neoliberalism became more and more associated with exploitation of the Bolivian people, while the War on Drugs brought no tangible benefits to the country, which was not reeling from the effects of an internal armed conflict. Therefore, why would Bolivians support it? The MAS's nationalism proved to be a powerful counterhegemonic weapon, allowing Morales to gain terrain on the domestic political playing field, win the presidency and push aside the establishment. Fortuitously aided by increased revenue from the commodity boom, he was then able to curb US influence and expel the US ambassador, which further solidified his position. The case also substantiates the importance of 'mass common sense' to hegemonic legitimacy.¹¹³¹ Once this common sense turns against hegemony, it creates an environment in which the historic bloc may break down.

Under Morales, Bolivia thus actively defied US hegemony—and to great effect. In cases of dissent, the hegemonic state has three options. First, it may respond with outright repression and coercion. This would essentially be a return to Realist hegemony, which, in the Liberal-internationalist perspective would change the relationship from being hegemonic to one of domination. In post-Cold War Western Hemisphere relations this is mostly only a theoretical possibility. Second, the hegemonic state may attempt to convince the subordinate state to remain within hegemony's constituency by demonstrating the benefits of doing so, combining coercion with attempts at regaining the subordinate state's consent. The United States' decision to decertify Bolivia aimed at making clear what it would lose if it went against Washington's prescribed drug policy, in the same way that early warnings to Morales that the United States held considerable influence in multilateral financial institutions were attempts to secure Morales's deference. Lastly, the hegemon may choose not to act, out of impotence, indifference or a combination of both, in effect allowing the subordinate state to exit the

¹¹³⁰ Cox (1987), p. 269.

¹¹³¹ Hopf (2013), pp. 318-321.

hegemonic order. When the second option was ineffective (or even counterproductive, in the sense that it further fuelled Morales's antagonism), the United States had little choice but to accept Bolivia's departure from its sphere of influence.

Theme 2: Free-trade negotiations

Free trade is by nature a cooperative undertaking. Both sides in a negotiation hope to obtain certain benefits, and the pretence of any agreement is that both parties will see their situation improve as a result. As such, a free-trade deal with the hegemon may be more easily sold to a subordinate state's domestic audience than increases in domestic military and/or law enforcement activity for counternarcotics purposes. Parties may be directly opposed on certain issues, but the negotiations serve precisely to solve such disagreement through the making of mutual concessions. This give-and-take may be productive, resulting in a deal, but it may also fail, which can be deplored but is certainly not unacceptable. Free-trade negotiations are an eminent policy area of Liberal-internationalist hegemony precisely because of this intrinsic cooperative element. Outright coercion is unlikely to produce positive results in a negotiation, which gives subordinate states more room for manoeuvre. In addition, Washington policymakers perceive the stakes to be less high than in counternarcotics policy, especially when it concerns trade negotiations with states of negligible market size, giving the hegemonic dynamics at play within this theme a less imposing character.

The case of Brazil and the FTAA is in many ways an outlier among the four cases examined in this study. Brazil's economic and population size give it more leverage vis-à-vis the United States than any of the other case-study states. With a much more diversified economy, Brazil is less dependent on the United States economically, and its population size makes it an attractive market for US exports. Furthermore, as a regional giant, Brazil has the potential to challenge US leadership, at least in South America, and it has not refrained from expressing the desire to do so. Still, the relationship with the United States is asymmetrical in terms of overall dependency, as defined in Chapter One. As the case study demonstrates, Brazilian officials were very aware of this asymmetry, accepted it as an inevitable reality, and sought to minimize its effects, all while furthering Brazil's interests.

The main strategy applied in this regard was soft balancing, or 'joining forces with others' as a way of 'improving one's bargaining position in global negotiations' that concern 'the broad institutional arrangements that regulate international behavior'.¹¹³² Some analysts

¹¹³² Walt (2005a), chapter 3, paragraph 46.

argue that observed instances of soft balancing fail to consider alternative explanations for behaviour that counters the hegemon, including the subordinate state's own economic interests, but in the case of Brazil's oppositional coalition building during the FTAA negotiations this critique appears invalid.¹¹³³ Brazil rallied its Mercosul partners behind its position, united and led the Rio Group states during the pre-summit meeting at Airlie House, gathered South American states in hopes of negotiating the South American Free Trade Area (SAFTA), and rallied the G-20 in the Doha Round meeting in Cancún, not merely for its own economic gains but also explicitly to counter US hegemony. Brasília perceived the US version of the FTAA as too dominant. Brazil therefore sought to restrain US hegemony, while also hoping to close a deal that would lead to economic gains. When the latter objective seemed impossible, the former objective prevailed. Brazil's approach also fits the strategy of buffering, which 'entails reducing exposure to the lead state through the development of alternative regional spheres'.¹¹³⁴ SAFTA is an important example.

The FTAA project was a prominent example of Liberal hegemony in that it sought to establish rules and institutions in a multilateral setting through negotiation and cooperation under US leadership. But it failed, particularly as a consequence of Brazilian agency, which succeeded at advancing Brazil's interests precisely through the multilateral cooperation and negotiation mechanisms of the FTAA project. This eventually led the US hegemon to abandon the project altogether, opting instead for bilateral talks and competitive liberalization. The case thus raises questions regarding the Liberal understanding of hegemony, which suggests subordinate states will support hegemony precisely because multilateralism gives them a say in the hegemonic order's rules and regulations. This makes the hegemon's leadership much more palatable than outright domination, but as the FTAA case demonstrates, negotiation and cooperation may appeal to subordinate states and repel the hegemonic state. In other words, subordinate-state agency may force the hegemon to readjust its hegemonic ambitions.

This is in part a consequence of what Cronin calls the 'paradox of hegemony'.¹¹³⁵ When such a paradox occurs, some of the hegemon's domestic interests conflict with its broader hegemonic interests. Domestic forces push for policies that further their own specific interests (for instance, agricultural subsidies and other protectionist measures), but these may be incompatible with the hegemon's regional or global interest of maintaining an international order based on rules, regulations and multilateral agreement. The fact that the Clinton administration lacked fast-track authority was an expression of this conflict, with

¹¹³³ Brook and Wohlforth (2005), p. 74.

¹¹³⁴ Ikenberry (2003), p. 18.

¹¹³⁵ Cronin (2001), p. 105.

many members of Congress valuing domestic interests over regional hegemonic interests. This created a window of opportunity for Brazil to question US leadership, discredit it, rally many of its neighbours behind its cause, and position itself on an equal footing to the United States in the negotiations.

Similarly, Peruvian agency was pivotal in the closure of the US-Peru Trade Promotion Agreement (US-PTPA). As Chapter Five demonstrated, Peru itself pressed for its inclusion in the Andean Free Trade Agreement (AFTA), continuously tried to speed up the negotiations and became highly active in lobbying the US Congress to pass the final agreement. Although it made many concessions, it did manage to win concessions from Washington in certain areas. The relationship was highly asymmetrical, with leverage overwhelmingly on the US side. Still, Peru believed an agreement would bring it so many benefits that it was willing to comply with many US demands, even altering domestic legislation in order to secure US President Bush's signature on the deal.

What accounts for the differences in outcome between the Brazilian and Peruvian cases? In many ways they are very dissimilar. First, there are enormous differences between Brazil and Peru in terms of their economic and population size and in the character of their relationships with the United States. Second, the FTAA was a multilateral negotiation, whereas the eventual US-PTPA was negotiated bilaterally. Chapter Four and Five clearly demonstrate multilateralism increases the leverage of subordinate states. Brazil's agency in opposition to the FTAA as it was conceived by the United States relied at several moments on the support it managed to secure from fellow Latin American states. Mercosul served as a buffer and multilateralism enabled soft-balancing behaviour, which eventually pushed Washington to fall back on bilateral talks or talks with smaller groups of weaker states. One such group was comprised of Peru, Colombia and Ecuador. In the AFTA negotiations, too, the Andean states sought to increase their leverage by banding together. When the AFTA stalled, Peru consciously chose to continue the talks bilaterally, even if it knew that alone it would have little agency and be forced to make considerable concessions to the United States.

Still, it is possible to draw some comparisons between both cases. As Chapter Five noted, Peru and the United States did not really compete seriously in most trade areas; both states' most important export products complemented each other quite well. Second, Peru's economy was already relatively open, a consequence of the Fujimori administration's lowering of import tariffs, which made it easier to make further concessions in terms of market access. Finally, Peru was very dependent on the United States as an export market, particularly as a result of the ATPDEA, the expiry date of which was a looming threat to its economy. In short, Peru had much to gain from a permanent FTA with the United States. It

made concessions, but only in the anticipation that the overall benefits were much greater than the costs.

Brazil, on the other hand, perceived that it had much to lose under the FTAA project. Policymakers realised that the United States was a direct competitor in many trade areas and that Brazil's national industry was not advanced enough to withstand US competition. Brazil therefore sought far-reaching concessions from the United States, concessions that would make Brazil much more competitive, particularly with regard to US agricultural subsidies. The United States was unwilling to make those concessions, while at the same time demanding Brazilian concessions in other areas that Brazilian officials felt were undesirable or harmful to Brazil's interests. In short, the FTAA as envisioned by the United States became a project that, if agreed, presented Brazil with high costs and few benefits. Unsurprisingly, Brazil objected to such deal.

As with the Colombian and Bolivian cases, in the Brazilian and Peruvian case studies subordinate-state agency played a decisive role in the outcomes. Simply put, Peru perceived a net positive gain from closing a free-trade deal with the hegemon and therefore consented to US hegemony, actively deferred to the United States, and further fortified its position within the hegemonic system as a constituent of US hegemony. It was important that the United States sometimes took Peruvian interests into account when the Peruvian negotiators indicated there were red lines they would not cross. This enabled Peruvian consent. Brazil, in contrast, believed that the FTAA project would harm its interests and therefore dissented, actively defying the United States by rejecting the FTAA project on offer, demanding a better deal and ultimately refusing to legitimize US hegemonic leadership in South America.

Consent and dissent

Although a comparison of the cases grouped by theme highlights some interesting differences, comparing the cases on the basis of outcome further underscores the important role of consent/dissent and agency. Both Colombia and Peru took the initiative and approached the United States for closer association. They had an a priori conviction that deference to the United States was in their national interest. Both in the design of Plan Colombia and in the free-trade talks between Peru and the United States, it was the Andean state that took the lead in moving the project forward. Their consent inspired their agency. A telling illustration of this is that both Colombia and Peru actively lobbied the US Congress to get legislation passed. Once implemented, Plan Colombia and the US-PTPA increased the legitimacy of US hegemony because both Colombia's and Peru's recognition of, and

allegiance to, US hegemony increased. Both states became solid constituents in the US hegemonic system.

An interesting consequence of the consent and initiative of both states was that these allowed the United States to then push Colombia and Peru on issues that it felt were important. Because Colombia sought US aid in security matters and Peru (and Colombia) sought closer economic ties to the United States, Washington could take its hegemonic influence beyond these areas and into the ideological realm. In Colombia this found expression in acceptance of US conditions on human rights and in Peru in changes in the areas of labour and environmental standards. In Liberal-internationalist hegemony, not only does ideological concordance inspire consent, but consent can lead to ideological concordance and thus foster more hegemony.

Bolivia and Brazil present a wholly different picture. Both states reacted to US policies and proposals, rather than initiating them. The rise of the MAS itself was a reaction to US policies in Bolivia that the movement's supporters fiercely opposed. Similarly, Brazil was presented with a hemispheric integration project initiated by the United States that it felt would be harmful to its interests. It therefore developed a strategy to either mould the FTAA into a more desirable initiative or, if that was not feasible, block it entirely. Bolivia and Brazil thus developed an a posteriori conviction that defiance of the United States was in their national interest. Turning dissent into agency, both states soft-balanced and buffered, effectively blocking US policy, refusing to legitimize US hegemony and decidedly rejecting constituent status.¹¹³⁶ The enormous differences between both states in terms of their population and economic size and their potential influence demonstrate that defiance of US hegemony can be an option for a wide range of subordinate states.

An important enabler of such defiance was electoral change. A swing to the left in Bolivian and Brazilian politics led these states to reject neoliberalism (Lula less so than Morales) and harden their stance vis-à-vis the United States. The ideological concordance of subordinate states' domestic populations with the dominant ideology of the hegemon is thus an important condition for subordinate-state consent. Similarly, electoral change within the hegemonic state may affect the hegemon's preferred approach for dealing with dissent. Under Bush, USTR Zoellick certainly chose a different, more coercive path with competitive liberalization than his predecessors of the Clinton administration. Whether this path was beneficial to US hegemony is open to debate, but competitive liberalization does not seem

¹¹³⁶ Although Bolivia clearly was a constituent of US hegemony before Morales came to power, Brazil's position in this regard is open to debate. Nonetheless, the FTAA case demonstrates that Brazil refused to conduct itself as a constituent by blocking a deal shaped to reflect US interests.

to have convinced any of the dissenting states (amongst which Brazil was the most notable) to switch to consent.

Dependence certainly appears to correlate with consent. Colombia and Peru were very dependent on the United States in, respectively, security/military terms and economic terms. This is very likely to have played a large role in their consent and deference to Washington. Brazil, by its sheer size, is much less dependent on the United States and could therefore more easily oppose Washington. Bolivia's dependence had been severe for decades, but this changed with the commodity boom. It is unlikely Morales could have defied the United States to the extent that he did had he not had alternative financial revenue streams. Increased autonomy thus enables dissent. However, this does not mean that dependence excludes agency. Peru and Colombia may have had less room to dissent, but neither was passive, and both were capable of bringing about change in their national situation.

Subordinate-state agency and hegemony

Colombian and Peruvian agency strengthened the US hegemonic system, while Brazilian and Bolivian agency weakened it. To be sure, the choice of consent or dissent and the agency exercised by one subordinate state is unlikely to have more than a modest impact on the hegemonic order, especially when this involves a particularly weak state in military or economic terms or one that is of little importance to the hegemonic state. Nor does one state's consent or dissent necessarily affect in significant degree the hegemon's absolute or relative power. That power is dependent on the hegemon's overall military, economic and institutional strengths. Bolivia's dissent certainly did not lead to a collapse or a significant erosion of US hegemony in Latin America, nor did Peruvian consent signify the start of a period of hegemonic stability. Both states' influence is insufficient to have such an effect. However, the hegemonic system, particularly in terms of the scope of constituency or recognition of the hegemon, clearly was affected. Bolivia withdrew recognition, and Peru granted recognition. Both states' actions slightly altered the configuration of the hegemonic system. Although the direct effects of these states' agency on the system may have been modest, a shift from consent to dissent may be an indication of a broader weakening of the hegemonic system. As more states shift from consent to dissent, the hegemon's legitimacy decreases. Such a configurational change potentially affects the hegemon, too. After all, as the scope of the hegemony's constituency shrinks, the nature of the hegemon's relations with the states that exit changes. In essence, the hegemon ceases to be a hegemon over states that retract their recognition of it in the Liberal-internationalist sense; instead, it becomes to them merely a dominant and powerful state.

The scope of this study in terms of the time period examined and its regional focus may place some limitations on the generalizability of its conclusions. However, the findings presented here do provide several valuable insights into the workings of hegemony and the dynamics that determine outcomes in the relations between subordinate and hegemonic states. These insights, furthermore, may open up new avenues for future research that builds on them.

First, the case studies examined here substantiate the relevance of several subordinate-state strategies for dealing with powerful, dominant states. The case-study states chose soft balancing (Brazil, Bolivia), bonding (Colombia), balking (Bolivia), buffering (Brazil, Bolivia) and bandwagoning (Colombia, Peru) to further their national interests, and the cases show that these strategies can be effective. Moreover, the case of Bolivia demonstrates that soft balancing is not necessarily limited to second-tier states, but may in fact be applied by much weaker states as well. This does not mean that other strategies discussed in Chapter One cannot be effective. In the cases analysed in this study, policymakers simply did not decide to pursue their states' interests through leash-slipping, blackmailing, baiting, bargaining or the establishment of a division of labour. The applicability of strategies is context-dependent, and empirical analysis of similar cases may identify strategies not observable in the cases studied here that may be relevant elsewhere. One can, for instance, think of comparisons between Venezuelan defiance of US hegemony and the Bolivian case, US security aid to the Northern Triangle states in Central America and the Colombian case, and other successfully concluded US FTAs such as those with Chile or Panama and the Peruvian case. Furthermore, scholars may wish to assess the extent to which cases of dissent may be contagious. For example, there might be a demonstration effect through which one successful rejection of US hegemony may inspire other states to follow suit, especially if there are relatively few perceived consequences for the first dissenter. Finally, although this work touches on this subject in certain cases (Bolivia in particular), future research might examine whether dependence in one policy area leads to deference in a different area. In Bolivia, trade and counternarcotics policies were explicitly linked (as they were in Colombia and Peru), but other policy areas could be affected as well. One possible line of inquiry would be to compare dependence in security aid or trade relations with UN General Assembly voting behaviour to determine whether there is congruence with the hegemon's voting pattern.¹¹³⁷

Even if this study confirms the importance of certain subordinate-state behaviours, the cases examined here might lead one to question the utility of the wide variety of such

¹¹³⁷ For one such study, see Richardson (1976).

behaviours that the IR literature identifies. Instead of placing multiple labels on subordinate-state behaviours, it might be more meaningful to ask why certain states choose one strategy over another. Which strategies appear to work well together, and what are the larger objectives that a combination of strategies may serve? The relationship between consent/dissent and agency of deference/defiance that this study proposes enables the formulation of more elaborate answers to these questions, and it may advance the construction of a more workable model for analysing and explaining subordinate-state behaviours vis-à-vis hegemonic states. Instead of the disordered mix of strategies currently discussed, this might lead to the development of a theory of subordinate-state agency. This study aspires to be a first step toward this goal; future research may be able to expand and further elaborate such theory.

More generally, this study underscores the value of empirical studies that examine subordinate-state agency. A similar methodological approach toward other cases that takes into account the experiences and interests of the subordinate state may further deepen scholarly understanding of the relations between dominant and weak states, casting doubts on the prevalent view of dominant-active and weak-passive states. Research of this kind would not need to be limited to US-Latin American relations. Weaker-state agency likely plays an important role vis-à-vis any dominant state, and further study of its potential impact may change existing views in a broad range of IR debates.

With respect to hegemony studies, this thesis aspired to demonstrate the relevance of subordinate-state agency in the study of hegemony. To be clear, the argument is not simply that subordinate states have agency. This would be quite a moot point, at least once past the hurdle that is the state-agency debate. The real contribution this thesis makes is to show that subordinate-state agency can be, and often is, decisive in the outcome of interactions between a hegemon and a subordinate state. All four cases examined here demonstrate that the subordinate state eventually got what it wanted (or, in the case of Brazil, at least not what it explicitly did not want). The United States had to accept a negative outcome in both the Bolivian and Brazilian cases. To be sure, the loss of influence in Bolivia, a country of minor importance to the United States economically, probably did not give Washington policymakers sleepless nights (apart, perhaps, from possible fears of contagion of other states). Nonetheless, the Morales presidency did represent a serious setback in terms of the War on Drugs. And with the collapse of the FTAA, even if competitive liberalization proved to be quite a successful alternative, US policymakers' hopes of free trade with Mercosul, the most promising market in the Western Hemisphere, were put on hold indefinitely. Because of the character of post-Cold War US-Latin American relations, Washington stood relatively

powerless to prevent either state from turning its back on the United States, instead exercising what might be understood as strategic patience.

This conclusion, therefore, calls for a reconsideration in hegemony studies of the centrality of the hegemon's agency and decisive power. This chapter began by recalling that a hegemonic system is subject to constant bargaining, contestation and cooperation between its leadership and constituents. Future scholarly work should examine questions related to the workings of this system. Which actors can change its configuration, and how? What elements and dynamics are actors in this system subject to, and what variation in roles can they have in the workings of the system? This work has attempted to formulate a partial answer to questions such as these by arguing that it is not merely the hegemon that decides on the system's configuration; in practice, subordinate states play an active, often decisive role therein, particularly with regard to their ability to produce or contest hegemony's legitimacy. Because legitimacy is a foundation of hegemony, the study of its production and contestation merits the attention of scholars. If hegemony is dependent on, and strengthened by, consent (or jeopardized by dissent), then the study of subordinate-state agency is vital to our understanding of hegemony.

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Appendix: Interview methodology and list of interviewees

Methodology

Interviewees were selected on the basis of their involvement, on the US side and on the Bolivian, Brazilian, Colombian and Peruvian sides, in the case-study matter. Additional interviewees were selected on the basis of their expertise in the thematic areas (counternarcotics and free-trade policy). As such, the study applied ‘purposive theoretical sampling’, ie, sampling was informed by the specific goals of the research project and data collected during interviews was used for the development of theory. This then influenced decisions on what data to collect next. Often, interviewees themselves suggested other potential interviewees, allowing for additional ‘snowball sampling’.

At the beginning of each interview, the author informed the interviewee of the nature of the research project and its main research questions. Interviewees were asked to sign a consent form on which they declared that they understood what the research project entailed, had been made aware that at any point they could withdraw from the project if they so wished, and consented with the processing and use of their personal information for the purposes of the study. They were also asked to consent with the use of a voice recorder during the interview. The majority of interviewees consented with such use, although a few requested anonymity or objected to the recording of the interview. Some interviews were conducted via telephone. This has been indicated in the list of interviewees below.

For each interview the author prepared a list of questions and specific topics to discuss, which served as an interview guide. The questions were adapted to each interviewee and their specific role in the case at hand. However, all interviews followed a roughly similar structure and, as such, were semi-structured in nature. Attention to a roughly similar structure for all interviews served to ensure cross-case comparability. In general, questions concerned the interviewee’s own background; the nature of his or her involvement in the case; the policy interests and strategies of the respective governmental administration, agency, or other organization they worked for at the time; their personal interactions and experiences with officials from the opposing side in the case; and their personal views at the time, as well as those formed in hindsight, concerning the overall case, the opposing side’s actions and intentions, and the eventual outcome of the case.

The interview topics were based on the specific research questions of the study. From the list of topics, the author prepared the specific interview questions. Subsequently, these were revised by going back to the research questions and interview topics, as well as

the data collected from earlier interviews, which often generated novel issues and new areas for inquiry. Based on this preparation, interviews followed a certain script, but this script was rather fluid in nature, allowing for follow-up, probing, and specifying questions when the author wished to further pursue a topic, as well as leaving space for unexpected new areas or topics which the interviewee might bring to bear. The author concluded each interview by asking whether the interviewee felt any important topic or element had been left out of the interview or deserved further attention. This proved to be a highly productive question because interviewees often pointed at new directions of inquiry.

Although the author took some notes during the interviews, most note-taking took place shortly after the interviews ended and focused on the main take-aways that the interview had produced. Later, interviews were partially transcribed in order to save time; that is, the author listened to the recordings and transcribed only those sequences which might be used in the final study. Once a specific case-study chapter had been written in its first draft, the author once more listened to the audio recordings to check if any important pieces of information had been left out.

List of interviewees

Abdenur, Roberto	Secretary General Brazilian Ministry of Foreign Relations (1993-1995), Rio de Janeiro, 18 October 2018.
Amorim, Celso	Brazilian Minister of Foreign Affairs (1993-1994; 2003-2010), São Paulo, 1 November 2018.
Arslanian, Regis	Brazilian Chief Negotiator for the FTAA (2002-2005), São Paulo, 25 October 2018.
Bahadian, Adhemar	Brazilian Co-chair of the FTAA (2003-2005), Rio de Janeiro, 19 October 2018.
Barbosa, Rubens	Brazilian Ambassador to the United States (1999-2004), São Paulo, 10 October 2018.
Barshefsky, Charlene	Deputy US Trade Representative (1993-1996) and US Trade Representative (1996-2001), Washington, D.C., 10 November 2017 (interview by phone).
Beers, Rand	US Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (1998-2002), Washington, D.C., 22 November 2017.

Campero, José Carlos	Bolivian Vice Minister of the Presidency (2003), La Paz, 5 May 2017.
Charles, Robert	US Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (2003-2005), Washington, D.C., 16 November 2017.
Creagan, James	Special Charge d’Affairs US Embassy in La Paz (2009), San Antonio, 7 November 2017.
De la Flor, Pablo	Peruvian Vice Minister of External Trade (1994-1996; 2003-2006), Lima, 4 December 2018.
De Leo, Antonino	Representative UN Office of Drugs and Crime in Bolivia (2013-present), La Paz, 10 May 2017.
García, Luis Alonso	Peruvian negotiator for intellectual property AFTA and US-PTPA, Lima, 10 December 2018.
Gómez, Hernando José	Colombian chief negotiator for the AFTA and US-Colombia FTA, Bogotá, 9 June 2017.
Fonseca Jr., Gelson	Brazilian Ambassador and Diplomatic Advisor to the President (1995-1999), Rio de Janeiro, 19 October 2018.
Goldberg, Philip	US Ambassador to Bolivia (2006-2008), Washington, D.C., 27 October 2017.
Greenlee, David	US Ambassador to Bolivia (2003-2006), Washington, D.C., 18 October 2017.
Grossman, Marc	US Under Secretary of State for Political Affairs (2001-2005), Washington, D.C., 20 October 2017.
Hooker, Silvia	Peruvian negotiator AFTA and US-PTPA, Lima, 14 November 2018.
Kamman, Curtis	US Ambassador to Colombia (1998-2000), Washington, D.C., 13 November 2017 (interview by phone).
Lafer, Celso	Brazilian Minister of Foreign Affairs (1992; 2001-2002), São Paulo, 30 October 2018.
Lemor, David	Peruvian Minister of Production (2005-2006) and Peruvian Representative in Washington, D.C., for passage of the US-PTPA, Lima, 5 December 2018.
Maisto, John	Senior Director for the Western Hemisphere at the US National Security Council and Special Assistant to the

	President (2001-2003), Washington, D.C., 15 November 2017.
Murray, David	White House Office of National Drug Control Policy (2001-2014), Washington, D.C., 13 November 2017 (interview by phone).
Negroponte, John	US Ambassador to Mexico (1989-1993), Washington, D.C., 17 November 2017.
Núñez, Dionicio	Bolivian Vice Minister of Coca (2012-2013) and MAS founding member, La Paz, 9 May 2017.
Otero, Maria	Under Secretary of State for Civilian Security, Democracy, and Human Rights (2012-2013), Washington, D.C., 20 November 2017.
Padilla, Christopher	Assistant US Trade Representative for Intergovernmental Affairs and Public Liaison (2002-2005), Washington, D.C., 24 October 2017.
Patterson, Anne	US Ambassador to Colombia (2000-2003), Washington, D.C., 9 November 2017.
Peredo, Osvaldo	MAS founding member, Santa Cruz de la Sierra, 12 May 2017.
Pickering, Thomas	US Under Secretary of State for Political Affairs (1997-2000), Washington, D.C., 18 October 2017.
Rodríguez, Roberto	Brazilian Minister of Agriculture (2003-2006), São Paulo, 22 October 2018.
Rodríguez Veltzé, Eduardo	Interim President of Bolivia (2005-2006), The Hague, 10 April 2018.
Romero, Peter	US Assistant Secretary of State for Western Hemisphere Affairs (1998-2001), Washington, D.C., 25 October 2017.
Shapiro, Charles	US Principal Deputy Assistant Secretary of State (2005–2007), Washington, D.C., 9 November 2017 (interview by phone).
Watson, Alexander	US Assistant Secretary of State for Inter-American Affairs (1993-1996), Washington, D.C., 31 October 2017.

Two additional interviewees preferred to remain anonymous.