

# The First Integrated Wave of Regionalism and Democratization in the Americas: A Comparison of NAFTA and MERCOSUR

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## INTRODUCTION

Since the beginning of the 1980s, many Latin American countries have entered the process of democratization or “redemocratization,” playing a part in the third wave of democratization, as mentioned by Samuel P. Huntington.<sup>1</sup> But, in Latin America this was not the first wave of democratization, because during the second half of the 1950s there was a movement toward democracy and by 1960 Paraguay was the only Latin American country that remained under military rule. During that period what was interesting from the present point of view is the fact that many Latin American governments had intended to form some kind of regional economic integration, evidently influenced by the formation of the EEC in 1958. The Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM), both formed in 1961 and the Andes Common Market, formed in 1968, were all examples of such a regional integration. This suggests that during the second half of the 1950s and in the decade of the 1960s, there was a considerable interest in a regional economic integration all over Latin America along with the movement toward democracy.

What I should like to stress here is the fact that this concomitant process of economic integration and democratization has been repeated

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during the 1980s and 1990s in Latin America. In fact, from the 1980s on we have observed the rebirth of a keen interest in economic integration all over Latin America, this time again partially influenced by the advance of economic integration in Europe. If this new globally increasing interest in economic regionalism can be thought of as the 'second wave of regionalism,'<sup>2</sup> following the first wave that occurred in the 1950s, it is safe to say that the Latin American countries are now undergoing democratization together with the second wave of regionalism.

However, the relation between integration and democratization was to some extent different in the first and second waves. For example, while in the first wave there was no explicit connection between regionalism and democratization, in the second wave, the intention to connect these two was much more evident. In other words, as Latin American leaders intended to create a regional integration irrespective of the type of political regime in the first wave, even a military government could participate in an integration program, as was the case of the Andean Pact. But, in the second wave, the relation between the two became clearer, or, in other words, there was a tendency to create an economic bloc only among democratic countries. In this sense, we can say that an integrated wave of regionalism and democratization appeared in Latin America for the first time in the 1980s. This implies that the combination occurred almost two decades later than in the EEC, which had begun to apply a democratic principle as a condition for membership in the 1960s, as shown in its rejection of Spain's entry in 1962.<sup>3</sup>

Accordingly, how did this combination in Latin America occur in the 1980s? And what are the prospects of democracy in this region, if one takes into account this new combination of democracy and integration?

To analyze these questions, a comparison will be made here between NAFTA and MERCOSUR. There are several reasons for this. First of all, it is needless to say that these two are much more important regional entities than others within the Western Hemisphere. Secondly, each has a different attitude toward democracy in the sense that while MERCOSUR acquired a clear-cut principle of democracy in 1996, which rejects all forms of military rule by member countries, NAFTA avoided such an explicit principle of democracy. Thirdly, there is a substantial difference between the two types of economic integration, because NAFTA is a free trade agreement, while MERCOSUR is practically a customs union, although it won't become a complete customs union until 2006.<sup>4</sup> Accordingly, the question for us is if there is any relation between

the types of integration and their effect on democracy. Or to be more precise, does a free trade agreement lead the member countries to avoid interfering in political matters such as democracy? And conversely, does a customs union type of agreement tend to intervene in the internal politics of other member countries? In our attempt to compare NAFTA and MERCOSUR, this relationship between the type of integration and its attitude toward democracy will be an important topic to be analyzed.

But, before entering the analysis, it is necessary to explain what is meant by democracy. Obviously, it is not easy to define democracy but here following Huntington we define it as procedural democracy. According to Huntington, “the central procedure of democracy is the selection of leaders through competitive elections by the people they govern.” For elections to be competitive there must be freedom of expression and respect for human rights. So, Huntington understands “a twentieth-century political system as democratic to the extent that its most powerful collective decision makers are selected through fair, honest, and periodic elections in which virtually all the adult population is eligible to vote.”<sup>5</sup> Probably this definition tends to minimize the difference between a political system like that of Mexico, where no military coup has occurred during several decades, though it maintains many authoritarian characteristics, and a system like Argentina, where the armed forces have often taken power by force since 1930. In other words, such a definition tends to blur the difference between military rule and a civilian regime with authoritarian tendencies. However, in comparing Mexico with the Southern Cone countries, Huntington’s definition is useful, because it allows us to compare them with the same criteria of a procedural democracy. Putting it in another way, although Mexico did not experience military rule for such a long time, there was no substantial difference between Mexico and MERCOSUR countries at the level of democracy. Given this situation, why was there a difference in regard to democracy between NAFTA and MERCOSUR? One hypothesis of this paper is that the type of integration scheme to some extent can explain the difference in the degree of importance attached to democracy.

### 1. Types of integration and their political effects

Since the first wave of regionalism, several kinds of regional programs have appeared in the world. For example, both a free trade agreement as a program with a low level of integration and a political union with the

highest level of integration can be observed. According to Yoshinobu Yamamoto, since the 1950s there has been a unilateral or new functional interpretation of regionalism, which traces the evolution of regionalism from a free trade agreement to customs union, common market, economic alliance and political union.<sup>6</sup> This unilateral evolutionary model was criticized in the 1970s because of the fact that European integration did not advance so smoothly at that time as this model had supposed.<sup>7</sup> However this model seems useful for distinguishing a free trade agreement from other integration schemes. According to this model, the first step for economic integration is a free trade agreement, in which several countries of a certain region agree on the free transfer of goods, under the condition that each country maintains its own external commercial barriers against extra-regional countries. But, one characteristic of a free trade agreement in the second wave of regionalism is that it allows the free transfer of capital from the beginning.<sup>8</sup> Therefore, in this article a free trade agreement includes a type of integration which permits not only free transfer of goods but also of capital. The second type is a customs union, which is an agreement not only on the freedom to transfer goods among the member countries, like a free trade agreement, but also includes a common external tariff against third countries. The customs union tends to impose more severe constraints on member countries than a free trade agreement. The third type is a common market, which is a more advanced regional system than a customs union in the sense that the former admits not only the external common tariff but also the free transfer of capital and labor. In this stage, freedom of transfer includes goods, capital and labor so that member countries intensify their cooperation on economic policy, forming an economic union. If this economic union progresses, it can be converted into a political union.<sup>9</sup>

Therefore, it is evident that there is a distance between a free trade agreement on one hand and a customs union and a common market on the other with respect to the level of institutionalization. Accordingly, does the difference between a free trade agreement and a customs union have any political implications?

Although it is not easy to establish any relation between the level of integration and its political implications, one can suppose that a more institutionalized integration will have a more effective political influence than a less institutionalized one. What Yamamoto shows using the four ideal types of integration, as summarized in chart I, will help us to confirm this hypothesis.

Chart I. Levels of Integration and their characteristics

	Norms and rules to solve common problems	Institutions to govern (organization)	Integration of security and foreign policy
1. Anarchy (intergovernmentalism)	None	None	None
2. regime	Yes	None	None
3. government	Yes	Yes	None
4. state	Yes	Yes	Yes

Yoshinobu Yamamoto, "Political Economy of Regional Integration: An Overview," (in Japanese.) *Kokusai Mondai*, No. 452 (November, 1997), p. 6

In this chart Yamamoto supposes four levels of integration or international cooperation. The lowest level of integration is inter-governmentalism, an example of which could be APEC at its initial stage.<sup>10</sup> The second type is a regime that has its own rule and norms concerning some specific issues such as the environment. At a higher level than this is a government which can decide collectively regarding some specific problems and carry out those decisions. But unlike the common usage of the word, the government in this case can not exert any influence over defense and diplomacy, according to Yamamoto. The fourth and the most complete integration is the state in which all the member countries cooperate including with regard to the issues of defense and diplomacy.<sup>11</sup> What matters for us in this chart is that to the extent that the level of integration rises, it tends to include not only norms and rules but also political elements such as organization and cooperation about security and foreign policy. It implies that the higher the level of integration, the more political elements will be included in the agenda of integration.

Of course, this chart can not be applied to our analysis directly, because according to that chart, NAFTA and MERCOSUR belong to the same category of regime. But as Yamamoto insists, even within the same level of the chart there are many kinds of institutionalization.<sup>12</sup> Therefore our hypothesis here is that the difference of institutionalization between a customs union and a free trade agreement will have some political implications for democracy.

Surely an integration scheme may bring different influences to bear on the democracy of member countries. One influence will be an internal effect within each country, which stimulates democratic values among

the people as a consequence of sharing the same democratic principles with other member countries. Another type of influence will be a cross-border effect or interventionist effect, because as the integration itself enhances the spirit of cooperation among member countries, it necessarily encourages them to intervene to protect democracy in other member countries.

However, these kinds of political influences on democracy do not always exist. As we pointed out before, the common market type of integration in the 1960s such as the CACM did not have any such effects. One important reason for this failure was that there was no idea at that time that the integration would be useful for democracy's sake. In other words, whether the integration can have political effects on democracy depends to some extent on the desires of the policy-makers or the people to stress the value of democracy.

Regarding the relation between the democratic thrust of the decision-makers and the type of integration, it will be safe to say that a customs union will have stronger political effects than a free trade agreement if both share the same democratic idea. However, this does not imply that a free trade agreement will not have political effects. On the contrary, if there is a clear-cut desire for democratic values, it will have political effects as well.

All this means that to compare NAFTA and MERCOSUR with respect to their democratic dimension it is also necessary to focus on the attitudes of policy-makers toward democracy, in addition to the type of integration.

## 2. NAFTA and its concerns regarding democracy in its formative period

### 1) NAFTA, Enterprise for the America's Initiative and the exclusion of democratic principles from the negotiation agenda

The United States and Mexico officially manifested their intentions to form a free trade area for the first time on June 11, 1990, with the joint declaration of President George Bush and President Carlos Salinas de Gortari. More than two weeks later, on June 27, President Bush announced the Enterprise for the America's Initiative (hereafter written as EAI), which had several basic policies for the Western Hemisphere. These were "(a) to build a stronger and more comprehensive economic partnership in order to support the process of democratic change and economic liberalization in Latin America, (b) to foment free trade (with

Mexico and later with all the Western countries). (c) to reduce external debt of the Latin American countries to more manageable levels and (d) to support the preservation of the environment.”<sup>13</sup>

The fact that NAFTA was thus included as one of the main objectives of EAI permits us to suppose that NAFTA was also inspired by the same spirit as the EAI, especially, with respect to democracy. In effect, when President Bush explained EAI, he exhibited his strong confidence in democracy as a consequence of the victory of the democratic world over the Socialist world and he even expected Cuba’s return to the democratic world in the near future.<sup>14</sup> In other words, NAFTA, from the beginning, was expected to contribute to democracy in Mexico and in Latin America as well. Accordingly, how was this interest reflected in the NAFTA negotiation?

The negotiation for NAFTA among the three countries began after Canada had declared on February 5, 1991 her intention to participate in the negotiation. It finished officially on August 12, 1992 and the agreement for free trade was signed by the three governments on December 17, 1992.

During various periods of negotiation, the problem of democracy was almost completely set apart from the negotiation agenda, chiefly because the Bush administration did not want to jeopardize the position of the Salinas government by referring to Mexico’s deficiencies in democracy. The Mexican political system was notorious for the anti-democratic practices of the ruling PRI (Partido Revolucionario Institucional), which included violations of human rights, electoral fraud and suppression of the freedom of the press. In other words, Mexico was far from the ideal of democracy defined by Huntington, as we noted. More than a few criticized the Salinas government for these practices both within and outside the country. In Mexico, opposition parties in particular began to attack the Salinas government soon after the intention to enter a new economic agreement with the US was known. As early as 1990, Cuauhtémoc Cárdenas, leader of the PRD (Partido de Revolución Democrática), criticized the Salinas government for its plan to rely on US financing to modernize the Mexican economy. According to Cárdenas, “the economic modernization that Mexico needs cannot be carried out without a thorough democratization of the country’s politics and society.”<sup>15</sup> In short, the plan to create NAFTA encouraged an anti-PRI movement and one Senator of the same PRD, Porfirio Muñoz Ledo, made a series of visits to Washington to encourage opposition in the US Congress, meeting

most notably with Congressmen Christopher Dodd and Robert Torricelli.<sup>16</sup> Under such conditions, it was wise for the Bush administration not to touch on the problem of the deficiency of Mexican democracy. In effect, President Bush in November, 1990 expressed his desire to push forward with the Free Trade Agreement, declaring at the same time that it was not the US intention to “export the democratic model of the United States.”<sup>17</sup> Also in 1990, Assistant Secretary of State for Inter-American Affairs Bernard Aronson noted that “the negotiation agenda of the Free Trade Agreement had already been established and would not address political issues.”<sup>18</sup> The top officials within the Salinas government, who were well aware of the attitude taken by the US, thought that progress on democratization was of minimal concern for the US and that it was by no means a prerequisite for economic integration.<sup>19</sup> Also, they were of the opinion that economic liberalization and political reform were impossible to realize at the same time and that “political liberalization would have to wait till after economic goals had been taken” in Mexico.<sup>20</sup> In spite of the opposition raised by the PRD, the majority of the Mexican people welcomed NAFTA, expecting better economic conditions, job increases and more opportunities to work in the US. This facilitated the Salinas government’s decision to follow such a policy.<sup>21</sup>

In light of a virtually tacit agreement between the two countries on democracy or the exclusion of democracy from the negotiation agenda, it was inevitable that the treaty signed in December 1992 did not mention the word ‘democracy’ at all. This exclusion was partly the result of the attitude of the two governments, and especially the Bush administration’s retreat from the original EAI plan to integrate free trade with democracy. But at the same time, the declining importance of democracy was probably reinforced by the negotiation process itself in which “rules are set and disputes are settled in an entirely anti-democratic fashion by unelected, unaccountable trade bureaucrats lobbied heavily by industry interests.”<sup>22</sup>

However, at the legislative level in the United States, the deficiency of democracy was severely attacked by many Congressmen. This debate inserted a somewhat democratic spirit into the treaty.

## 2) The problem of democracy in the Congressional debates

In the United States, as early as autumn 1990, labor-led opposition, in particular the AFL-CIO, began lobbying Congress against fast-track, “long before the pro-NAFTA coalition began its push.”<sup>23</sup> The pro-NAFTA coalition was composed principally of business groups, and



according to a survey, 72 percent of business executives supported NAFTA after the agreement was signed.<sup>24</sup> Although we will not enter into the details of the internal politics of the United States concerning NAFTA, the main issues were agriculture, low labor costs in Mexico, and the deterioration of the environment.<sup>25</sup> The deficiency of democracy in Mexico was also one important topic, because it was related to the problem of low labor costs in Mexico and its depressive effect on US wages.

With respect to the deficiency of democracy in Mexico, there seemed to be a consensus among US Congressmen. As some pointed out, the Mexican people endured serious human rights violations including “abuses in a criminal justice system laced with corruption, electoral fraud, and election related violence, harassment, intimidation, and even violence against independent journalists, human rights monitors, environmentalists, workers and indigenous people.”<sup>26</sup> Taking into account these aspects, one Congressman stated, “Although President Carlos Salinas de Gortari has opened the Mexican economy, Mexico remains the most authoritarian state in Latin America outside of Cuba and Peru.”<sup>27</sup>

These statements show that there was severe criticism in the Congress with regard to Mexico’s political system. Accordingly, should the US enter into NAFTA with Mexico? A bitter battle developed concerning this problem between NAFTA’s supporters and the opposition.

Some supporters in Congress were of the opinion that NAFTA would improve the Mexican economic and political systems. It is true that there were many Congressmen in favor of NAFTA who avoided the problems of Mexican democracy, insisting only on the benefits which NAFTA would produce for the United States. For example, the possible increase of export-led employment, which was calculated as 200,000 or 300,000 jobs, was frequently cited. But other Congressmen emphasized the merits of the agreement not only in terms of the benefits toward Mexican democracy but also in terms of positive effects on the other Latin American countries as well.

One example was Senator Christopher J. Dodd, who understood NAFTA as the “very first step in the construction of a Western Hemisphere of democracy and prosperity.”<sup>28</sup> Congresswoman Anna G. Eshoo also stressed that “NAFTA makes sense for America. It allows us to do what we have always done best—export our products and our democratic principles.”<sup>29</sup> On the other hand, some Congressmen stressed its

importance for Mexican democracy, putting aside its effects on the whole hemisphere. Another member of the House of Representatives, Tim Hutchinson, pointed out that the rejection of NAFTA would “be a kick in the teeth to the economic and political reforms that have occurred in Mexico.”<sup>30</sup>

These arguments all had two common defects in the sense that they failed to explain concretely not only how NAFTA would promote democracy in the hemisphere but also how its rejection would deal a serious blow to political reforms in Mexico. However, these arguments showed that some Congressmen had acquired a more interventionist attitude toward Mexico, stimulated by NAFTA as one of the political effects of integration. We suggested that such an effect will depend to some extent not only on the type of integration but on the desire to impose democratic values in the integration. NAFTA tells us that even a free trade agreement can produce some interventionist effects from a country’s partners. In this case, the particular nature of the long-maintained relationship of “dominance-dependence” between the US and Mexico probably induced some Congressmen to take a more interventionist attitude.

Against the pro-NAFTA position, various objections were raised, including opposition related to democracy. There were several types of opposition. One type denied the democratizing effects of NAFTA and, on the contrary, emphasized the anti-democratic effect of the treaty. For example, Congressman Marcy Kaptur criticized the agreement for its lack of principles of democracy and its neglect of the need to establish free elections in Mexico. According to Kaptur, that meant that the presented agreement would not stop the abuses and electoral irregularities.<sup>31</sup> In short, as there was a contradiction between NAFTA and democratic principles, he urged his colleagues, “Vote ‘no’ on NAFTA. Vote for democracy-building and prosperity for ordinary people of this continent.”<sup>32</sup>

Another type of opposition stressed the deficiency of democracy in Mexico as a factor which affected the interests of US labor. For example, some Congressmen pointed out that the deficiency of democracy permitted abuses against labor rights to continue in Mexico. So NAFTA remained a threat to American labor because the low labor costs in Mexico, equivalent to one seventh of the US labor costs, would accelerate the US capital rush to Mexico, which, in turn, would diminish jobs and impose lower wages on workers in the United States. Therefore,

Kaptur insisted that the “effect of NAFTA—inhibiting justice and accountability, preventing Mexican citizens from enjoying the protection of their own laws—will not only hurt Mexicans, but will place U.S. citizens at a comparative disadvantage.”<sup>33</sup>

Another type of opposition was presented by Senator Ernest F. Hollings, who was generally believed to be representing the interests of the textile sector, which was considered to be the most seriously affected among the US industries by NAFTA.<sup>34</sup> The Senator proposed a plan for a Common Market for the Americas to promote democracy in Mexico, as an alternative to NAFTA.

According to Hollings, NAFTA was a kind of program based upon a purely economic approach like previous ones such as Franklin Roosevelt’s Good Neighbor Policy, John F. Kennedy’s Alliance for Progress, and Reagan’s Caribbean Basin Initiative. These programs were intended to “generate development that would build up a middle class, which in turn would develop democratic institution.”<sup>35</sup> However, these programs had failed to realize their original purposes. Therefore, political and social reforms should be made first, to promote democracy, and to do so Hollings insisted on the necessity of creating a Common Market for the Americas whose membership should be limited to countries which could share “the basic principle of a democratic society.”<sup>36</sup>

Holling’s proposal is very important for us, because he recognized clearly the difference between a common market and NAFTA with respect to their respective political effects. In other words, he thought that the purely economic-oriented NAFTA or similar projects would fail to introduce changes to promote democracy in Mexico. But, his proposal was criticized for being too idealistic. As one Senator noted, establishing an EU-styled integration scheme in the Americas was unthinkable, because the US, which had suffered big fiscal deficits at that time, could not afford to assist the less developed countries as the EU had done. Besides, many people in the US did not want the free transfer of the labor force.<sup>37</sup> Therefore, it was not surprising that his proposal was rejected when finally NAFTA was ratified in November 1993, and NAFTA did not include any democratic clause. The Clinton administration did not include any democratic clause in the treaty, though as it had been put on a fast-track, it was impossible to modify it and his government only added the two side agreements on labor and the environment. Besides, Clinton, like the Bush administration, probably did not want to raise the question of the deficiency of democracy with the Salinas

administration in order to give more priority to the ratification of the treaty. In his speech to the Congress delivered just before the ratification, Clinton stressed its importance to the US economy and the benefits of trade with Latin America. But, he referred to democracy only once, saying that “Our commitment to more free and fair world trade has encouraged democracy and human rights in nations that trade with us.”<sup>38</sup>

In summary, given the deficiency of democracy in Mexico, the US government toned down and eliminated the democratic thrust of its approach initially included in NAFTA. The fact that it was a free trade agreement and not a common market probably facilitated the exclusion of the democratic principle. Surely, the Congressional debate gave some democratic traits to the treaty, but before analyzing its political effects we should like to examine MERCOSUR, principally concentrating on the relation between the type of integration and the concept of democracy.

### 3. MERCOSUR and democracy

#### 1) PICEAB and democracy

In comparison with NAFTA, which has constantly remained a free trade agreement, MERCOSUR was born as a result of the evolution of the integration scheme from a free trade agreement to a more solid form of integration. The first free trade agreement, which was later to be converted into MERCOSUR, was the PICEAB (Programa de Integración y Cooperación Económica Argentina-Brasil), created in July 1986. This in turn was a product of the declaration announced by the presidents of both countries after their meeting held on November 30, 1985 in Pozo de Iguazú, Brazil.

Before this, both countries had begun to talk about the possibility of closer economic cooperation, around 1980, when the LAFTA was replaced by the ALADI (la Asociación Latinoamericana de Integración). Although there was not much difference between the two schemes, the latter permitted the member countries to negotiate partial agreements. This meant that “a pair of countries could negotiate reciprocal preferential access to domestic markets without implying any obligation to grant a similar preference to other countries.”<sup>39</sup> In short, the inclusion of this new provision made it easier for both countries to enter into a negotiation for economic cooperation. In fact, some negotiations for economic cooperation between Brazil and Argentina had begun before 1985. It is worth pointing out, therefore, that the second wave of integration in

South America had already begun under military rule. Surely it is true that the process of integration was much more accelerated after the democratization that took place in Argentina in December 1983 and Brazil in March 1985. The meeting held in Pozo de Iguazú between Raúl Alfonsín of Argentina and José Sarney of Brazil became to some extent possible because of the democratization of both countries. On that occasion, the two presidents not only agreed to cooperate on debt problems but also promised to promote the integration of Latin America. They also pointed out the importance of democracy, indicating that the process of democratization in the continent should lead to much more integration among the people of the region.<sup>40</sup> To realize these objectives, both presidents agreed to establish a commission to draft a plan for integration between the two countries. The commission, presided over by the Foreign Ministers and the business representatives of the two countries, prepared an act (*el Acta para Integración Argentine-Brasileña*) which was signed by both Presidents on July 29, 1986, thus officially launching the program of integration (PICEAB). PICEAB had a clause which stated that “this program constitutes a renewed impulse for the integration of Latin America and the consolidation of peace, democracy security and development of the region.”<sup>41</sup> Thus, PICEAB became the first integration scheme with an explicitly democratic objective in Latin America. The question then is how this combination was possible.

The most important factor was that both presidents of the two countries, which had recently restored democracy, shared a strong willingness to defend democratic principles. At the same time, both countries had serious debt problems, which prompted them to cooperate in their negotiations with creditors. Such a situation led the two presidents to think of a new cooperation scheme not only for economic purposes but also for democracy. In other words, they wanted a bilateral mechanism to strengthen democracy or even to prevent another military coup d'état.<sup>42</sup> Or we can say that in the decade of the 1980s there was a situation in the Southern Cone countries to which ‘the democratic integration theory’ can be applied as an analogy of the “democratic peace.”<sup>43</sup> However, it is to be noted that the democratic thrust in PICEAB was also encouraged by the initiatives of the presidents, as were the EAI and the original NAFTA.

Besides, in light of our hypothesis that a more institutionalized scheme of integration will have more political effects, it is worth pointing out that PICEAB was not a simple free trade agreement, for it was intended

to establish a common “preferential treatment against third countries,” and to harmonize the economic policies of both countries, especially concerning industrial sectors, which would mean a kind of customs union.<sup>44</sup> Therefore, it is safe to say that PICEAB was an integration program much more ambitious than a free trade agreement such as NAFTA, and that it was also expected to play a political role as a defender of democracy.

2) From the treaty of integration to MERCOSUR and the gradual disappearance of a democratic principle

Although the PICEAB was very important from a political point of view, it was a failure for Argentina from an economic point of view. While Brazilian exports to Argentina increased from 617 million dollars to 819 million between 1985 and 1987, Argentine exports merely increased from 496 to 539 million dollars during the same period.<sup>45</sup> As this commercial imbalance increased, Argentina’s complaints rose and a new treaty was signed on November 29 to remedy the imbalance between the two countries.

This treaty, which was the Treaty of Integration, went further to promote integration, proposing a more ambitious plan of integration between the two countries. First of all, the treaty declared more explicitly the goal of realizing a common market within 10 years. In other words, it sought to eliminate all tariff and non-tariff barriers within 10 years. Secondly, the structure of the Executive Commission was modified. Previously, it had been presided over by the Foreign Ministers of both governments but from then it was to be co-presided by the two presidents. Also, the participation of the business representatives was eliminated, which meant that decision-making was entrusted to bureaucrats. At the same time, the Joint Parliamentary Commission was established to which each country could send 6 Congressmen. Thirdly, the mention of ‘democracy’ almost disappeared from the text of the treaty. It is true that the text refers to the Declaration of Iguazú of 1985 and the Act of Integration of 1986 as the precedents of the treaty. Thus, the democratic principles inserted into these documents can be regarded as having been maintained in the treaty but the treaty itself did not use the word at all.<sup>46</sup>

However, in the parliamentary debates that developed in Argentina in August 1989, some Congressmen thought that the treaty was based upon a democratic principle and that bilateral economic cooperation was possible because of the existence of democracies in both countries. For

example, one member of the Lower House said that “many people think that without democracy the integration process would be much more difficult.”<sup>47</sup> Therefore, it is safe to say that although the treaty itself did not mention the word ‘democracy’ directly, the treaty was considered to have been guided by democratic principle at least at the legislative level.

After the treaty was ratified by the two countries in August 1989, the negotiation for the creation of a common market became more accelerated by the new presidents in both countries, Carlos Saúl Menem in Argentina and Collor de Melo in Brazil, who assumed the presidency in July 1989 and March 1990 respectively. As early as July 6, 1990 both governments agreed on the Act of Buenos Aires, by which it was decided to create a common market through the “generalized, lineal and automatic” reduction of tariffs by December 31, 1994. In addition, they decided to establish an organization, called the Common Market Group, which was to elaborate various methods to realize the objectives of the new organization.<sup>48</sup> This new agreement surprised neighboring countries, because it showed that a Common Market was imminent, shortening the preparatory period from 10 years (stipulated in the treaty of integration) to 5 years. In particular, Uruguay, which had long maintained close economic relations with Argentina and Brazil, soon began negotiations to enter the Common Market as an original member. She was formally accepted as a member of the planned Common Market on August 1 and, soon after, Paraguay also decided to enter, responding to an invitation put forth by the three countries.<sup>49</sup> Thus, the negotiation was carried out among the four countries and the definitive treaty was at last signed on March 26, 1991 in Asunción.

One important change that occurred in the course of this negotiation during 1989 and 1991 was the disappearance of a democratic principle from both the Act of Buenos Aires and the Treaty of Asunción. How can this omission be explained?

There seem to have been several reasons. One was that the negotiation became more technical in order to decide, for example, the time schedule for the reduction of tariffs and the quantity of the products excluded from the tariff reduction lists. To the extent that the integration mechanism became much more complicated and technical, a political problem like democracy naturally tended to attract less attention.

Secondly, the influence of the technocrats tended to grow as the negotiation became more technical. In the case of MERCOSUR, the above-mentioned Common Market Group was composed of the representatives

and appointees of the Ministries of Economy and Foreign Affairs. Those who were later to be “mercocrats,” tended to represent local or bureaucratic interests more than the technocratic elites in the European Community did.<sup>50</sup>

The influence of the technocratic group was much greater in MERCOSUR than in NAFTA, partly because other social forces were less influential in the former. The business elite in Argentina in general welcomed the integration process initiated in the 1980s and 1990s, changing the more protectionist attitudes they had taken in the 1960s.<sup>51</sup> However, they could not exert their influence through congressional lobbyings due to the institutional vulnerability of the Congress. So their lobbying activities were much more limited in MERCOSUR than in NAFTA. The influence of labor also became much more curtailed in the negotiations as early as the middle of the 1980s, when PICEAB was launched.<sup>52</sup> Besides, the fact that MERCOSUR had its own, albeit small executive headquarters gave the mercocrats more power than in the case of NAFTA which did not possess such an organization.

A third reason, which explains the declining importance of democracy, was the fact that Menem and Collor de Melo were the second democratically elected Presidents in both countries. Their electoral victories marked a huge advance in the democratization in each country, which reduced the necessity to refer to democracy in the trade treaty in the 1990s.

Lastly, it is possible that some special consideration was given to Paraguay, as she restored democracy as late as 1989. As we stated previously, consideration by the United States regarding Mexico’s anti-democratic practices explains to no small degree why the criteria of democracy was dropped from the text of NAFTA. However, this factor did not matter much in MERCOSUR, because the Act of Buenos Aires, which had prepared the base of MERCOSUR, did not mention democracy at all, at the moment when Paraguay had not been invited to the common market discussion. So, although MERCOSUR underwent a similar process in regard to the declining importance of democratic criteria, the cause of that decline was very different in the two cases.

However, in the MERCOSUR countries too, Congressional debates demonstrated the keen interest of their members in democracy as it related to integration. Among the four member countries, we could only obtain the Congressional records of Argentina and Uruguay, and therefore, our analysis here is limited to those two countries. In the Argentine



Congress, a Senator of the Radical Party, Hipólito Solari Yrigoyen, criticized the treaty on the basis of its lack of any democratic principle.<sup>53</sup> With respect to the relation of democracy to integration, there were two types of opinions. One was that the recent return of democracy in the Southern Cone countries made it possible to form MERCOSUR. As one Congressman of the Lower House said, "This treaty exists because there is democracy."<sup>54</sup> The other opinion was that the economic integration should contribute to the development of democracy of the region. Another member of the Lower House pointed out that "the stability and development of democracy of the region is one of the fundamental objectives of the process of integration."<sup>55</sup> In Uruguay also several Congressmen pointed out the importance of the fact that all the countries of the region had been democratized as a providing base for economic integration.<sup>56</sup>

However, there was a great difference between the two countries regarding the character of the integration, especially as it related to its character as a customs union. In Argentina, there was no opposition against it, probably because not a few Congressman expected that the treaty would strengthen the bargaining power of the Southern Cone countries in the world. One member of the Lower House said that MERCOSUR should struggle so that advanced countries would eliminate their protectionist barriers.<sup>57</sup> Undoubtedly, a stronger integration, such as a customs union or a common market, had greater potential to provide such kind of power than a free trade agreement.

However in Uruguay, which represents a very small portion of the total economic output of MERCOSUR,<sup>58</sup> serious concerns about the strong integration scheme were expressed in Congress. In the Senate, some feared that the inclusion of Uruguay in the common tariff would mean a higher level of external tariff against third countries because Brazil wanted to maintain high tariffs. This, in turn, would mean more isolation from the rest of the world.<sup>59</sup> The same type of opinion was also expressed by one member of the Lower House, who, though in favor of increasing economic cooperation within the region of the Southern Cone, was opposed to the external common tariff, claiming that the tariff would close Uruguay off from the rest of the world.<sup>60</sup>

Probably, this difference between Uruguay and Argentina shows that the weaker countries worried about the negative effect of closer integration, while the stronger countries anticipated its benefits.

In summary, as was the case with NAFTA, the integration scheme in

the Southern Cone was combined with a democratic thrust through presidential initiative, but the interest in democracy gradually diminished and the treaty of Asunción did not mention democracy at all. But, at the legislative level in Argentina and Uruguay, as in the United States, there was a consensus that integration was related directly or indirectly to the problem of democracy. In this sense, although they represented different types of integration, NAFTA and MERCOSUR had some similarities. However, the political effects after the creation of the integration scheme were considerably different.

#### 4. Political effects of the two integration schemes after their creation

As mentioned earlier, it is possible to think, hypothetically, that the more institutionalized an integration scheme is, the more diverse are the aspects that it tends to include within what it regards as its proper sphere. Therefore, a customs union type of integration such as MERCOSUR tends to cooperate in political fields more than a free trade agreement. In reality, MERCOSUR intensified itself as a democratic institution as a measure against several anti-democratic movements within and outside the region.

For example, when President Fujimori of Peru attempted a so-called "autogolpe," closing the congress by force in April 1992, all the MERCOSUR countries and many other Latin American countries took a very critical attitude toward the Fujimori Government. The attempt was thought of as a threat to the democratic process, which had been occurring all over the region. Therefore, when a summit of the presidents of the four countries was held in June 1992 at Las Leñas, San Luis, Argentina (with the presidents of Chile and Bolivia also present), they enunciated a declaration which insisted on "the importance of strengthening the connection among all the countries of the continent to defend representative democracies."<sup>61</sup>

Although there were two non-member countries (future associate members) that signed the declaration, it was evident that such a declaration was only possible thanks to MERCOSUR. So the integration served as a vehicle to reaffirm the democratic institutions of the member countries. In this sense, the reaction against Fujimori's policy was a kind of internal effect stimulated by MERCOSUR.

But it is worth mentioning that this declaration was made as the result of the meeting of the presidents and it was not assimilated into the organ of the integration. Therefore, although the Joint Parliamentary Com-

mision recommended that “members of MERCOSUR should have democratic institutions and satisfy all the agreements relative to human rights,”<sup>62</sup> that did not materialize in the Ouro Preto Protocolo, agreed on December 17, 1994, which was the second important document of MERCOSUR. One reason for this omission was that the Protocolo was elaborated to establish the institutional mechanism of MERCOSUR, but not its principle. Another reason was probably that any reference to human rights would provoke a degree of opposition in one or more member countries.

However, in the middle of the 1990s there were two occasions which gave the MERCOSUR countries opportunities to reaffirm their democratic pledges, including respects for human rights. One was the Agreement for Interregional Cooperation Framework signed between MERCOSUR and the EU in December 1995. Through this agreement, the MERCOSUR countries consented that the economic cooperation between the two areas should be realized with a respect for the democratic principles and human rights. Besides, it was agreed that in the case in which these principles are violated, some consultation mechanism would come into play, including suspension of the treaty.<sup>63</sup> Probably, the MERCOSUR countries accepted these principles and procedures, responding to the requests of the European countries on these issues in order to promote their investments in MERCOSUR.

The other occasion was the military uprising in Paraguay which occurred in April 1996. On that occasion, not only the United States but also the EU countries in accordance with the above-mentioned agreement, together with the Foreign Ministers of Brazil and Argentina, exerted high-level diplomatic pressure on Paraguay, responding so intensely that the military, led by general Lino Oviedo, refrained from overthrowing the government by force.<sup>64</sup> In other words, in the member acountries of MERCOSUR surrounding Paraguay, the integration fomented interventionist tendencies to prevent a coup d'état in Paraguay. Based upon this experience, the presidents of the four countries and the two future associate members (Chile and Bolivia), met at Potrero de Los Funes, San Luis, Argentina in June 1996, and decided not only on the inclusion of a democratic principle in its international agreements but also on the consultation mechanism and sanctions in the case in which a member state was in danger of falling into a rupture of democracy. In such a case, sanctions would include virtual expulsion from the organization.<sup>65</sup> This declaration has an enormous importance for us, because it

means that MERCOSUR formally acquired some political characteristics, probably due to the fact that MERCOSUR had become practically a customs union.

Nevertheless, what was meant by democracy in MERCOSUR was very limited, implying only a situation in which there was no military coup d'état. Therefore, for example, MERCOSUR has never raised the issue of violations of human rights. Besides, the problem of democracy was dealt with almost entirely through the meetings of the presidents, due to the lack of any specific low-level organization to defend democracy. In other words, the problem of democracy was discussed only at the presidential level, without involving the people directly. This can be thought of as one example of "democratic deficit" in MERCOSUR.

On the other hand, although NAFTA has not yet formed any kind of political union, some cooperation for democracy beyond the national boundaries already existed before the creation of NAFTA and that kind of cooperation has intensified after its creation, and has served to promote democracy in Mexico.

With respect to the NAFTA effect on Mexican democracy, there was a heated debate in the US Congress, as we saw. If one adds academic opinion, there were at least three positions. One position maintained that it would promote democracy in Mexico, the second one thought conversely that it would contribute to the consolidation of authoritarianism, and a third position was that it would have no meaningful impact on democratization.<sup>66</sup> Even after NAFTA had been created on January 1, 1994, two contrasting views were presented. For example, Poitras and Robinson thought that Mexican authoritarianism could assimilate neoliberal reforms "without immediately jeopardizing central political control," though they recognized that economic liberalization would "usher in a far more profound transformation of Mexican politics than has been the case so far."<sup>67</sup> On the other hand, Baer and Weintraub stressed the positive effect of NAFTA on Mexican democracy in several respects. For example, they point out that "the increase of the number of nongovernmental and social alliances across the border," which resulted from NAFTA, led to elevated Mexican sensitivity to outside concern over electoral fraud.<sup>68</sup> Dresser also recognizes the fact that the US press and human-rights organizations were playing a "critical role in the discovery and disclosure of corruption, money laundering, and human-rights violations in Mexico."<sup>69</sup>

Although it is currently too early to understand fully the political

implications that NAFTA will have for Mexican democracy, it is evident that it has been producing some positive effects. In particular, as a consequence of NAFTA, US governmental and non-governmental monitoring of Mexican politics has been much more intense. The recent introduction of primary elections in the PRI in November 1999 should be considered as a democratic response by the Mexican ruling circle.

What is interesting for us is that such democratic effects, expressed in the form of reduction of electoral fraud and joint monitoring of human-rights violations have been realized to some extent in the framework of NAFTA. On the other hand, in the case of MERCOSUR, the importance of democracy is recognized only in the sense that it is opposed to military coups d'état, in spite of the fact that it is a more institutionalized integration scheme. How can we understand this difference?

Probably one reason is that although the type of integration is important, the kind of democratic concepts which were inserted into the integration scheme contribute to the strength of democratic values shared by the member countries. Therefore, NAFTA has been producing some democratic effects such as constraints against human-rights violations and electoral fraud. In the case of MERCOSUR, what was intended was to avoid another coup d'état among the member countries, but it did not touch on the problems of corruption and violation of human rights or freedom. Our comparative analysis shows clearly this kind of limitation of democracy in the MERCOSUR.

Some concluding remarks:

The combination of regionalism with democratization has been taking place for the first time in the Western Hemisphere since the 1980s. So, this combination can be defined as the first integrated wave of democracy with regionalism in the Americas, with NAFTA and MERCOSUR being the most typical cases.

These two integration schemes are different in nature, because while NAFTA is a free trade agreement, MERCOSUR is a kind of custom union. However, with respect to the process of decline in terms of democratic criteria in the integration scheme, both showed some similarities in the sense that the presidential initiative for democracy was gradually replaced by the more technical criteria of the bureaucrats.

Nevertheless, some democratic criteria were restored in both schemes. It was realized in MERCOSUR through presidential meetings to defend representative democracy, but without touching on human rights

violations. In NAFTA, on the other hand, through cooperation of non-governmental organizations between the US and Mexico, some improvements have been achieved with respect to human rights and electoral practices, though its effects have been thus far limited.

Here we have limited our analysis to the comparison of the two integration schemes. But currently there is an ongoing program of the FTAA that is scheduled to begin by 2005 as part of the agreements in the Miami Summit in December 1994. At the summit the topic of democracy was one of the three main themes, together with the hemispheric economic integration and sustainable development.<sup>70</sup> So, the FTAA, which implies closer relations between the two integration schemes, will have positive effects on Latin American democracy. In particular, as the two have different mechanisms for the promotion of democracy, their adroit combination will surely contribute to the development of democracy in the Americas.

#### NOTES

<sup>1</sup> Samuel P. Huntington, *The Third Wave: Democratization in The Late Twentieth Century*, University of Oklahoma Press, Norman and London, 1991. According to Huntington, the first long wave of democratization occurred between 1828 and 1926. The second short wave took place between 1943 and 1962. The third wave began in Portugal with the democratic revolution which took place on April 25, 1974.

<sup>2</sup> Yoshinobu Yamamoto, "Chiiki Togo no Seijikeizaigaku: Sobyō (Political Economy of Regional Integration: An Overview)" *Kokusai Mondai*, No. 452, November, 1997, p.3. He also distinguishes the "new regionalism" from the "old" one in his "Regionalization in Contemporary International Relations," in Van R. Whiting, ed., *Regionalism in the World Economy*, Macmillan, India, 1996, pp. 28–30.

<sup>3</sup> Laurence Whitehead, "International Aspects of Democratization," in Guillermo O'Donnell, et al eds., *Transition from Authoritarian Rule: Comparative Perspectives*, The Johns Hopkins University Press, Baltimore and London, 1986, p. 21.

<sup>4</sup> Lía Valls Pereira, "Hacia un Mercado Común del Sur: Orígenes, Evolución y Desafíos de Mercosur," in Riordan Roett, comp. *Mercosur: Integración Regional y Mercados Mundiales*, Grupo Editor Latinoamericano, Buenos Aires, 1999, p. 25.

<sup>5</sup> Huntington, *op.cit.*, pp. 6–7.

<sup>6</sup> Yamamoto, "Political Economy," *op.cit.*, p. 3.

<sup>7</sup> *Ibid.*, p. 4. Robert O'Brien, "North American Integration and International Relations Theory," *Canadian Journal of Political Science*, XXVIII, No. 4 (December, 1995), p. 698.

<sup>8</sup> Yamamoto, "Political Economy," *op.cit.*, p. 4.

<sup>9</sup> *Ibid.*, p. 4.

<sup>10</sup> Yamamoto, "Regionalization," *op.cit.*, p. 20.

<sup>11</sup> Yamamoto, "Political Economy," *op.cit.*, p. 5.

<sup>12</sup> *Ibid.*, p. 6.

<sup>13</sup> Susan Kaufman Purcell and Robert M. Immerman, eds., *Japan and Latin America in the New Global Order*, Lynn Rienner Publishers, Boulder and London, 1992, p. 147.

<sup>14</sup> *Weekly Compilations of President Documents*, July. 2, 1990 (Administration of George Bush, 1990, June 27), pp. 1009–1013.

<sup>15</sup> Cuauhtémoc Cárdenas, “Misunderstanding Mexico.” *Foreign Policy*, No. 78 (Spring, 1990), p. 114.

<sup>16</sup> M. Delal Baer and Sidney Weintraub, “The Pressure for Political Reform in Mexico,” in Baer and Weintraub, eds., *The NAFTA Debate: Grappling with Unconventional Trade Issues*, Lynne Rienner Publishers, 1994, p. 177.

<sup>17</sup> Judith Gentleman and Voytek Zubek, “International Integration and Democratic Development: The Cases of Poland and Mexico,” *Journal of Interamerican Studies and World Affairs*, Vol. 34, No.1 (Spring, 1992), p. 85.

<sup>18</sup> *Ibid.*, p. 81.

<sup>19</sup> *Ibid.*, p. 85.

<sup>20</sup> *Ibid.*, p. 79.

<sup>21</sup> Regarding Mexico’s reaction to NAFTA, see Eduardo Huchim, *TLC, Hacia un país distinto*, Editorial Patria, Mexico, 1992 and Strom C. Thacker, “NAFTA Coalitions and the Political Viability of Neoliberalism in Mexico,” *Journal of Interamerican Studies and World Affairs*, Vol. 41, No. 2 (Summer, 1999) and Guy Poitras and Raymond Robinson, “The Politics of NAFTA in Mexico,” *The Journal of Interamerican Studies and World Affairs*, Vol. 36, No. 1 (Spring, 1994).

<sup>22</sup> William P. Avery, “Domestic Interests in NAFTA,” *Political Science Quarterly*, Vol. 113, No. 2 (Summer, 1998), p. 289.

<sup>23</sup> *Ibid.*, p. 288.

<sup>24</sup> *Ibid.*, p. 284.

<sup>25</sup> *Ibid.*, p. 282.

<sup>26</sup> The United States, *Congressional Records, House of Representatives*, November 16, 1993, p. 9826.

<sup>27</sup> *Ibid.*, *Senate*, November 18, 1993, p. 16032.

<sup>28</sup> *Ibid.*, *Senate*, November 19, 1993, p. 16374.

<sup>29</sup> *Ibid.*, *House of Representatives*, November 17, 1993, p. 9897.

<sup>30</sup> *Ibid.*, *House of Representatives*, November 17, 1993, p. 9912.

<sup>31</sup> *Ibid.*, *House of Representatives*, November 16, 1993, p. 9825.

<sup>32</sup> *Ibid.*, *House of Representatives*, November 17, 1993, p. 9864.

<sup>33</sup> *Ibid.*, *House of Representatives*, November 16, 1993, p. 9826.

<sup>34</sup> Michael E. Conroy and Amy K. Glasmeier, “Unprecedented Disparities, Unparalleled Adjustment Needs: Winners and Losers on the NAFTA ‘Fast Track,’” *Journal of Interamerican Studies and World Affairs*, Vol. 34, No. 4, (Winter, 1992–93), p. 20.

<sup>35</sup> The United States, *op.cit.*, *Senate*, November 18, 1993, p. 16023.

<sup>36</sup> *Ibid.*, *Senate*, November 18, 1993, p. 16050.

<sup>37</sup> *Ibid.*, p. 16046.

<sup>38</sup> *Ibid.*, *Senate*, November 4, 1993, p. 15087.

<sup>39</sup> Jaime Behar, “Economic Integration and Intra-Industry Trade: The Case of the Argentine-Brazilian Free Trade Agreement,” *Journal of Common Market Studies*, Vol. XXIX, No. 4 (June, 1991), p. 529.

<sup>40</sup> *La Nación*, edición internacional, diciembre 2, 1985, p. 5.

<sup>41</sup> *Ibid.*, edición internacional, agosto 4, 1986, p. 5.

<sup>42</sup> Jorge Schwarzer, “Un bloque exitoso en crisis: un socio demasiado grande,” *Nueva Sociedad*, No. 162 (Julio-Agosto, 1999), p. 95.

<sup>43</sup> Karen Remmer, “Does Democracy Promote Interstate Cooperation? Lessons from MERCOSUR Region,” *Internacional Studies Quarterly*, Vol. 42, No. 1 (March, 1998).

<sup>44</sup> *La Nación*, edición internacional, agosto 4, 1986, p. 5.

<sup>45</sup> Luigi Manzetti, “Argentine-Brazilian Economic Integration: An Early Appraisal,”

*Latin American Research Review*, Vol. XXV, No. 3 (1990), p. 126.

<sup>46</sup> The text of the treaty can be seen in República Argentina, *Anales de la Legislación Argentina*, Tomo C, 1991, pp. 2443-4.

<sup>47</sup> República Argentina, *Diario de Sesiones de Cámara de Diputados de la Nación*, 3 de agosto, 1989. p. 1761.

<sup>48</sup> *Actas de Buenos Aires*, 1990.

<sup>49</sup> *Informe del Ministerio de Relaciones Exteriores del Uruguay a la Asamblea General*, abril 1°, 1991, cited in República Oriental del Uruguay, *Diario de Sesiones de la Cámara de Representantes*, Tomo 659 (julio, 1991), p. 67.

<sup>50</sup> Mónica Hirst, "La dimensión política del Mercosur: Actores, politización e ideología," *Nueva Sociedad*, 146 (noviembre-diciembre), p. 30.

<sup>51</sup> Peter Birtle, *Los Empresarios y la Democracia en la Argentina*, *Conflictos y Coincidencias*, Editorial de Belgrano, Buenos Aires, 1997, p. 270.

<sup>52</sup> Hiroshi Matsushita, "El Mercosur y sus implicaciones sociopolíticas," *Cuadernos de Nueva Sociedad*, segundo semestre, 1998, p. 277.

<sup>53</sup> República Argentina, *Diarios de Sesiones de la Cámara de Senadores de la Nación*, 24 y 25 de julio, 1991, p. 1281.

<sup>54</sup> *Ibid.*, *Diarios de Sesiones de la Cámara de Diputados*, 14 y 15 de julio, 191, p. 2425.

<sup>55</sup> *Ibid.*, p. 2434.

<sup>56</sup> República Oriental del Uruguay, *Diarios de Sesiones de la Cámara de Representantes*, Tomo 659, 9 de julio, 1991, p. 113.

<sup>57</sup> República Argentina, *Diarios de Sesiones de la Cámara de Diputados*, 14 y 15 de julio. 1991, p. 2429.

<sup>58</sup> In the year 1995, the distribution of the GDP among the four countries was following: Brazil 72.3%, Argentina 25.0%, Uruguay 1.8% and Paraguay, 0.9%. (Calculated from the data in the *Panorama del Mercosur*, No. 4 (Noviembre, 1999), Anexo Estadístico.

<sup>59</sup> República Oriental del Uruguay, *Diarios de Sesiones de la Cámara de Senadores*, Tomo 339, 9 de mayo, 1991, p. 9.

<sup>60</sup> República Oriental del Uruguay, *Diarios de Sesiones de la Cámara de Representantes*, 9 de Julio, 1991, p. 150.

<sup>61</sup> "Declaración de Los Países del Cono Sur," 26 de junio, 1992, p. 1.

<sup>62</sup> Cited in Carlos Galeano Perrone, *Ordenamiento Jurídico del Mercosur*, Intercontinental Editora, Asunción, 1995, p. 536.

<sup>63</sup> The whole text of the agreement can be seen in *Diario Oficial de las Comunidades Europeas*, 16 de marzo, 1996, pp. 1-15.

<sup>64</sup> With respect to the importance of the EU countries on that occasion, Matsushita, *op.cit.*, pp. 284-5.

<sup>65</sup> "Declaración presidencial sobre compromiso democrático en el MERCOSUR," 25 de junio, 1996. pp. 1-2.

<sup>66</sup> Peter Smith, "The Political Impact of Free Trade On Mexico," *Journal of Inter-American Studies and World Affairs*, Vol. 34, No. 1 (Spring, 1992), pp. 1-25.

<sup>67</sup> Poitras and Robinson, *op.cit.*, pp. 28-29.

<sup>68</sup> Baer and Weintraub, *op.cit.*, p. 175.

<sup>69</sup> Denise Dresser, "Post-NAFTA Politics in Mexico: Uneasy, Uncertain, Unpredictable," in Carol Wise, ed., *The Post-NAFTA political economy: Mexico and the Western Hemisphere*, Pennsylvania State University Press, Pennsylvania, 1998, p. 251.

<sup>70</sup> Richard L. Millett, "Beyond Sovereignty: International Efforts to Support Latin American Democracy," *Journal of Interamerican Studies and World Affairs*, Vol. 36, No. 3 (Fall, 1994), p. 1.