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THE ASSOCIATION AGREEMENT BETWEEN CENTRAL AMERICA AND THE  
EUROPEAN UNION:  
THE DEPENDENCY CONTINUES

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MAURICIO ROSALES: The Association Agreement between Central America and the European Union: The Dependency continues.

Master's Thesis, 85 pages

International Relations and Political Communication

May 2010

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The historical political relations that identified a cooperating and solidary European Union, a European Union willing to help generate political changes towards a Central America that was living through moments of crisis due to the armed internal conflicts and structural problems, are turned at present to complex relations where the big financial and economic interests of big transnational capital is the priority. It is within this frame that the negotiation process for an Association Agreement between two regions absolutely asymmetric in terms of growth, development and commercial capacity is developing.

This study examines the relations of dependency between the European Union and Central America within the frame of the Association Agreement currently under negotiation. In particular, this work makes a political, critical and chronological analysis of the relations between Central America and the European Union, from the past to the current process of negotiation of the Association Agreement; a process that it is about to conclude in the middle of 2010. It implements a hypothetic deductive method and a documented analysis combined with qualitative research methods.

The study suggests that the conditions of dependency that have characterized the relations between both regions will deepen and that the signing of the Association Agreement will validate the postulates of the Dependency theory within the discipline of International Relations theory.

Although this analysis is not intended to generate new ideas or approaches to Dependency theory, it will certainly open avenues for future works in regards to the impact that such Agreements represent for Central America and their relations with the developed world.

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## **1. INTRODUCTION**

There is an international context where the economic and financial relations are collapsing and denying the possibilities for sustainable growth with equity for all nations, especially for developing nations; it is a context with the Central American region where the increasing structural problems have put in the line of poverty for more than 80 % of its population; with political systems that help to alienate and exclude the most vulnerable social sectors such as the indigenous people, women, young people and the rural population. Furthermore, it is a context with alarming indicators of public and civil insecurity; with a majority of the population who does not have access to the basic public services; with weak and inoperative States; with territories threatened by the application of irrational politics and of indiscriminate abuse of renewable and not renewable natural resources; and in a stage of financial international crisis that it is directly affecting countries with less economic and social development.

The European Union, as well as the United States, have been promoting agreements of bilateral and bi regional free trade and commerce since the stagnation of the negotiations in the World Organization of Commerce regarding free mobilization of investment and since the denial of poor countries to accept the participation of transnational companies in public buys and the transferring of extensive periods of protection to the rights of intellectual property. The Association Agreement between the European Union and Central America answers exactly to this logic. Independently from the fact that in its chapters and aspects the agreement includes components of Political Dialogue and of Cooperation for development, elements of which have already been a part of the relations between these two regions since the eighties. It is within this frame where the negotiation process is developing for an Association Agreement between two regions absolutely asymmetric in terms of growth, development and commercial capacity.

Despite free trade agreements being considered by many as a healthy step towards economic growth, disparities between the developed and the developing world still exists. For some experts, that can be explain within the frame of the Modernization theory that argues that development requires the assistance of developed countries to aid developing countries to learn from their development. In addition, it was believed that the lesser developed countries would develop and grow faster than developed countries.

World Systems theory on the other hand divides the countries in a triangle mode system where there are developed, semi-developed and underdeveloped States that exploit each other to achieve development. Some other theorists argue that development is a historical process and it can be achieved following the processes that current developed countries used.

Dependency theory however, according to this definition found in the International Relations Theory database, “assert that so-called 'third-world' countries were not always 'poor', but became impoverished through colonial domination and forced incorporation into the world economy by expansionist 'first-world' powers. Thus, 'third-world' economies became geared more toward the needs of their 'first-world' colonial masters than the domestic needs of their own societies. Proponents of dependency theory contend that relationships of dependency have continued long after formal colonization ended. Thus, the primary obstacles to autonomous development are seen as external rather than internal and so 'third-world' countries face a global economy dominated by rich industrial countries. Because 'first-world' countries never had to contend with colonialism or a world full of richer, more powerful competitors, dependency theorists argue that it is unfair to compare contemporary 'third-world' societies with those of the 'first-world' in the early stages of development.” (International Relations Theory 2010.) [WWW document].

The Association Agreement aims to rectify this imbalance between the rich and poor nations. However, will it in fact be able to achieve this aim or is the very concept fundamentally flawed

Through the application of the Dependency Theory, this thesis aims to show that being an agreement of free trade and commerce, the Association Agreement will not help the economic development or the integration of Central America, but rather it will accentuate poverty and it will deepen the dependency relations in the most impoverished region of Latin America.

The European Union has consistently communicated that the Association Agreement will benefit Central American not only in their economic growth but also in the whole development process, however, the reality of the negotiations, when the parties have already announced that they are on the verge of concluding them, is that they do not

leave room for doubt that this Agreement is an agreement of free commerce in the whole scope and understanding of the concept, and we must remember that according to the Dependency theory such types of agreements are negotiated by the governments for the benefit of the big national and transnational companies.

Although the official intention of the Agreement and the numerous official government statements asseverate that the Agreement will be beneficial for both regions, it might be argued that the Association Agreement is not designed to generate opportunities for the micro, small and medium businesses and much less for the rural sectors of the developing countries that scarcely produce enough for their subsistence and are not capable of competing with the big transnational companies. In addition they are not able to compete due to the small volumes of production; as well as the insecurity in the tenancy of the ground that prevents them access to financing programs, technological limitations that prevent the provision of resources to overcome the phytosanitary norms, bovine and animal well-being that the developed nations demand; among other reasons. The Association Agreement is not designed to help these producers to be able to compete.

Both the Association Agreement between Central America and the European Union, as well as the Free Trade Agreement between the United States, Central America and Dominican Republic (CAFTA) according to the postulates of the Dependency Theory will inevitably bring more poverty to the Central American countries. It will increase the economic and political dependency of the Central American region on the developed countries. It will increase the loss of sovereignty and it will condemn the Central American countries to continue to enlarge a limited elite of oligarchic families that have in their hands the economic and political power of the region, at the cost of increasing poverty, hunger, absence of access to the most elementary social services for a worthy life, political and environmental vulnerability and economic migration.

Paradoxically, after three decades of commercial openness, hunger is concentrated in the regions where the food is produced; poverty is concentrated in those regions where more natural and productive resources exist, while wealth accumulates where there is a concentration of financial services and technology. This is exactly a living postulate of the Dependency theory, a theory that proposes that the regions of the world currently immersed in deep poverty were the regions that in the past had a very strong

relationship with the reach centers of the world; regions that were the biggest exporters of goods for Europe and later to the United States; regions that were abandoned once the businesses by one reason or another decayed. Eduardo Galeano exemplifies this theory in the case of the town of Potosi in Bolivia; once seem as the center of the world, Potosi supplied Europe and the United States with endless provisions of silver and gold, even the horseshoes were made of silver and Potosi but centuries later it has become one of the poorest areas of the world. As one of its old inhabitants expressed “The city that has given more to the world is the one that has less”. (Galeano 1978, p.20)

This work makes a political, critical and chronological analysis of the relations between Central America and the European Union, from the past to the current process of negotiation of the Association Agreement; a process that it is about to conclude in the middle of 2010. It also sets out to show that the conditions of dependency that have characterized the relations between both regions will deepen and that the signing of the Association Agreement will validate the postulates of the Dependency theory.

The second chapter is dedicated to set out the research problem and the hypothesis of this work. In it, the main assumptions that link the Dependency theory with the signing of the Association Agreement are detailed. It is followed by a comprehensive review of the historical relations that both regions have undergone through the past 50 years, framed within the three major aspects of engagement: Political Dialogue, Cooperation and Commerce. In chapter four a summary of the antecedents, the form and the content of the Association Agreement is presented. Chapter five is dedicated to the literature review on International Relations theories and the presentation and study of the Dependency theory, its main arguments, authors and postulates. The method and data section in chapter six gives an essential road map in which the analysis, presented in chapter seven was developed. The analysis, which is the most important part of this work is conducted to exemplify the points and areas in which the Dependency theory within the Association Agreement can be applied, dividing the structure of analysis in the previously mention aspects of engagement. Since the commercial aspect of the Agreement is the larger part, special attention is assigned to every aspect of the official text of the Agreement; having said that it is important to mention that the full text of the Agreement has been studied throughout. Finally the study presents a series of conclusions and it is followed by the list of consulted bibliography.



## **2. RESEARCH PROBLEM AND HYPOTHESIS**

Dependency theory arose in Latin America in the sixties and seventies. It supports the following Postulates:

- Underdevelopment is directly tied to the expansion of the industrialized countries;
- Development and underdevelopment are two different aspects from the same process;
- Underdevelopment is not even a stage in a gradual process neither towards development nor a precondition, but a condition in its own;
- Dependency does not limit itself to relations between countries, but also in internal structures in the societies. (Cardoso and Faletto 1979, p.7)

Immanuel Wallerstein analyzed capitalism as a system based on an economic, social, political and cultural relation that arose at the end of the Middle Ages and gave place to a world system and to a world economy. This approach, which distinguishes the center of the periphery and the semi periphery, emphasizes the hegemonic roll of the central economies in the organization of the capitalist system. There is an existence of an interconnection of global poverty with social polarization and inequality between and inside the countries. (Wallerstein 1979, p.43-48)

André Gunder Frank supported the idea that the relations of dependency on the global market were reflected in the relations of structural dependency inside the States and between the communities. Although there are differences between the approaches of the dependency, generally poverty is explained as a result of the particular circumstances of the social structure, the labor market, the condition of development of the workforce and the concentration of the revenue. (Gunder Frank, 1976. p.12)

The historical political relations that identified a cooperating and solidary European Union, a European Union willing to help generate political changes towards a Central America that was living through moments of crisis due to the armed internal conflicts and structural problems, have at present turned to complex relations where the big financial and economic interests of big transnational capital are the priority. It is in this frame that the negotiation process for an Association Agreement between two regions absolutely asymmetric in terms of growth, development and commercial capacity is developing.

With the use of the Dependency Theory postulates, this work argues that the Association Agreement will inevitably bring more poverty to the Central American countries. It will increase the economic and political dependency of the Central American region on the developed countries. It will increase the loss of sovereignty and it will condemn the Central American countries to continue to enlarge a limited elite of oligarchic families that have in their hands the economic and political power of the region, at the cost of increasing poverty, hunger, absence of access to the most elementary social services for a worthy life, political and environmental vulnerability and economic migration.

### **3. THE RELATIONS BETWEEN CENTRAL AMERICA AND THE EUROPEAN UNION.**

#### **3.1 Antecedents**

The first contact in the relations between Central America and the European Union happened in 1968 in a frame work related to the commerce between the Common Markets of the European Union and Central America. An European interest to help in the development of Central America became explicit in 1981, when the European Commission draw guidelines to promote the development of the countries of the Third World, particularly in the sectors of agriculture and in the export of agriculture. The European Union initiates the relations of cooperation for development with Central America in 1976. (European Commission 2007. p.4)

At the end of the 1970's and throughout the decade of 1980's several Central American countries (Nicaragua, El Salvador, and Guatemala) suffered a new outbreak of internal conflicts and disagreements with adverse effects in the rest of the Central American countries. This situation affected negatively in the social and economic situation of the region and in the economical integration process impelled since the 1960's. (Ibid) At the end of the eighties, both Latin American and European initiatives aroused with the objective of peace establishment in the region by means of political negotiations. These initiatives favored the adequate environment for the development of a dialogue process with the protagonism of the Central American presidents that culminated with the signing of the "Peace Treaties of Esquipulas II".

In the present days the Central American countries are fighting to consolidate the democratic governance, fighting against poverty, building competitive economies, reducing the social inequities and working to obtain a more integrated economic zone. The European Union has accompanied the pacification efforts, democratization and development of the Central American region, especially since 1984, as a result of the establishment of the San Jose Dialogue, a series of ministerial meetings celebrated on a yearly basis. Throughout these years, besides its political content, The San Jose Dialogue has constituted a solid effort of European cooperation to the region. (European Commission 2007)

### **3.2 Nature of the Relations**

The European Union and the Central American countries have had a series of mechanisms in its history of relations that have included three main aspects:

1. Political Dialogue,
2. Cooperation and;
3. Commercial trade. (European Commission 2006. p.1)

The materialization of these relations was possible due to the following mechanism:

1. San Jose Dialogue
2. Central America – European Union Summits and
3. The Joint Commission. (European Commission 2006. p.1)

#### **The San Jose Dialogue**

This dialogue started in San Jose, Costa Rica in 28<sup>th</sup> September of 1984 at ministerial level. It constitutes one of the examples of more fruitful relations of the European Union with any sub-region in the world. The fundamental intention of the Dialogue process was to take advantage of the work of the Contadora Group to drive peace, democracy, security and social and economic development to the entire region. Besides its political dimension, the Dialogue has made possible a considerable work in cooperation for development in Central America.

In Florence in 1996 and in Madrid in 2002 a reorientation of the Dialogue took place. Florence included wider aspects but in Madrid, the Dialogue agenda was renewed and it was also established that the Ministerial meetings of the San Jose Dialogue would be realized between the Troika of the European Union and the Ministers of Foreign Affairs of Central America during the first half of every year with a rotation of venues. The content of San Jose Dialogue will be developed in section 3.2.1 Political Dialogue. (European Commission 2007)

### **Central America – European Union Summits**

These Summits were designed to tackle more specific subjects. The first Summit of this kind took place within the framework of the 2004 Latin America, The Caribbean and the European Union Summit celebrated in Guadalajara. The Summit occurred in order to commemorate the twentieth anniversary of the San Jose Dialogue, inaugurated in 1984 in San Jose, Costa Rica.

In the Joint Official Declaration, the heads of states and government reaffirmed the possibility of starting up a process that eventually would lead to the celebration between the two regions, of an Association Agreement that includes an area of free trade.

The II European Union – Central America Summit was held in May 2006 in Vienna, Austria. The Joint official Declaration remembers the objective of the Guadalajara Declaration and celebrates the good result of the joint exercise of evaluation of the regional economic integration, and the decision taken by the European Union and Central America to open negotiations towards an Association Agreement. (European Commission 2007)

### **The Joint Commission**

Besides the political part, the San Jose Dialogue also contemplated the cooperation policy of the European Union towards Central America. In the II meeting of the San Jose Dialogue which took place in Luxemburg in 1985 it was subscribed a Cooperation Agreement between both regions, establishing the creation of the Joint Commission of Cooperation. A commission leaded by the Foreign Affairs Vice-Ministers of each

country and in charge of examining and fomenting the actions and evaluating the results of cooperation.

The last meeting of the XV EU-CA Joint Commission took place in 23<sup>rd</sup> April 2007 in Guatemala. In the official letter it was stipulated that both parts discussed the state of the regional integration process in Central America. The European Union also confirmed that the directives of negotiation for the Association Agreement had been adopted officially that same day. (European Commission 2007)

### **3.2.1 Political Dialogue**

The political dialogue was the fundamental axe of the relations between the European Union and Central America in the 1980's and 1990's. The San Jose Dialogue was a solution presented in the ministerial meeting in San Jose, in 1984 with the particular idea of finding solutions to the armed conflicts and the threat to democracy in the Central American region.

After the peace treaties in the region, it became necessary to reform and renew the political dialogue to find new objectives. In the XII San Jose Dialogue in 1996 new high-priority axes of the cooperation of the European Union with Central America were defined. These were:

1. The consolidation of the State of Law (Rechtsstaat),
2. The modernization of the public administration,
3. Social Policies, and
4. Development of commerce and regional integration.

(European Commission 2007) [WWW document].

In this context, several hypothesis aroused declaring that the political dialogue had lost its reason to continue and the European part did not see justifiable to continue with meetings every year, thus through the reforms they were changed to biannual meetings. As to the political support offered by the European Union, it followed a cooperation program focused to resolve the socio-economic causes of the armed conflicts and crisis.

In the II Latin America, The Caribbean and The European Union Summit in Madrid 2002, the European Union and Central America decided to progress in the association process with the establishment of the negotiation of an Agreement of Political Dialogue and Cooperation with the six Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) to replace the 1993 Frame Agreement of Cooperation. This negotiation concluded with two rounds and a final document signed in Rome in December 2003. (European Commission 2007) [WWW document].

The first Cooperation Agreement between the European Union and Central America of 1985 established the Joint Commission EU-CA, conserved in the 1993 Frame Agreement and in the 2003 Agreement of Political Dialogue and Cooperation, responsible for the general application of the Agreements. This Joint Commission which meets regularly it is in charge to carry out all the preparatory work and agenda discussions of the relations between the European Union and Central America. (Ibid)

In the III Latin America, The Caribbean and The European Union Summit in Guadalajara 2004, it was established as a common strategic objective, the signing of an Association Agreement, including chapters of Political Dialogue, Cooperation and a Free Trade Agreement. As first step the European Union demanded to the Central American countries to reach a sufficient level of economical integration in the region and an ad-hoc group was settled to undertake a joint valuation of this process. It is important to mention that during this Summit, it also took place the First European Union – Central America Summit. (European Commission 2007) [WWW document].

Based in the positive results of the previous process and in the final dossier of the joint valuation, the head of states and government decided to announce the starting of the process conducive to the negotiations of an Association Agreement between both regions. (Ibid) In the IV Latin America, The Caribbean and The European Union Summit in Lima 2008, The European Union remarked the importance of a well conducted regional integration in Central America in the frame work of social cohesion and sustainable development, as a precondition to the signing of the Association Agreement. In this last Summit the European Union has also demonstrated its interest to continue increasing and intensifying the cooperation between both regions, including science, technology and research sectors. (Ibid)

### **3.2.2 Cooperation**

In 1985, the first Cooperation Agreement between the European Community and the countries of the General Treaty of Economic Integration of Central America and Panama was signed. This Agreement had four main objectives:

1. To extend and deepen the economic relations, commercial cooperation and development, on the bases of fairness, reciprocal respect and benefit; taking into account the differences between both regions;
2. To give an institutional frame to the relations between the European Community and the Central American countries, creating a Mixed Commission of cooperation in charge to make effective the cooperation referred in the Agreement;
3. To fortify the process of economic integration of the Central American countries and;
4. To promote the financial help and the technical and scientific cooperation with special emphasis in the rural and social development. (OSRUE-CA 2009) [WWW document].

In order to reach these objectives, actions in three areas were contemplated: Economic Cooperation, Commercial Cooperation and Development Cooperation.

This first Cooperation Agreement entered in force in 1987. In the application of the development cooperation component, a particular importance was granted, among others, to the projects of rural development, common actions of formation and activities directed to reach alimentary self-sufficiency in the region and an improvement in the health sector. The economic and commercial cooperation was implemented through the Generalized System of Preferences (GSP). (OSRUE-CA 2009) [WWW document].

The 1985 Cooperation Agreement was later replaced by the Frame Agreement of Cooperation, signed in 1993 in San Salvador, El Salvador. This Agreement ample the scope of the cooperation and defines, more accurately, the cooperation in matters included in the previous Agreement of 1985 under the economic and commercial cooperation. Also, the Agreement included some new components: A section for

cooperation for the fortification of the regional democratic process and the promotion of human rights, a section for refugees, displaced and repatriates aid and a section for cooperation in the fight against drug dealing. In general the European Community ratifies its intention to collaborate and intensifies its assistance to all regional development projects. (OSRUE-CA 2009) [WWW document].

Besides the economic, financial and technical cooperation, it is important to mention a list of other initiatives such as: The Regional Program for the Reconstruction of Central America, representing the European response to the destruction caused by Hurricane Mitch. A program to support the development of small and medium entrepreneurships, support for the conservation of the environment, support to guarantee the nourishing security and support for the fortification of the human rights and democracy.

The Memorandum of Agreement signed in 2001 between the European Union and the Central American countries marks a new stage of the cooperation on which a multiannual regional program of five years with indicative commitments of € 75 millions is established. Under this frame, three high-priority axes of the regional cooperation are defined:

1. Support to the regional integration process, implementation of common policies and consolidation of the institutionalism, with an indicative amount of 60% of the total budget;
2. Fortification of the roll of the civil society in the integration process, with an allocation of 10% of the budget;
3. Reduction of environmental vulnerability and environmental improvements, with an allocation of 30% of the budget.

(OSRUE-CA 2009) [WWW document].

### **3.2.3 Commercial Trade**

Since the creation of the European Union in 1950, the development of its relations with the rest of the world have been implemented through the Common Commercial Policy, International Development Aid and a series of commercial and cooperation agreements



bilaterally and multilaterally. The European Union Common Commercial Policy works in two levels. In one side in the World Trade Organization (WTO) where the European Union participates actively in the establishment of the world commercial system norms and on the other side the European Union negotiates its own bilateral or multilateral agreements with countries or regions. (Machado 2008. p.11)

The importance of the respective commercial partner is extremely different in the two regions. On the one hand, the European Union receives 15% of the total exports of Central America and secures 10% of the total imports of Central America making the European Union the second most important commercial ally after the United States of America. On the other hand, the importance of Central American States to the exterior economy of European Union is marginal. Only 0.4% of all exports from the European Union are directed to Central America and only 0.42% of the total imports of the European Union come from Central America. (Rosales 2008. p.2)

The European Union exports near 212 times more than the Central American region. In relation to the export and import of commercial services (transport, communications, construction, financial insurances, privileges, computer science and other commercial services) in the year 2007, in accordance with the Central American Integration System (SICA), the European Union exported services for 1,549.7 billion US. Dollars and Central America did it for 7.6 billion. In terms of the imports the European Union acquired services for 1,361 billion and Central America for 6.9 billion Dollars. (Statistical System of Central America 2009) [WWW document].

The commercial relation of the European Union with Central America for the year 2007 was above 0.1% of the total commerce in the world. Of that, the European Union exported to Central America 3.5 billion and imported 2.5 billion of U.S. Dollars. The exports were 40% superior to the imports of Central American products. The European exports are principally directed to the member States of the European Union with 68% of the entire production. 6.7% is destined to the United States and the remaining 25.2% for the rest of the world. In comparative terms, the European Union exports more than 40% in relation to the Central American products that come to the European countries; and with the imports the tendency is similar, Central America receives 40% more products from the European countries that the exports to the European Union. (Lopez and Garza, 2009. p.54)

For Central America, the commercial relations with the European Union represent 13% of the total exports of the region, and for the European Union the Central American market represent only 0.1% of the total exports. In relation to imports, the European Union buys 0.01% of its imports to Central America whereas Central America buys to the European countries 8.3% of the total imports. (Statistical System of Central America 2009) [WWW document].

Among the products that Central America exports to the European Union are: Melons, watermelons, papayas, alcohol, zinc minerals, pineapple juice, alive plants, jams, jellies, marmalades, marine diesel, tobacco Burley, palm hearts, peanuts; mosses, Parts and accessories for cameras; sugar cane, fruit mixes, palm oil and other goods. The products that are imported from the European Union are: Iron and steel, forging and stamping machines, insecticides, rat poison, washing machines, nutritive preparations; electro genes and converters, malt extract, threads and cables for electricity, machines and devices, medical instruments, whey and anti whey devices, mail stamps; badges and ceramic tiles; information storage devices, ethyl alcohol, Badges, plastic plates, switches; books, leaflets and printed matter among other goods. (Lopez and Garza, 2009. p.38)

From the previous statistics we can conclude that the Central American countries main commercial activity is the export of raw material and agricultural products and the European Union does it with industrialized products. Many of the products that return to the Central American region have been processed in Europe with the raw materials exported to them.

Another element of analysis in terms of comparative capacities, is the fact that Central America does not have the economic capacities, installed infrastructure and technology that the European Union have and that has transformed that region into one of the most important productive economies on a global scale. With this comparison it is important to analyze the asymmetry factors existing between the two regions and consequently the effects that this can cause to a weak and vulnerable economy such as the Central American one.

## **4. THE ASSOCIATION AGREEMENT BETWEEN THE EUROPEAN UNION AND CENTRAL AMERICA**

### **4.1 Introduction**

In technical terms, the Association Agreement between Central America and the European Union is a set of agreements and commitments that the States both of Central America and of the European Union are assuming with the objective of strengthen the economic, political, commercial and cooperation relations between both regions. The Agreement contemplates three components of affiliation: Political agreement, Cooperation agreement and Commercial agreement. (AACUE, 2010) [WWW document].

The Association Agreement would imply the establishment of mutual commitments in three complementary areas: Political dialogue, Cooperation and the establishment of a free trade zone between the European Union and the Central American countries.

The Political Dialogue component persecutes to establish institutionalized mechanisms to promote a discussion and the exchange of information in different instances between both regions on common interest issues, allowing the adoption of joint positions in subjects of International importance. Through these mechanisms the parts will look the promotion of a series of common values such as the fundamental respect to the democratic principles and human rights, the protection of the environment and the fortification of the State of Law, among others. (AACUE, 2010) [WWW document].

Within the frame of the Association Agreement, the component of Cooperation looks to go beyond the financial aid of the European Union towards Central America and it would be oriented to identify concrete mechanisms through which both regions can reach the identified objectives in both, the Political Dialogue and the Commercial components. In this context, it is important to indicate that the European Union is already one of the main sources of Cooperation to Central America.

In the commercial area, the Agreement would imply the establishment of a Free Trade Zone between the two regions. In the commercial context, the Central American

isthmus has maintained narrow economic bows with Europe for a long time, and they have been beneficiaries of the Generalized System of Preferences (GSP) of the European Union that allows many Central American products to enter the European market with preferential tariffs. In spite of that, a good amount of Central American products are not included in this scheme, promoting the necessity of deepening the commercial relations through more wide instrument such as a Free Trade Agreement. (AACUE, 2010) [WWW document].

## **4.2 The Association Agreement**

For the Central American states the Association Agreement is intended, in the political field, to strengthen the political dialogue between Europe and Central America; to promote, spread and defend the democratic values, especially the respect of human rights; to promote people's freedom and the principles of the state of rights, and to cooperate on the subject of international and exterior policy.

In the cooperation aspect, for the Central American states, the agreement seeks to reinforce the cooperation between both regions; to help to generate ideal conditions so that all countries can improve their capacities aligned with the political dialogue and the commercial relations.

For the Central American governments, the commercial component of the Association Agreement looks to promote the economic development by strengthening the relations in new markets such as of goods and services; to determine clear rules to facilitate investment and commerce to obtain a climate of certainty that could be beneficial for all major participants in the economic trade and development. It also means the gradual elimination of customs barriers, taxes as well as to generate the necessary mechanisms to guarantee a fluent commercial relation. And ultimately to promote the enlargement of the market relations between both regions taking into consideration the asymmetries or development differences that exists between both. (AACUE, 2010) [WWW document].

The European Union emphasizes that the Association Agreements are a fundamental part of its global politics in terms of bi-regional relations and that they are applied or gestated in different regions of the world. In the case of Latin America with agreements

signed in Chile and Mexico and in negotiation process in Mercosur, the Andean Community and in Central America.

For the European Union, the Association Agreement is not a free trade agreement, but an agreement that contributes to the development and economic growth of the Central American region. It is an Agreement that in contrast to other experiences, it includes a negotiation process that contemplates a set of components equally important: The political dialogue, cooperation for development and the creation of a free trade zone.

The commercial agreement for the European Union governments has substantial differences in comparison with a traditional free trade agreement such as the one signed between the United States and Central America (CAFTA-RD), which will be analyzed in the chapter 7. The Agreement includes aspects that the CAFTA-RD does not contemplate, such as the inclusion of democratic clauses, clauses of human and environmental rights and others. It is necessary to indicate that a bi-regional interest, especially of the European Union of advancing in the negotiation process of the Agreement is an answer to the global failure of the World Trade Organization (WTO) to negotiate a global commercial structure. (Lopez and Garza, 2009. p.43)

Abiding by the official language of the Central American governments, the Agreement will substitute the frame of political dialogue and cooperation between the European Union and Central America signed in December 2003 and the current General System of Preferences Plus (SGP+) that currently allows the majority of agricultural Central American products and some manufactures, to enter to the European market with minimums or no tariffs or customs restrictions.

Political dialogue is understood as a frame that includes all the instances, topics and aspects that Central America and the European Union have been addressing since the San Jose Dialogue in 1984 that in much, helped to finish the civil wars in the region. The dialogue as we saw in previous chapters included topics such as the peace and conciliation in Central America, the strengthening of the Constitutional state, the respect to the human rights, the Central American integration and social development. From this it derived a wide European cooperation for the development of the region that reaches up to 840 million Euros for the period 2003 2013. (AACUE, 2010) [WWW document].

As we can deduce from previous paragraphs, Central America has been already provided with the SGP-Plus in the commercial sector and valid agreements of political dialogue and cooperation with the European Union. Then the Association Agreement will not only be the juridical consolidation of the current commercial, political and of cooperation relations, but it will try to open the Central American economy to the powerful economy of the European Union.

It cannot be otherwise, because the European Union, just as other big economies, will keep its protectionist practices, now justifying itself in the global financial crisis, supporting closed markets for those products and services that are sensitive for Europe, but demanding the opening of markets for their own products, including freedom of investments, national treatment to its private companies, participation in the privatization of public service and more. All these topics are precisely the ones causing crisis and differences between rich and poor countries in the hearth of the World Trade Organization. In other words, what the big economies could not achieved in the multilateral frame of the World Trade Organization, they are trying to reach in bilateral negotiations and with bilateral frames. Therefore, although the Association Agreement contemplates political dialogue and cooperation, its principal component is the creation of a free trade zone, in other words we can define it directly as an agreement of Free Trade between the European Union and Central America. A new Free Trade Agreement between two regions with deep economic, social, political and cultural asymmetries, where the region with major aptitude to offer services, goods and investments will obtain major benefits.

### **4.3 The Content of the Association Agreement**

The Association Agreement, in accordance with the negotiating mandate and its programmatic content, is structured in three components: the political dialogue, the cooperation and the commerce. The Political dialogue component looks for the strengthening of the institutionalization of the political relations between the two regions. It is also intended to generate mechanisms that will allow an exchange of information in topics of mutual interest of both bilateral and bi-regional nature. It is proposed to advance in substantive topics such as the democratic strengthening of the countries, strengthen of the Constitutional State, promote the defense of human rights, generate processes to consolidate strategies of environmental protection, as well as the

application of other political and social values that contribute to the dynamization and the development of the Association Agreement. (AACUE, 2010) [WWW document].

The Cooperation component presents strategic priorities related to the promotion of social cohesion in Central America and the consolidation of the process of regional integration. The component will take as a base for the period 2007-2013 the regional strategy for Central America currently in process of implementation. This component takes a series of implicit measurements that contribute to the development of the Political dialogue and of commercial components. (Ibid)

The component of commerce is undoubtedly the most important aspect of the Association Agreement of. It considers the establishment of a Free Trade zone between both regions. To extend the scale of economic bonds beyond the generated by means of the General System of Preferences Plus (SGP+), where diverse products of Central America circulate the European market with "0" or preferential tariffs. The negotiations for this component also include the liberalization of investment, the opening of governmental trade and transport services, energy and water. It generates also legal protection frames to the European investment in Central America. In chapter 7, the Association Agreement is discussed throughout and the relation with the Dependency theory is established. (Ibid)

## **5. INTERNATIONAL RELATIONS THEORY OF DEPENDENCY**

The following chapter includes a literature review that seeks to introduce the reader to the study of International Relations theory. The essential part of this review consists in the detailed description of the Theory of Dependency as part of the wide variety of International Relations theories and as the base for the entire study presented in this thesis. It starts with an introduction to the International Relations theory, followed by history, evolution, main currents and the main postulates of the major schools of thought: Realism and Liberalism as an introduction to situate the Dependency theory in the vast field of the International relations science.

## 5.1 Introduction to International Relations Theory

*Theories provide intellectual order to the subject matter of international relations. They enable us to conceptualize and contextualize both past and contemporary events. They also provide us with a range of ways of interpreting complex issues. Theories help us to orientate and discipline our minds in response to the bewildering phenomena around us. They help us to think critically, logically and coherently.* (Burchill 2001)

We all know that when it comes to natural sciences, theories are a costume. However, in the world of political and social sciences the ideas and the definitions of theories are always a problem. Skeptics of the so called International relations theories will argue among other things that for example the historical periods and conditions are too different to even consider the possibility of applying a theory in a standard and uniformed way.

There is indeed a big difference between natural and physical sciences and social or intangible sciences. In social sciences there is no such thing as exactness or standards of proof and there is not such “scientific rigor” or certainty levels applied in natural sciences. So one could ask, is it giving a wrong idea to talk about theories of International relations? Certainly it is not. Despite those arguments, the discipline of International relations has managed to integrate a robust set of complex theories that have given it its current value. These theories are not limited to scientific formulation and scholars have divided them into two categories: Explanatory and Constitutive.- These two categories of theory represent a fundamental division within the discipline “between theories which seek to offer explanatory accounts of international relations, and those that see theory as constitutive of the reality”. (Smith 1995, pp. 26-7.)

But before and even more important than proclaiming an official definition of International relations theory, it might be better to state the purpose to which these theories are being put. This will enable us to distinguish between them both.



### **5.1.1 Explanatory international relations theory**

The explanatory international relations theory includes testing of hypothesis, describing events, proposing casual explanations and explaining general trends and phenomena to make a complete image of the world. (Burchill 1996, p.13)

With this approach one can argue about the need for theories at all when facts could be sufficient, but Fred Halliday (Halliday 1994, p.25) explains about the importance of theories: “First, there needs to be some preconception of which facts are significant and which are not. The facts are myriad and do not speak for themselves. For anyone, academic or not, there need to be criteria of significance. Secondly, any one set of facts, even if accepted as true and as significant, can yield different interpretations: the debate on the “lessons of the 1930’s is not about what happened in the 1930’s, but about how these events are to be interpreted. The same applies to the end of Cold War in the 1980’s. Thirdly, no human agent, again whether academic or not, can rest content with facts alone: all social activity involves moral questions, of right and wrong, and these can, by definition, not be decided by facts. In the international domain such ethical issues are pervasive: the question of legitimacy and loyalty – should one obey the nation, a broader community (even the world, the cosmopolis), or some smaller sub-national group; the issues of intervention – whether sovereignty is a supreme value or whether states or agents can intervene in the internal affairs of states; the question of human rights and their definition and universality.

### **5.1.2 Constitutive international relations theory**

Constitutive international relations theory is directly concerned with the importance of human reflection on the nature and character of world politics and the approach to its study. Reflections on the process of theorizing, including epistemological and ontological issues and questions, are typical. (IR Theory 2009) [WWW document].

Everyone comes to the study of international relations with preconceptions, experiences and beliefs which affect the way they understand the subject. Language, culture, religion, ethnicity, class and ideology are just a few of the factors which shape our world view. (Burchill, 2001. p.15) We need to examine our own background assumptions to reveal and explain our selections, priorities and prejudices because all

forms of social analysis... raise important questions about moral and cultural constitution of the observer. (Macmillan and Linklater 1995, p. 15) It is morality in International relations precisely a key factor when understanding the theory of dependency that it will be developed later in this literature review. To conclude, a theory of international relations is not an easy task, C. W. Kegley argues that “a theory of international relations needs to perform four principal tasks. It should describe, explain, predict and prescribe. (Kegley 1995, p.8)

That might be sufficient if evaluating criteria for explanatory theories, however that conception will automatically exclude the constitutive theory. Burchill (Burchill, 2001, pp 24.) suggest a more complete set of criteria in which the theories of international relations can be evaluated:

1. A theory's understanding of an issue or process
2. The explanatory power of the theory
3. The theory's success in predicting events
4. The theory's intellectual consistency and coherence
5. The scope of the theory
6. The theory's capacity for critical self-reflection and intellectual engagement with contending theories.

Although the list is not definitive, it should help us to understand the complex field of International relations theory and to interpret the various approaches to different themes.

## **5.2 International Relations Theories**

### **5.2.1 The Formation of International Relations**

E.H. Carr's “The Twenty Years Crisis” published in 1939 followed by Morgenthau's “Politics Among Nations” in 1948 were considered the first studies of International relations theory. Although scholars and thinkers have long devoted their thoughts to international politics, the formal recognition of international relations as a separate discipline within the Western academy dates from the end of the First World War with the establishment of a Chair of International Relations at the University of Wales at Aberystwyth in 1919. Until this time, the province of international politics was shared

by a number of older disciplines, including law, philosophy, economics, politics and diplomatic history. (Burchill 2001, p.6.)

It is difficult to separate the foundation of the discipline of International Relations from the intellectual reaction to the horrors of the First World War. The important point to note here is the normative character of the early discipline. Founded in a climate of reaction against the barbarity of the First World War, the discipline was established with the conviction that war must never happen again: The Great War, as it was initially called, was to be the “war to end all wars”. Only the rigorous study of the phenomenon of war could reveal its underlying causes so that its recurrence could be prevented. This initial preoccupation of the discipline with this question colored the questions that practitioners in the field asked about the world, the methods they employed to conduct their studies and the conclusions they eventually reached. (Ibid)

With each generation of scholars, these questions were re-asked and re-answered. What is significant is not so much the answers the first generations of thinkers emerged with, but the direction they initially gave to the discipline’s trajectory. (Burchill 2001, p.7.) The reaction of scholars to the liberal-utopians dominates the discipline’s early life. The realist critique of the liberal-utopian school launched by E.H. Carr immediately before the Second World War, sometimes referred to as the discipline’s first “great debate”, gave the discipline of International Relations its early definition: the dualism between idealism and realism. (ibid)

Through the history of International Relations, when a theoretical approach rises to dominate the discipline, it exercises its hegemony in the discipline, in great part, by restructuring the focus and content of the entire discipline. Idealism, for example, according to R. Williams, was a “way of thinking in which some higher or better state is projected as a way of judging conductor of indicating action”. (Williams 1983 p. 152) Liberals on the other hand were intellectuals who believed “the world to be profoundly other than it should be, and who have faith in the power of human reason and human action so to change it that the inner potential of all human beings can be more fully realized”. (Macmillan and Linklater 1995 p. 15.)

As the discipline grew this foundational normative concern of International Relations became supplemented by other theoretical issues. While the preoccupation with conflict

and war remained, the discipline became more generally concerned with a wider range of other international actors and phenomena as well as a series of introspective philosophical questions. (Burchill 2001, p.66) By the 1990's, the discipline had undergone a "rapid transition from an essentially problem-solving approach to strategic interaction between existing bounded communities to a normatively-engaged analysis of the history of bounded communities and the possibility of improved forms of political community. (Howard 1978, p.11.)

This represents nothing short of a revolutionary transformation of the discipline's principal focus. The early consensus about the nature of the discipline has collapsed and been replaced by the spectrum of contending theoretical approaches. The traditional intellectual boundaries of International Relations have been widened to the point where it would be barely recognizable to its early practitioners. (Burchill 2001, p.7) Interdisciplinary research and influences from cognate fields have so deeply affected the subject it is now possible to ask whether International Relations still has a clearly bounded intellectual domain or even a distinctive subject matter. (McMillan and Linklater 1995, p.4)

## **5.2.2 General Remarks on the Theories of International relations**

### **Main currents and authors**

The field of International Relations is dominated by two large waves: liberalism and realism. Other theories, like dependency, which will be developed in full later in this thesis, Marxism, and else, are also present, but their appeal is more limited. This can be easily proved in a fast survey of the main International Relations and Politic Science journals and magazines. Constructivism has become more mainstreamed in the last decade, but more research is needed before it gets the same recognition as realism and liberalism. The main authors of realism in International Relations theories without any particular order are Hans Morgenthau, Kenneth Waltz, E.H. Carr, Robert Gilpin, Stephen Van Evera and John Mearsheimer. Norman Angell, Karl Deutsch and John Ruggie, Joseph Nye, Robert Keohane, Michael Doyle, and Lisa Martin are the main authors for liberalism, loosely defined. Other major authors include Alexander Wendt, Immanuel Wallerstein, and classics such as Hobbes, Machiavelli, Thucydides, Kant, Marx and Lenin. A quantitative branch of International Relations theory has specialized

in quantitative analysis. This subfield is more oriented towards correlations than theorizing, but one should not neglect the contributions to the advancement of science made by people like Bruce Russett, A.F.K. Organski, Michael Brecher, and David Singer. (IR Theory 2009) [WWW document].

## **Evolution**

International Relations have evolved through various political and normative concerns. The movements within the discipline are marked by great debates which concerned themselves with a number of goals. The first great debate was one preoccupied with the ontological bases of International Relations. This involved Realists' and Idealists' competing conceptions of the subjects of International Relations. The second great debate was between traditionalists and behaviouralists, and focused on the methods that would be employed to acquire knowledge. The third great debate, also known as the inter-paradigm debate was between Realism, Liberalism and Critical Perspectives. This debate concerned itself with the epistemological considerations of International Relations and resulted in a synthesis of neo-realism and neo-liberalism. Following this, we have entered a fourth debate between positivists and post-positivists. Here, the assumptions of the positivist approaches are questioned by post-positivists and concomitantly, the relevance of post-positivist approaches to practice is questioned by positivists. (Wendt 1999, p.13)

Because this analysis will make a critical assessment of dependency theory and its relation with the current Association Agreement been negotiated between the European Union and Central America, and it will be the center of this study, the main theories of the International Relations will only be described in a light yet comprehensive manner.

### **5.2.3 Liberalism**

Liberalism and its different variants has been the main counter to realism theories in International Relations. According to Scott Burchill “It has had a profound impact on the shape of all modern industrial societies.” (Burchill 2001, p.29) Realism has advocated political freedom, democracy and constitutionally guaranteed rights, and privileged the liberty of the individual and equality before the law. Liberalism has also argued for individual competition in civil society and claimed that market capitalism

best promotes the general welfare by most efficiently allocating scarce resources within society. To the extent that its ideas have been realized in recent democratic transitions in both hemispheres and manifested in the globalization of the world economy, liberalism clearly remains a powerful and influential doctrine. (Burchill 2001, p.29) While liberals also acknowledge the central role of the state and accept that anarchy is a fundamental condition of the international system, they are more optimistic than realists about the opportunity for cooperation between states. (Linklater 1991, p.39)

Liberalism tries to identify the means by which the security dilemma amongst the states can be moderated. Walt notes that liberal theories “identify the instruments that states can seek to achieve shared interests, highlight the powerful economic forces with which states and societies must now contend, and help us understand why states may differ in their basic preferences” (Walt 1998. p.29) According to Fukuyama “the spread of legitimate domestic political orders will eventually bring an end to international conflict”. This position assumes that particular states, with liberal democratic credentials, constitute an ideal which the rest of the world will emulate. This approach however is rejected by neo-realists who claim that the moral aspirations of states are thwarted by the absence of an overarching authority which regulates their behavior towards each other. (Burchill 2001 p.32) Waltz argues that if any state was to become a model for the rest of the world, one would have to conclude that most of the impetus behind foreign policy is internally generated. (Waltz 1991, p.667)

Dune and many other scholars identify three main theories or currents within the liberal thought. (Dune and Schmidt 2001, p.150) One school acknowledges the importance of non-state actors in world affairs and believes that it is important to promote the growth of international institutions such as the United Nations. (Karle 2009, p.2) that assumption is based on the idea that they play “an important role in implementing, monitoring and adjudicating disputes arising from decisions made by the constituent states of the organization.” (Viotti and Kauppi 1999, p.53) The second school of thoughts proposed the “democratic peace thesis” believing that “the spread of democracy is the key to promoting peaceful relations between states because democracies have rarely fought one another.” (Karle 2009, p.2)

The third school of liberalism proposes that cooperation among states can be found in non-military issues such as economics, social and ecological issues. (Viotti and Kauppi

1999, p.200) Particular emphasis is placed on the pacifying effects of free trade on the basis that states are unlikely to contemplate warfare with each other if their common prosperity is placed at risk. (Karle 2009, p.2) To conclude, liberalism and the liberals believe that democratic society, in which civil liberties are protected and market relations prevail, can have an international analogue in the form of a peaceful global order. (Burchill 2001 p.29)

However, there are a big number of states which reject the argument that Western modernity is universally valid or that political development always terminates at liberal-capitalist democracy. They claim that the West's political and human rights agenda is a form of cultural imperialism or as Carr stated that liberalism is the ideology of the comfortable which is being imposed by the West on others. (Ibid.)

Given that free trade represents one, if not the most important axe in the Association Agreement that is been negotiated by the European Union and Central America, and that Neo-liberalism focus its attention in economic and commercial liberalism, this work will be dealing with Free trade concepts within the liberal school of thoughts in a different title to link it with the Dependency theory.

#### **5.2.4 Realism**

*“In politics, It must needs be taken for granted that all men are wicked and that they will always give vent to the malignity that is in their minds when opportunity offers” Machiavelli.*

In theoretical terms, Realism is an approach to international relations that has emerged gradually through the world of a series of analysts who have situated themselves within, and this delimited, a distinctive but still diverse style or tradition of analysis. (Donnelly 2000, p.6) Realism has been regarded among the scholars, even by its critiques, as the most influential tradition in International relations. As Scott Burchill refers “Its ancient philosophical heritage, its powerful critique of liberal internationalism and its influence on the practice of international diplomacy have secured it an important, if not dominant position in the discipline” (Burchill 2001, p.70) According to J. Donnelly, Realism emphasizes the constraints on politics imposed by human nature and the absence of

international government. Together, they make international relations largely a realm of power and interest. (Donnelly 2000 p.9)

The first coherent expressions of a realist approach to the study of international politics evolved out of the apparent failure of liberal principles to sustain peace in Europe after the First World War. Realists believed that no amount of wishful thinking or the application of domestic political principles to the international sphere would change the nature of global politics, in particular its endemic violence. (Burchill 2001, p.71)

The link between realism and international theory is especially strong in the twentieth century. As we have seen previously International relations first emerged as an academic discipline before and immediately after the World War I, mainly in reaction against the realist balance of power. The discipline of International relations was then reshaped before and after the Second World War by the early realist and most important scholars such as E.H. Carr and Hans Morgenthau. (Donnelly 2000 p.1)

Carr was an English theorist that rejected and often attacked the ideas of liberal utopianism that in theory had inspired the political arrangement after the First World War, particularly the idea of collective security materialized in the creation of the League of Nations. But at the same time Carr believed that realism lacked of “a finite goal, an emotional appeal, a right of moral judgment and a ground for action.” (Cobb 1999, p.180)

Concerned with the liberal ideas he believed that it was dangerous to base the study of international politics on an imaginary desire of how we would like the world to be. Those desires were the initial path that determined the direction of international relations amid the preoccupations of the collapse of the international peace, therefore he describes a discipline “in which wishing prevails over thinking, generalization over observation, and in which little attempt is made at a critical analysis of existing facts or available means.” (Carr 1939, pp.11-14)

Carr believed that realism was “a necessary corrective to the exuberance of utopianism” which had ignored the central element of power in its consideration of international politics. For him, liberal utopians were so concerned with the eradication of the scourge of war that they had neglected its underlying rationale. (Carr 1979, p. 14) For liberals,



every nation had an identical interest in peace and any country which behaved aggressively or failed to respect the peace was acting irrationally and immorally. Carr however, suggested that this was nothing more than an expression of the “satisfied powers” with a great interest of preserving the status quo, therefore, unlikely to receive the support of aggrieved countries such as Germany for example at the end of World War I. (Burchill 2001, p. 73) Carr was against the liberals’ belief that international concord could be achieved by the widest possible application of their views. This is because “these supposedly, absolute and universal principle (peace, harmony of interests, collective security, free trade) were not principles at all, but the unconscious reflections of national policy based in a particular interpretation of national interest at a particular time”. (Carr 1979, p.11)

The assumption of liberals that particular interests are commonly shared by all actors was refuted by Carr when he wrote “just as the ruling class in a community prays for domestic peace, which guarantees its own security and predominance, and denounces class war, which might threaten them, so international peace becomes a vested interest of predominant powers.” (Carr 1979, p.104) Like Burchill puts it “For a state which wishes to revise its territorial boundaries and its economic and strategic power, “International peace” is an oppressive tyranny masquerading as universal harmony”. It is the slogan of those players powerful enough to impose their will on subordinate societies.

Burchill concludes that for realists, the liberal idea that every international conflict is unnecessary, if not immoral, is nothing more than an attempt to enshrine an existing economic and political order which is favorable to ruling classes within dominant states. There is no natural harmony of interests between states in the international system, only a temporary and transient reflection of a particular configuration of global power. War may in fact be the only way in which power can be recalibrated in the international system. (Burchill 2001, p.74.)

These opposing ideas to the liberal thought are also framed in the most important dependency theory postulates that we will be discussing further in this paper. These postulates are mainly concerned with economic historical dependency and are also exemplified by Carr in different thoughts. For example for Carr the *laissez-faire* (Let it be, let it pass) theory is the “ideology of the ruling elites within dominant economic states

which claims that what is good for them is, by definition, of benefit to all.” (Carr 1979, p.104) The British government in the nineteenth century “having discovered that free trade promoted British prosperity, were sincerely convinced that, in doing so, it also promoted the prosperity of the world as a whole”. (Carr 1979, p. 103) Carr points out that while free trade was the correct policy for a nation like Great Britain, which was industrially dominant at the time, “Only policies of protection would enable weaker nations to break the British stranglehold.” (Carr 1979, p. 172)

As we have learnt from Carr’s vision of the international sphere, many realists are convinced that a new international order will always be shaped by the realities of global power rather than morality like liberals suggest. (Burchill 2001, p.87)

Hans Morgenthau is the other major theorist of the liberal thought. Many scholars have agreed that his book “Politics Among Nations” written in 1948 after World War II contains the core postulates of Liberalism. Most in fact would agree with John Vasquez when in 1983 he wrote that “Morgenthau’s work was the single most important vehicle for establishing the dominance of the realist paradigm” in the international relations discipline.

In his book Morgenthau summarizes the principles of realism. - Although succinct and simple, these principles have a wide range of philosophical, theoretical and political components.

1. “Political realism believes that politics, like society in general, is governed by objective laws that have their roots in human nature”
2. “The main signpost that helps political realism to find its way through the landscape of international politics is the concept of interest defined in terms of power.”
3. “Power and interest are variable in content across space and time.”
4. “Realism maintains that universal moral principles cannot be applied to the actions of states”.
5. “Political realism refuses to identify the moral aspirations of a particular nation with the moral laws that govern the universe”.
6. “The difference, then, between political realism and other schools of thought is real and it is profound... Intellectually, the political realist maintains the autonomy of the political sphere. (Donnelly 2000, p.17)

These principles of realism reflected the reality of the time, similarly to Carr's ideas they were also designed as a cure to the liberal thought which was largely held responsible for shaping the intellectual climate that led to the Second World War. For Morgenthau "the pursuit of national interests was a normal, unavoidable and desirable activity." (Burchill 2001, p. 80)

Although, and as we have seen in this study, for realism the nation states were regarded as the primary actors in international relations, Morgenthau anticipated that the forces of globalization would render the nation-state no longer valid and soon obsolete. As Burchill analyzed Morgenthau's expressions, "the impact of "nuclear power", together with modern technologies of transportation and communications, which transcends the ability of any nation-state to control and harness it and render it both innocuous and beneficial, requires a principle of political organization transcending the nation-state". (Burchill 2001, p.74) Morgenthau believed that it was time to think of "novel structures and types of organization like a supranational community and a world government, a political organization and structure that transcend the nation-state" (Morgenthau 1970, p. 52)

As we can see, Realism emphasizes the constraints on politics imposed by human nature and the absence of international government. Together, they make international relations largely a real of power and interest. (Donnelly 2000, p.9) The strength of the realist tradition is its capacity to argue from necessity. It seeks to describe reality, solve problems and understand the continuities of world politics. To accomplish this task it invokes a philosophical tradition. It explains the inevitability of competition and conflict between states by highlighting the insecure and anarchical nature of the international environment. (Burchill 2001, p.98)

## 5.3 Dependency Theory

### 5.3.1 Background

“It is not the international system that is at fault, or obsolescent social and political institutions, a lack of knowledge or understanding, or the depravity of isolated individuals or groups; rather, human beings are kept from living in peace together because of inherent failure in human nature. Humans are seen as naturally, competitive, hungry for power and all the material and political benefits that power brings. Thus, to struggle for power, survival and prosperity is inevitable.” (Tetreault and Abel 1986, p.6)

The statement above might have been written by Hans Morgenthau or Edward Carr, in fact it is an analysis to the words of realistic theorists. The inability of human beings to coexist in harmony has had a fundamental historical fault in the current conditions of development between the different societies in the world.

As Andre Gunder Frank mentioned, “Underdevelopment is not a consequence of the survival of archaic institutions and the existence of capital shortages in regions that have remained isolated from the stream of world history. On the contrary, underdevelopment was and still is generated by the very same historical process which also generated economic development: the development of capitalism itself.” (Frank 1969, p 9 and Srinivas, Melkote and Steeves, 2001, p.171)

Although for many scholars Dependency theory was not considered a theory in the complete context of the word, and more of a set of multiple theories and ideas towards development, Fernando Henrique Cardoso demonstrated in his theory of dependency that underdevelopment can be explained better in terms of exploitation and dependency than by means of the modernization approach. This approach is fundamental to the understanding of Dependency theory.

The Dependency theory can be explained as a “theory of how developing and developed nations interact. It can be seen as an opposition theory to the popular free market theory of interaction.” (McGuigan 2009) [WWW document]. In more concrete words, economic growth in the industrialized countries did not necessarily lead to growth in the

poor, underdeveloped countries, or economic activity in the rich countries often led to serious economic problems in the poorer countries.

The theory was first developed in the 1950s with substantial influence from Marxism and its analysis of the global economy, and it was also seen as a direct challenge to the free market economic ideas and policies of the times after the Second World War. Cardoso mentioned in the late 1970s that “A real process of dependent development does exist in some Latin American countries. By development, in this context, we mean “capitalist development”. This form of development, in the periphery as well as in the center, produces as it evolves, in a cyclical way, wealth and poverty, accumulation and shortage of capital, employment for some and unemployment for others. So, we do not mean by the notion of “development” the achievement of a more egalitarian or more just society. These are not the consequences expected from capitalist development, especially in peripheral economies”. (Cardoso and Faletto 1979, p.13)

For Herman Sautter, “until the mid seventies the Dependency theory could be relied upon to stimulate lively debate, but nowadays it seems to arouse little interest.” (Sautter 1985, p.180) And for him “There are several reasons for this, a fundamental one being the fact that many of the central tenants of dependency theory have since had to be qualified, to some extent as a result of empirical studies by the theory’s proponents themselves.” (Ibid) That is why for example, Cardoso turn his back to his theories with a series of counter-arguments against the dependency theory in an article published in 1976 called “The Consumption of Dependency Theories in the USA” in which among other things he stated that “Capitalist development at the periphery is viable” or that “the penetration by multinational firms does not have political consequences”. (Cardoso 1977, p.7)

Raul Prebisch is considered to be one of the founding fathers of Dependency theory. “Prebisch separated out the purely theoretical aspects of economics from the actual practice of trade and the power structures that underlie trading institutions and agreements. His resulting division of the world into the economic "centre", consisting of industrialized nations such as the U.S., and the "periphery", consisting of primary producers, remains used to this day.” (The Economist 2009) [WWW document].

As well as Cardoso, Prebisch understood the dependency paradigm as one of exploitation and dependency. For him, “poor countries exported primary commodities to the rich countries that then manufactured products out of those commodities and sold them back to the poorer countries. The "Value Added" by manufacturing a usable product always cost more than the primary products used to create those products. Therefore, poorer countries would never be earning enough from their export earnings to pay for their imports.” (Ferraro 1996, p.2)

Prebisch's solution to the problem was also similar in its approach, “poorer countries should embark on programs of import substitution so that they need not purchase the manufactured products from the richer countries. The poorer countries would still sell their primary products on the world market, but their foreign exchange reserves would not be used to purchase their manufactures from abroad.” (Ibid)

However, Prebisch’s solution was proven to be neglective in the sense that it did not include the neoclassical approach in which free trade is considered a logical extension of economic development arguing that “gains for all parties can be made from it as long as each country specializes in products in which it has comparative advantages.” (Thomas 1994, p.2) In that sense, difficult issues complicated his theory and made it hard to be implemented. Mainly because the internal markets in Latin America in particular and poor countries around the world were not big enough to function as a base to support the economies of scale used by developed countries to keep product prices low.

There were also political difficulties in the poor countries in the sense of lack of will power to assess if the transformation of its industry from one of raw and primary products to a more technological one would have been possible and also the poor countries normally lack of control over the production sell abroad. With those obstacles in place Prebisch’s policy of import substitution fall short and other theorist and advocates of dependency theory tried to approach the issue in a different way.

It is important to mention at this point and as we have been seeing, that many of the postulates of dependency theory cannot be interpreted in mathematical terms or quantify according to an algebraic formula. As Dudley Seers puts it “The theory is in large part about hierarchies, institutions and attitudes. (Perhaps the most important factors in

international relations especially, are the least quantifiable.) And he continues by pointing out that for mainstream economist, the dependency theory lack “rigor”. “It affronts the aspirations of economists to be genuine “scientists” like their colleagues in the physical sciences. Even those who are sympathetic to the school try to reformulate and test its propositions in terms of growth rates, coefficients of concentration of income, etc. as if these were crucial variables.” (Seers 1981, p.15-16)

### **5.3.2 Structural Context of Dependency Theory**

Before focusing in a definition of Dependency theory it is important to contextualize the composition of this line of thought. There are certainly two mayor directions in which scholars can situate its analysis. On one hand, some of the theorists situate dependency more closely linked to the disproportions of International power; therefore believe that imperialism forces the continuation of a strong dependent relationship between them and the less powerful states. For these theorists, capitalism is not the main force following dependency, but the relationship is sustained by a system of power. Ferraro attributes this way of thinking to the more traditional international relations theories, more concretely to realism: “The possibility that dependency is more closely linked to disparities of power rather than to the particular characteristics of a given economic system is intriguing and consistent with the more traditional analyses of international relations, such as realism.” (Ferraro 1996, p.3)

On the other hand, most dependency theorist considers capitalism as the reason at the back of dependency bond. In his analysis Ferraro points out what Gunder Frank believed to be a historical relationship: “historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. Furthermore, these relations are an essential part of the capitalist system on a world scale as a whole.” (Frank and Johnson 1972, p.3)

The majority of dependency theorists will agree with the assumption that the international capitalism has imposed a severe international division of labor which is accountable for the underdevelopment of the poor areas of the world. The poor dependent states provide cheap goods, commodities and labor and also serve as storehouse of obsolete technologies, surplus capital and consumers of manufactured goods. Therefore making the economies of the dependent states oriented to the outside

leaving the inside economy underdeveloped and wide open to the economic interest of the dominant states. Ferraro's opinion about the international division of labor concludes that "This division of labor is ultimately the explanation for poverty and there is little question but that capitalism regards the division of labor as a necessary condition for the efficient allocation of resources. The most explicit manifestation of this characteristic is in the doctrine of comparative advantage." (Ferraro 1996, p.6)

Cardoso, Frank, Ferraro and other theorist understand that the dependency models lie upon the supposition that economic power and political power are mostly concentrated in the developed countries. Ferraro concludes to this that "If this assumption is valid, then any distinction between economic and political power is spurious: governments will take whatever steps are necessary to protect private economic interests, such as those held by multinational corporations." (Ibid)

Cardoso suggests a strong historical bond when analyzing the structural dependency in Latin America. "In mechanistic conceptions of history, Latin American economies are perceived as having always been determined by the "capitalist system," as it has developed on a global scale. Fundamental periods of change at the international level, it is contended, marked the significant moments of transformation of Latin American economies. In these interpretations, general characteristics of capitalism replace concrete analyses of specific characteristics of dependent societies. "Mercantilism", "free enterprise and free competition", "monopoly capitalism" are, in general, molds from which historical landmarks of peripheral countries are drawn. (Cardoso and Faletto 1979, p.14) He concludes by saying that "Obviously, Latin American societies have been built as a consequence of the expansion of European and American capitalism," (Ibid.)

As Cardoso, Eduardo Galeano makes a statement that goes beyond the purely theoretic point of view when he talks about dependency and the international division of labor with a historical perspective: "The international division of labor consists that some countries specialize in winning and others in loosing. Our region of the world, that today we call Latin America, was premature: it specialized in loosing since immemorial times in which the Renascent Europeans hurled through the sea and plunged the tooth in the throat." (Galeano 1983, p.2) "It has been heard about concessions made by Latin America to the foreign capital, but not about concessions made by the United States to



the capital of other countries... It is because we do not give concessions". "A country is possessed and dominated by the capital invested in it." Woodrow Wilson 1913. (Galeano 1983, p.3)

### **5.3.3 Definition of Dependency Theory**

Some writers within the school of dependency such as Gabriel Palma had categorized the discipline to be of immense complexity and have observed that it is misleading to look at dependency as a formal theory. "The complex roots of the dependency analyses and the variety of intellectual tradition on which they draw make any attempt at a comprehensive survey difficult. The difficulty is further compounded by the fact that in one way or another the dependency perspective has so dominated work in the social sciences in Latin America and elsewhere in recent years that it would be literally impossible to review the overwhelming mass of writing that has appeared, aimed at either supporting or refuting its major thesis, or simply reflecting its sudden ascendancy in academic and institutional circles hitherto relatively closed to radical critiques of current orthodoxy." (Palma 1981, p.20)

Palma also summarized the different views of theorists within the dependency theory dividing them into two groups, "Some of those who argue that there is such a theory flatly asserts that it leads inescapably to the conclusion that development is impossible within the world capitalist system, thus making development strategies irrelevant, at least within that system. Others, on the other hand, who speak in terms of a theory of dependency, argue that it can be operationalized into a practical development strategy for dependent countries." (Seers 1981, p.20)

One complete description of the nature of dependency theory can be found in the database of International Relations Theory Knowledge Base: "Dependency theorists assert that so-called 'third-world' countries were not always 'poor', but became impoverished through colonial domination and forced incorporation into the world economy by expansionist 'first-world' powers. Thus, 'third-world' economies became geared more toward the needs of their 'first-world' colonial masters than the domestic needs of their own societies. Proponents of dependency theory contend that relationships of dependency have continued long after formal colonization ended. Thus, the primary obstacles to autonomous development are seen as external rather than

internal and so 'third-world' countries face a global economy dominated by rich industrial countries. Because 'first-world' countries never had to contend with colonialism or a world full of richer, more powerful competitors, dependency theorists argue that it is unfair to compare contemporary 'third-world' societies with those of the 'first-world' in the early stages of development.” (IR Theory 2009) [WWW document].

### **5.3.4 Core Propositions of Dependency Theory**

*“Peripheral economies, even when they are no longer restricted to the production of raw materials, remain dependent in a very specific form: their capital goods production sectors are not strong enough to ensure continuous advance of the system, in financial as well as in technological and organizational terms. So, in order to go ahead with economic expansion, a dependent country has to play the “interdependency” game, but in a position similar to the client who approaches a banker.” Fernando Enrique Cardoso 1983. (Cardoso 1983, p.22)*

#### **5.3.4.1 The Theorist’s Propositions**

It is not hard to find a great deal of debates and disagreements between the different currents of dependentists. Among others, liberal reformers, Marxists and the world systems theorists still have points of serious disagreements. As Palma and other suggest, to think that there is only one definition of dependency theory will be a mistake. Having said that, there are some core propositions that link the various points of view of dependency advocates, and give a rather systemic approach to the subject matter. For Osvaldo Sunkel, “Dependency can be defined as an explanation of the economic development of a state in terms of the external influences (political, economic, and cultural) on national development policies (Sunkel 1969, p.23)

The Brazilian economist Theotonio Dos Santos, known for his contribution to the formulation of a general concept of dependency, emphasizes the historical dimension of the dependency relationships by expressing that “Dependency is a historical condition which shapes a certain structure of the world economy such that it favors some countries to the detriment of others and limits the development possibilities of the subordinated economies.” He then concludes that “a situation in which the economy of

a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected.” (Dos Santos 1971, p.226)

Nora Anton summarizes another core principle of dependency theory by emphasizing that “A common core assumption is the Leninist idea that the world economy can be divided into a “center”, designating the developed countries in the global North - and a “periphery”, denominating the less developed countries in the South, including the colonies and ex-colonies of the developed nations. A central premise is that even after decolonization, there are still important ties between the developed and less developed countries, which mainly consist in the exploitation of peripheral natural resources and workforce by the center. Dependency theory, in contrast to Realism or Liberalism, stresses the importance of social classes as central actors.” (Anton 2006, p.11)

In his analysis of dependency theory, Ferraro concludes that there are three common features to the series of definitions that most dependency theorists share. First, dependency characterizes the international system as comprised of two sets of states, variously described as dominant/dependent, center/periphery or metropolitan/satellite. The dominant states are the advanced industrial nations and the dependent states are those states of Latin America, Asia, and Africa which rely heavily on the export of a single commodity for foreign exchange earnings. Secondly there is a common assumption that external forces are of singular importance to the economic activities within the dependent states. These external forces include multinational corporations, international commodity markets, foreign assistance, communications, and any other means by which the advanced industrialized countries can represent their economic interests abroad. (Ferraro 1996, p.4)

Another powerful mechanism for these interests is the free trade agreements or European Union Association Agreements which are typically concluded in exchange for commitments to political, economic, human rights and commerce and trade reform. As we have mentioned before, the Association Agreement between the European Union and Central America will be the center subject of analysis later in this paper. Ferraro also mentions that relations between dominant and dependent states are dynamic because the interactions between the two sets of states tend to not only reinforce but also intensify the unequal patterns. Ferraro also believes that “dependency is a very

deep-seated historical process, rooted in the internationalization of capitalism.” (Ferraro 1996 p.5)

Susanne Bodenheimer also shares Cardoso’s stand point in which he expressed that dependency is a historical process as well as a continues one, for her “Latin America is today, and has been since the sixteenth century, part of an international system dominated by the now-developed nations.” and “Latin underdevelopment is the outcome of a particular series of relationships to the international system.” (Bodenheimer 1971, p.157)

#### **5.3.4.2 The Common Propositions**

As we have seen previously there are substantial propositions to the idea of a dependency theory been put in place not only in present time but through history. These propositions are fundamental to understand the process used by the main theorist of the dependency theory to come to their conclusions.

For dependency theorist “underdevelopment is a condition fundamentally different from underdevelopment” (Ferraro 1996, p.5) “The latter term simply refers to a condition in which resources are not being used. For example, the European colonists viewed the North American continent as an undeveloped area: the land was not actively cultivated on a scale consistent with its potential. Underdevelopment refers to a situation in which resources are being actively used, but used in a way which benefits dominant states and not the poorer states in which the resources are found.” (Ibid) That of course leads to the distinction between the dominant states and the dominated, between the rich and the poor, between the center and the periphery. Cardoso could not explain it better when he wrote that “the very existence of an economic “periphery” cannot be understood without reference to the economic drive of advanced capitalist economies, which were responsible for the formation of a capitalist periphery and for the integration of traditional non capitalist economies into the world market.” (Cardoso 1979, p.17)

Another important proposition in the dependency theory is the different historical context between the developed and the poorer countries. The poor countries of the world are not poor because they are behind or pursuing the richer countries or because they paused its scientific transformations and stayed behind in the societal and

economic transformation of the developed nations. Rather, like Ferraro puts it “They are poor because they were coercively integrated into the European economic system only as producers of raw materials or to serve as repositories of cheap labor, and were denied the opportunity to market their resources in any way that competed with dominant states.” (Ferraro 1996, p.4)

For Dependency theorists, there has to be a change in the production patterns that clearly benefit the rich and that were imposed by them. These patterns have been historically aggravating the economic conditions of the underdeveloped countries. While the poor countries manage to export a great deal of products to the developed world, the local economy and the local society does not benefit from that production. Galeano writes about the historical conditions Latin America has suffered in this respect: “Since the discovery of America until our present days, everything has always mutated in European capital, or later, in North American, and as so they have been accumulated and they accumulate in the far center of power. Everything: The land, its fruits, its profundities rich in minerals, the men and its work and consumption capacities, the natural resources and the human resources. The production mode and the class structure of each place have been successively determined, from abroad, for its integration to the universal capitalism gearing.” (Galeano 1983, p.2)

In this sense, Cardoso explains his view of capitalism and the inadequate distribution of wealth: “Capitalism is a world system. But some of its parts have more than their share of leadership and an almost exclusive possession of sectors crucial to production and capital accumulation, such as the technological or financial sectors. They require complementarities from dependent economies. (Cardoso 1981, p.21)

Cardoso, Palma and others believe that there is indeed a national interest in each country to benefit from economic activity, but they suggest that this interest is been manipulated by the richer countries. Each country, rich or poor looks for an adequate deal of benefits for its society, however, so far are the richer countries who have been successfully gaining most of the benefit. “Superficial or apologetic analysts, in order to minimize exploitative aspects of the international economy, have merely assumed that “modern” economies are interdependent”. By stating this platitude, they often forget that the important question is what forms that “interdependency” takes. While some national economies need raw material produced by unskilled labor, or industrial goods

produced by cheap labor, others need to import equipment and capital goods in general. While some economies become indebted to the financial capital cities of the world, others are creditors.” (Cardoso 1981, p.21)

Another common proposition to the dependency theory according to Ferraro is the diversion of resources maintained not only by the economic powers, but also by the elite within the dependent states. “Dependency theorists argue that these elites maintain a dependent relationship because their own private interests coincide with the interests of the dominant states. These elites are typically trained in the dominant states and share similar values and culture with the elites in dominant states. Thus, in a very real sense, a dependency relationship is a "voluntary" relationship. One need not argue that the elites in a dependent state are consciously betraying the interests of their poor; the elites sincerely believe that the key to economic development lies in following the prescriptions of liberal economic doctrine.” (Ferraro 1996, p.6)

In that respect, Cardoso analyzed the basic situations of dependency and concluded that there were two dependency situations that prevailed in Latin America, one in which the economy was nationally controlled and the other one in which the economy was controlled by the local elite. For the second situation, Cardoso believed that “In economies controlled by local bourgeoisie, accumulation is the result of the appropriation of natural resources by local entrepreneurs and the exploitation of the labor force by this same local group.” (Cardoso 1981, p.19) This leads to the apparent accumulation of capitals that however it’s accumulated by small elite and only distributed in the form of small wages and small taxes.

It has been proven that dependency theorists believe that the poor countries had undergone a strong structural process of dependency that had put them in its current situation. The fact of a historical interaction between the development of the rich countries and the underdevelopment of the poor, gives a different approach to the question of how the poor economies can develop.

The example of success that the developed countries and its industrialized economies had achieved does not serve as a model for the underdeveloped countries. The analytical strategy of economic development in the 1950s suggested that developing economies should emulate the patterns used by the developed countries. “Dependency theory

suggests that the success of the richer countries was a highly contingent and specific episode in global economic history, one dominated by the highly exploitative colonial relationships of the European powers.” (Ferraro 1996, p.6)

As a way of summarizing, Ferraro mentions some key elements to the analysis of the implications of Dependency theory. He concludes that Dependency theory dislikes the idea of the central distributive mechanism, as they argue that the market alone is not a sufficient distributive mechanism. The dependency theorists do not include figures such as Gross Domestic Product or trade and commerce indicators. “They do make a very important distinction, however, between economic growth and economic development.” (Ferraro, 1996. p.6) “Dependency theorists clearly emphasize social indicators far more than economic indicators.” (ibid)

“Dependent states, therefore, should attempt to pursue policies of self-reliance. Contrary to the neo-classical models endorsed by the International Monetary Fund and the World Bank, greater integration into the global economy is not necessarily a good choice for poor countries. Often this policy perspective is viewed as an endorsement of a policy of autarky, and there have been some experiments with such a policy such as China's Great Leap Forward or Tanzania's policy of Ujamaa. The failures of these policies are clear, and the failures suggest that autarky is not a good choice. Rather a policy of self-reliance should be interpreted as endorsing a policy of controlled interactions with the world economy: poor countries should only endorse interactions on terms that promise to improve the social and economic welfare of the larger citizenry.” (Ferraro, 1996. p.6)

## **6. METHOD AND DATA**

This chapter describes the methodology and the data used in this work. The study combines content analysis of a series of documents both official and of public domain that has been published throughout the negotiation process. It is important to mention that given the lack of documented analysis about the Association Agreement between the European Union and Central America, this work will not follow any particular pattern of previous or current studies made to the subject.

## 6.1 Method

The present work qualifies by its research method to be a documented analysis combined with qualitative research methods. The documental analysis is the technique of generation and collection of the information that allows finding the evidences to validate the analysis variables, prioritized within the issues addressed by the Dependency Theory.

The value of the information and the incorporation of technologies for its processing, make it necessary to deepen the documentary analysis as a real mediating process. Document analysis is the systematic examination of documents related to a specific subject, in this case to the Association Agreement between the European Union and Central America, in order to identify key elements of an analysis and describe the entire study subject. The focus of the analysis should be a critical examination, rather than a mere description, of the documents. Document analysis works best when the purpose is to gain insight into a theory or approach.

Qualitative research is generated outside the framework of a quantitative approach, the data collected is not subjected to mathematic formulas or strict measurable statistics and it not necessarily generates any kind of projections. The studies that use qualitative research methods normally seek a deeper truth beyond the obvious quantifiable data. Like K., Corrigan puts it, the qualitative research works aim to “study things in their natural setting, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them,” and they use “a holistic perspective which preserves the complexities of human behavior.”

(Mccorry and Corrigan 2009, p.14)

If it is true that in qualitative analysis, a holistic perspective is present, it is also true to asseverate that in international relations theories a qualitative method of study will signify an appropriated approach when applying explanatory theories that are often considered to be heuristic. In that case a complete or total perspective of a stand point will be much of a significant value to generate new ideas to the subject. Having said that, Arc Humphrey in his book about the limits of international relations theory summarizes the nature of the field by pointing out its limits when he mentions that “international relations continue to employ a model of explanation in which theories



identify causal, deductive links between independent and dependent variables. Yet no theory of international relations is deductively adequate: many avowedly explanatory theories can only be applied heuristically. Consequently, the manner in which scholars draw upon and apply theoretical ideas in International Relations is not captured by classical models of explanation.” (Humphreys 2007, p.1)

Although this analysis is not intended to generate new ideas or approaches to the Dependency theory and its effects in Central America, it will certainly provide a great amount of understanding and comprehension of the subject matter. As a theory, it is important to conceptualize and position it thoroughly to be able to validate its postulates and how does it work. At the end, a theory provides a much better conceptual understanding of a particular matter. Like Scott Reeves mentioned: “Theories provide complex and comprehensive conceptual understandings of things that cannot be pinned down: how societies work, how organizations operate, why people interact in certain ways. Theories give researchers different "lenses" through which to look at complicated problems and social issues, focusing their attention on different aspects of the data and providing a framework within which to conduct their analysis.” (Reeves 2008, p.1)

In this study the hypothetic deductive method was used. Based on that model, a problem is proposed based on particular cases and by a deduction process this problem remits to a theory. Based on that specific theoretical framework a hypothesis is proposed, and by means of deductive reasoning, the study attempts to empirically validate it. In other words, the theoretical fundament allows guiding to what in practice has been happening or vice versa. And this practice is based or supported with conceptual analysis and stand points that have been proven by others, therefore the importance of literature and data review that confirms or refuses the proposed.

## **6.2 Data**

The documentation can be divided into three categories:

1. Official documents and communications given by the authorities of both parts involved in the negotiation of the Association Agreement. Including the center peace of the analysis, the Association Agreement itself.

2. News, editorials, articles, opinions, communications given by the civil society about the development of the negotiations and the actual nature of the treaty both in written and by radio or television programs.
3. Opinion interviews made to the representatives of the Central American civil society in reference to the possible consequences and general assumptions of the Association Agreement.

The documented analysis consisted in the following steps:

1. Search, qualification and selection of the documentation
2. Deep reading and comprehension of the material, to take and to discard the information based on an analysis
3. Cross and comparative reading that leads to establish fundamental and sustainable aspects.

The documental information considers the following categories:

1. Formal documents: Documents generated in the establishing process of the Association Agreement between the European Union and Central America. This also includes different types of publications made by both official sides, the European Commission and the Central American Integration Process (SICA).
2. News of the events occurred during the negotiation process: These documents include a wide range of news reports from newspapers, magazines, specialized publications and radio and television reportages mainly from Central American countries but also from countries members of the European Union.
3. Political analysis: Mostly published in newspapers, magazines or presented in radio editorials or in television programs in both sides
4. News related with opinions from the different actors involved in the process: This opinions have been gathered mainly from newspapers in Central America but also from radio and television reportages.
5. Situational Analysis: Presented by experts in economics, politics, geopolitics, international cooperation and international relations from the European Union and from Central America.
6. Data and statistical registry: quantity documented information in different government offices related to the Association Agreement.

### 6.3 Variables

Dependency theory claims that the failure of the third world countries to achieve adequate levels of development resulted from their dependence on the advanced capitalist world. As Andre Gunder Frank described “the economic surplus generated in post-colonial societies is appropriated by foreign interests and domestic elites in a way that reinforces a pattern of economic backwardness.” (Frank 2005, p.1)

The prioritized variables within the relevant aspects related to the hypothesis in this study were taken based on the approach of Dependency theory and also in the nature of the Association Agreement between the European Union and Central America. As we saw in chapter four, the agreement includes three sets of components: Political dialogue, cooperation and commercial trade, the study used those components to set the different variables as following:

Variable One: As it was mentioned before, Dependency theory characterizes the international system as comprised of two sets of states, dominant and dependent (Or Center and periphery). The dominant states are the advanced industrial nations and the dependent states are those states of Latin America, Asia, and Africa which rely heavily on the export of a single commodity for foreign exchange earnings. Another characteristic is the common assumption that external forces are extremely important to the economic, political and social activities within the dependent states. These external forces include multinational corporations, international commodity markets, foreign assistance, communications, free trade agreements, association agreements and any other means by which the advanced industrialized countries can represent their economic interests abroad. In this sense, the study demonstrates that the Association Agreement between the European Union and Central America have characteristics of dependency relations because it meet several of those external forces that characterized the dependency relations.

Variable Two: The Association Agreement between the European Union and Central America considers a Political dialogue component in which is proposed the establishment of proper discussion channels allowing the exchange of information and the adoption of joint positions in subjects of common interest. Although there are many common interest and similitude between sides, the dependency theory and the theory of

realism in International relations demonstrates that national interest surpass any common political agenda that undermines that interest. Moreover, in political terms not only common interests dominate the bilateral agenda but normally the interests of the great powers outshine those of the dominated states.

Variable Three: The Association Agreement between the European Union and Central America seeks to widen the areas and sectors of cooperation and perfectionate the current mechanisms to take better advantage of them. The International cooperation models in Central America have been proven to increment the dependency levels, making the region having to heavily rely on social assistance models brought from abroad, budget support and external monetary cooperation in loans and donations.

Variable Four: The Association Agreement between the European Union and Central America in its core and fundamental part looks for the establishment of a favorable frame for the interchange of goods and services and the promotion of economic cooperation between both parts, taking advantage of the resources and fomenting the mutual investment. However, the importance of the respective commercial partner is extremely different in the two regions.

On the one hand, the European Union receives 15% of the total exports of Central America and secures 10% of the total imports of Central America, making the European Union the second most important commercial ally after the United States of America. On the other hand, the importance of Central American States to the exterior economy of the European Union is marginal. Only 0.4% of all exports from the European Union are directed to Central America and only 0.42% of the total imports of the European Union come from Central America. The consequences of a Free Trade Agreement for the Central American states will depend on whether or not the large development differences between the two regions are taking into account in the future agreement. Dependency theory and examples of some other world regions gives sufficient proof to be skeptical.

## **7. ANALYSIS**

This part of the thesis is dedicated to evaluate and critically assess the different findings concerning the Association Agreement between the European Union and Central America. It will begin with general remarks attached to the theories and assumptions to be proven in the context of the agreement and the factors that will lead to conclusions. The main purpose of this analysis is to give the reader enough evidence to make the research problem of this analysis valid.

It is important to mention at this stage that this work is not trying to evaluate whether or not the Association Agreement between the European Union and Central America will improve economic or political conditions in any of the parties involved, or if the Agreement will represent a positive movement, rather it will demonstrate how the dependency relation between these two areas of the world can become deepen with the implementation of this mechanism.

### **The Role of Political Communication in this analysis**

A great deal of the data collected to make this analysis has been gather thanks to the news reports, editorials from newspapers, magazines, specialized publications and radio and television reportages. It is necessary to mention that special attention has been put to avoid a biased pattern of information. This was made by considering the different interests and backgrounds of such resources and more importantly, the stake hold they represent.

“The question is, to what interests politics serve? Obviously in the definition of the project there is a basic interest: “Improve the living conditions in the developing countries”, but politics is the art of the possible, therefore, although in the paper a specific objective is written, it could be possible that deep inside the real objective is totally different.” (Fernandez 2009)

## **7.1 The Cooperation Factor among the Regions**

At the beginning of November of 1968, Richard Nixon proved that the Alliance for Progress in Latin America had accomplished seven years of age and however, the malnutrition and food scarf had been aggravated in the whole of Latin America. A few months earlier, in April, George W. Ball wrote in "Life": "At least for the next decades, the discontent of the poor nations will not signify a menace of world destruction. Embarrassing as it might sound, the world has lived during generations, two thirds poor and one third reach." Ball had been the head of the American delegation to the First Conference for commerce and development in Geneva, and he had voted against nine of the twelve general principals approved by the Conference with the idea of relieving the disadvantages of the underdeveloped countries in the international commerce. (Galeano 1983, p.4)

For decades the rich countries of the world had donated to Central America thousands of millions of dollars in development assistance. They establish in their plans big goals to eradicate poverty and to improve the living conditions of people in the region. However, one asks, why despite such a great amount of cooperation, such a great amount of money invested, of technological and experience transfer in development matters, the region instead of having an economical development, instead of diminishing the gap between the reach and the poor and instead of give way to integral development as a whole it is moving backwards? Clearly, the policies imposed by the reach countries (United States of America and the European Union) as well as by multilateral organizations such as the International Monetary Fund, the World Bank or the Inter-American Development Bank have failed. The following text will prove why the cooperation policy it only works to accomplish internal interests of the central nations making its positive impact in Central America only within a micro scale.

As we discussed in previous chapters, the cooperation between the European Union and Central America started in the context of the cold war and the intensification of armed conflicts in the region. At the beginning of the eighties however, that cooperation was scarf and of very little importance. With the peace accords and the change of the political conditions in the region, the European Union reoriented its support to the reconstruction and reinsertion of former combatants to the society, starting with this a change in the interests of the donors. These changes were reflected by the influence of

economic aspects and the definition of new political and social paradigms in which the European Union put strong pressure in the Central American countries to change its priorities and institutional policies to be focus in productive projects and new cooperation themes such as gender equality and environment. This situation as Machado puts it “helped the so-called “Proyectism” in where programs and projects were elaborated in Central America as a fashion and not as regional or national objective necessities.” (Machado 2007, p.3)

The training and capacitating projects and programs in practice disappeared or had been oriented towards the strengthening of productive aspects, and the solidarity approach was transform into a more real economic development. All that was reflected in the frame accord of cooperation subscribed in 1993 between both regions. But in 1998 the hurricane Mitch along with the tendency of reducing the state structures and budget cuts in social programs and policies in the Central American countries became an incentive and a condition of the European Union to continue with the assignation of cooperation resources to those areas. In fact the Frame accord of 1993 pretended to help diminish the effects of the structural adjustment undergone by the region; however, to date not a single balance had been carried out to determine the impact of that accord. (Machado 2007, p.6)

Another re-adjustment suffered by the European international cooperation towards Central America was the Accord on Political dialogue and Cooperation of 2003. According to Machado, the Central American countries received the accord proposed by the European Union without even changing a single comma. The result was that the six Central American countries were going to receive an approximate 150 million Euros per year to be divided between them to develop programs in cooperation matters based on purely European criteria.

The current cooperation frame is dictated by the 2007-2013 European Union strategy towards Central America and will be taken as a fundamental part of the cooperation pillar of the Association Agreement. As we will see in the next title, the European Union pretends to focus this cooperation towards the region economy, referencing in its negotiation mandate the necessity of economic integration, employment creation, commerce aid and economic development in general, leaving aside priorities such as just governments or more equilibrium in the intraregional relations.

According to Renzo Cespedes and to other analysts including Machado, a strong component of that cooperation agreement is also focusing in the budget support, which according to them will signify that the most important part of the cooperation will be designated directly to the Central American governments so they can make the necessary investments that the new free commercial zone will require. (Machado 2007)

Although in its discourse the European Union talks about civil society participation in the processes and the inclusion of all the citizens of the region, the history tell us something different. As an example, in the past years, a great sum of resources had been pour by the European Union on the regional integration system, however, a very important part of those resources had been spend in consultants, studies and diagnostics, without getting to the communities who are supposed to be integrated and far away from its participation in the decision making processes. (Ibid)

### **7.1.1 Dependency Implications in the Cooperation Component of the Association Agreement**

The cooperation component of the Association Agreement between the European Union and Central America is considered a fourth generation accord, that is because it includes new modalities of jurisdiction and in that sense it transcends the previous accords signed by the two regions before. The obligations take on by the Central American countries in this component, are not pushing to go further to the once already put into function. Having said that the differences between this new accord and the previous once are related to the inclusion of a wider variety of sectors in which the cooperation will take effect. This includes sectors that have not been taken into consideration before and as we mentioned earlier, different productive sectors will have more accessibility to these founds. These changes were possible to make through the establishment of rounds of consultations that defined up-to date priorities and interests. This dialogues however, although meant to be inclusive and universal were rather closed and exclusive to the economic elites of the different countries in Central America. To Felix Vasquez, General Secretary of the Farm Workers Union of Honduras the dialogues driven by the European Union only included a small representation of the economic force in Honduras, sadly the elite, and they only represented their own interests and the interests of a limited productive offer that will be benefited with market access to the European



Union. The majority of the production and the producer however, will be left aside because their products do not qualify to enter to the European market.

Cardoso explained in his book “Dependency and Development in Latin America” that there was a specific situation of dependency in which the bourgeoisie controlled the local economy. In that situation the accumulation of capital is the result of the appropriation of natural resources by local entrepreneurs and the exploitation of the labor force by this same local group. The starting point for capital accumulation is thus internal. Cardoso concluded that the internal oligarchies promote the dependency when they associate with the rich countries. (Cardoso 1979, p.19)

As we can see in this example, the association agreement only accentuates the dependency that has been always present in the relations between Central America and the European Union. It is important to mention, that Cardoso’s division of dependency situations can be also applied to other several subjects in the relations between those two regions and these will be also be presented and studied in different titles of this work.

The dependency in cooperation matters gets even more accentuated within the Association Agreement since the text presents the cooperation axe as a medium to channeling the resources to be directed to the different priority areas of cooperation. In that sense Central American states cannot demand a specific quantity of money for the development of specific projects, but rather the Central American intentions must be centered in the search of the orientation of the eventual assignation of the funds that the European Union posses to each country taking into consideration the following criteria framed in the Association Agreement:

1. The necessities defined as priorities to address that each country presents to the authorities of the European Union
2. The existence of those priorities and themes of interest within the regional cooperation agenda.
3. The projects proposed by the different sector groups such as representative organizations must have the back-up of the Ministries or Secretaries responsible of each respective area. (Veco 2009, p.8)

As we saw in the previous title the European Union has maintained a line of priorities based on its ideals and policies and not focusing in the real solutions that could give the region a real chance to develop such as technology transfer, mass infrastructure and education.

When it comes to labor law and environment, the European Union pretends to establish a sanction based focus in wish the Association Agreement will work as a tool to obligate all the countries involved to pursuit a series of regulations which will clearly represent a disrespect of the political constitutions of each country as well as a lost of the right to regulate the protection levels in each country and diminish the definition of priorities for Central America in both subjects.

We can also see a clear example of dependency theory in the theme of migration. This subject has been approached from a human rights protection point of view, but it does not cover commercial terms such as the free mobility of the human factor among the regions. This element clearly accentuates the inequalities between regions of different economic development. This theme therefore is predicted to be an almost impossible to resolve with a satisfactory outcome to the Central American region since the European Union presents a very rigid position in this subject and also due to the harden of the legislation of the European community related to the penalization of illegal immigration.

According to different studies and different analyst, including the one done by Veco MA consulting, the cooperation axe will have very little impact in the macro components of Central American development due to two general realities:

1. There are different visions of what it should be considered as specific and priority cooperation themes between the two blocks.
2. There is a discrepancy between the two parts in the interpretation of the assumed compromises and its reach and correct implementation. (Veco 2009, p.9)

For Eduardo Fernandez, a professor of the University of Guatemala, the international cooperation is always a symptom of dependency. Countries in Africa and Latin America

depend in the support given by the United States and the European Union. The European Union generates two ways of cooperation:

1. An internal focusing on the raise of the standard of living in countries with lower per capita national income.
2. An external that implements public policies to promote the development of underdeveloped or developing countries.

The external cooperation according to Fernandez has a perverse depth because it responds to diverse interest within the European Union. Whereas in the internal cooperation there is a genuine interest for the policies to work, although well intended, the external cooperation do not necessarily respond to an interest of developing the region in question but an interest to keep the status quo that has been proven to be beneficial for the countries in Europe. That can be proven when comparing the results of internal public policies in a macro level which are immensely positive and the results of the external public policies in a macro level which are terribly negative. (Fernandez 2009)

What the Association Agreement is doing in that respect is to deepen the dependency between the poor countries of Central America and the reach block of the European Union masking the real true intentions of keeping the current state of affairs with a cooperation agreement that might only have effects in the micro scale.

Martin Farrows mentioned the “The European protectionism is the thing that should be progressively abolished if there is an authentic desire that the developing countries succeed”.

## **7.2 Political Dialogue among Giants**

As described in the Association Agreement chapter, the component of the Political Dialogue looks to the establishment of institutionalized mechanisms to promote a discussion and information exchange in different instances, between the European Union and Central America on bilateral and regional questions of common interest that might allow the adoption of joint positions in topics of international transcendence. Throughout these mechanisms a series of common values are promoted between both

regions such as the respect to the democratic principles and the fundamental human rights, the protection of the environment and the strengthening of the Constitutional state among others. (AACUE 2009) [WWW document].

Although there are many common interest and similitude between sides, the dependency theory and the theory of realism in International relations demonstrates that national interest surpass any common political agenda that undermines that interest. Moreover, in political terms not only common interests dominate the bilateral agenda but normally the interests of the great powers outshine those of the dominated states. The following information will prove that the Political dialogue component within the Association Agreement between the European Union and Central America will increase the conditions of a dependency relationship between Central America and the European Union.

### **7.2.1 The Idea of a Political Dialogue and why it has not worked**

The idea of carrying out a political dialogue between regions, generally with Latin America and particularly with Central America as a region culturally nearer to Europe, was a new invention of the European Union to keep in tune with its doctrine of exterior policy. However, it is necessary to remember that, the political commitment of the European Union in Latin America was the response to a Latin American initiative. In January of 1983 the Chancellors of Colombia, Mexico, Panama and Venezuela created the Group of Contadora to contribute to the pacification of Central America. The existence of the Contadora Group and the later enlarged Group of Support motivated the EU to interfere in the Central American conflict and signified the seed of the later political dialogue. (Gratius 2007, p.44)

For a series of reasons, Central America has been a privileged ally of the interregionalism promoted by the European Union. Just as the European Union, Central America is a peaceful zone lacking armed conflicts between States and it has a wide experience in the pacific resolution of controversies. Central America has also a long tradition of integration. There is no other region of the world where so many integration initiatives have arisen. The Integration process in Central America (the System of the Central American Integration) although incomplete is even older than the one initiated in the European Union. From the Central American crisis of the eighties, the political

dialogue, the cooperation between States and the negotiated resolution of conflicts are a part of the Central American identity.

Also as part of Latin America, the region is considered as a third pillar of Occident, belonging to the western hemisphere dominated for The United States which is at the same time, the principal political and economic ally of the European Union. Central America and the European Union also share political values that include democracy, peace and the human rights, which justify the creation of a strategic alliance in an international context dominated by the increasing levels of conflicts between cultures and religions. Finally both regions use dialogue and negotiation as tools in the International system and form part of both regions idiosyncrasy as tools in the International system. For all this, Latin America is a privileged political ally of the European Union and the political dialogue in theory has been conceived as a platform to extend the regional integration formula as a solution to reach peace, democracy and development. (Hettne and Söderbaum 2005, p.320)

Having said all that, since the beginning of the political dialogue between the two regions and at present times, there has been enough evidence to assert that the political dialogue models between the European Union and Central America had failed. According to Susanne Grätius, particularly after the impact of September 11<sup>th</sup>, there are diverse signs that indicate a failure in the mechanism. One important indicator mentioned by Grätius is the adversities of the international context due to the relevance of safety issues and a tendency towards a “renationalization” of politics on a global scale. This factor not only has negative repercussions in the European and Central American processes but also in the interest of the European Union for Central America and vice versa. A second factor is the reduction of the flows of help and commerce. In economic and strategic terms, Central America is far from being a privileged associate of the European Union, but rather a secondary space the Union’s exterior policy. Despite been the principal donor of the region, it only represents less than 3% of the total community flow of cooperation. (Grätius 2007, p.66)

## **7.2.2 Different Political Interests in Similar Regions. The Dependency Prevails**

In the Political Dialogue component of the Association Agreement, four principal aspects have been agreed: Common objectives, Common agenda, Mechanisms and Specific commitments. They have proposed as a way to restate the current terms of the relation between Central America and the European Union. The European Union major topics of interests are democracy, peace, human rights, and adherence of the countries to the Agreement of the International Criminal Court, strengthening of multilateral relationships, sustainable development and good governance, regime of rights, fight against the terrorism, and fight against drug smuggling. (VECO 2009, p.12)

On the other hand Central America has proposed topics such as regional integration, good governance, migration, reduction of poverty, environment protection, civil safety, financial help for development and in particular the creation of a Joint fund of Economic Financial Credit, which has not been particularly fully accepted by the European Union who has argued that it does not form part of the Regional integration System, therefore will limit its capacity of incidence. (Ibid)

It is clearly evident despite the fact of being two regions with common perspectives that while Central America is looking for benefits that could alleviate its deplorable condition and benefits that can impulse a progressive and effective economic development, the European Union is not willing to give away those benefits so easily as that will on the one hand signify a threat to the current status quo and it also will represent a scarifies that its countries are not willing to take.

Although the structure of the Political Dialogue is equitable, in reality it is not a dialogue between equals. First, the political dialogue has more value for Central America for the fact that the European Union is its only external ally that establishes a regular political dialogue at different levels. Secondly, due to the existent paternalism for the European part and the existing asymmetries of power, the political dialogue is not carried in a bidirectional way, rather it is centered from the beginning in the problems of Central America. A third aspect is the fact that except when a topic is affecting Central American own interests like agricultural or migratory topics, Central

America hardly ever has analyzed neither the internal situation of the European Union nor it has adopted common positions on this matter.

For all these reasons, it is a political almost unidirectional dialogue dominated by the politics of the European Union towards Central America. Its asymmetric structure, the fragmentation and the passivity of Central America are at the same time the biggest obstacles to create an interregional affiliation based in the reciprocity and the mutual interests.

For Jesús Garza, technical coordinator of the Honduran Coalition of Citizen Action (CHAAC), “in the political dialogue, the topics that the European Union is interested most are the good governance and the respect to the human rights. But after the experience of Honduras, in which in spite of the military cope, the agreement has gone forward, we already know that this is only a political speech and that to what they give priority is to the their commercial interests.” And he concludes by saying that “The political dialogue is an adornment in the negotiations of the TLC with Europe.” (Garza 2009)

### **7.2.3 Measuring the Political Dialogue**

Since the first ministerial declaration between both regions, signed in 1984, cooperation for development, fight against poverty and social justice are part of the agenda of the political dialogue. In fact, the European Union as a region is currently the principal donor of Latin America and inside the region, Central America the biggest beneficiary. Undoubtedly, the intensification of the bonds of cooperation for development has grown as for the number of projects and allocation of funds and it is one of the scarf measurable items in the relations between both regions. Nevertheless, in the last years we can observe a certain slope of the development commitment of the European Union with Central America. Although the political dialogue kept on generating new programs of cooperation they had not been accompanied by an increase of the financial resources.

Although since the eighties, the levels of poverty in Central America have not diminished but increased - According to The United Nations Economic Commission for Latin America and the Caribbean ECLAC, in 2009, 45, 6 % of Central Americans lived in conditions of poverty compared with 39 % in 1980-, the funds of the European

Commission for the region have been going down through the years. (VECO 2009, p.18)

In different Joint Declarations between the European Union and Central America in Vienna 2006 and in Peru 2008, the European Union promised to assign more resources of cooperation to Latin America; however, the reduction of the resources in the last years does not reflect that compromised. The European Union has argued that the motive for these reductions is due to the fact the new projects are technically better and that the poverty in the region it is not due to the lack of resources but to its bad distribution.

## **7.3 FREE TRADE AGREEMENT**

### **7.3.1 Lessons learnt: The Central American and Dominican Republic Free Trade Agreement (CAFTA-DR)**

Although our interest it is not to evaluate the positive or negative extent of the Association Agreement between the European Union and Central America, it is revealing to make a comparison and to learn the effects that a similar agreement, which is between an underdeveloped region and a world power, has so far represented for the Central American region.

The majority of the poor in general in Central America are employed in the agricultural sector. CAFTA promised to be good for these individuals since they could then sell their crops to the United States; however this is not the case. The United States has an agricultural policy that emphasizes the use of subsidies. This means that the government pays each farm a given sum in order for it to produce agricultural products. (Acevedo 2003, p2)

This sum is only paid to domestic farmers. As a result of these subsidies, the United States farmers can reduce the price of their products; in fact they can reduce the price so much that in many cases they are cheaper than the price of the crops in developing countries. Thus, the promise of poverty alleviation that CAFTA could realize may never develop. Instead of a flow of agricultural products from Central America to the U.S. the



exact opposite is occurring only making the poverty in Central America worse than it already is. (Acevedo 2003, p3)

### **7.3.2 Analysis of the Commercial Component of the Association Agreement**

It is difficult to understand, without doing assumptions, what could the European interest be to conclude a Free Trade Agreement with Central America. Firstly because Central America does not represent a big market for the industrial European products and in turn, Europe does not represent an important market for the Central American exports.

The promoters of these agreements always allege that they are signed to improve the quantity of exports, situation that the agreement with the United States does not demonstrate. So, although the exports might increase following normal tendencies already perceived before the conclusion of the agreements, the imports normally go off, increasing the deficit in the balance of trade.

In that sense, everything seems to indicate that the principal European interests are the freedom of investment, participation of European companies in public trade, investment in mining and tourism, investment in services such as banking, transport, communications and others. In a region that proves to be geographically interesting because it can be a springboard to export to the United States with the advantage of the Central American and Dominican Republic Free Trade Agreement, or for its condition to be the point of the continent with less distance between the Atlantic and the Pacific Ocean, making Central America an advantageous place to transfer products between the European Union and North American with the Asian economies in permanent growth.

With the disappointment of the Central American governments that were hoping to obtain better benefit of the political dialogue and the cooperation, it is the creation of the Free trade zone component that with more emphasis is discussed in the negotiations.

In the following text, every topic of the commercial component of the Association Agreement will be evaluated and the analysis will demonstrate how the dependency theory postulates are implemented in the hearth of this component.

## **Commerce and Sustainable Development.**

This chapter will put forth two topics: labor law and the environment. It is still not known which will be the labor parameters that the agreement will impel, but departing from the European labor traditions, possibly they will be based on the agreements of The International Labor Organization (ILO). Nevertheless, the doubt stays if in the interest of the liberalization of investments the same dispositions will take place since in the interest to attract investors; the Central American governments end up by promoting labor flexibility: differentiated wages, labor special regimes, authorizations for work day's extensions among other measurements that favor the investors and leave the workers without protection. (AACUE 2009) [WWW document].

It is also not clear how the Agreement will link the commerce to the sustainable development and environment protection. Most probably the European negotiators will try to direct the theme under the corporate social responsibility as it has happened in previous Agreements with other regions; however the position of the Central American negotiators is convergent with that of the Agricultural Sector. The rights regime should be guaranteed by the State. (Ibid)

Additionally, in the current text of the Agreement an automatic update of the Agreements of the International Labor Organization is not been contemplated. According to the Central American negotiating chiefs, the European Union has started yielding in this topic, on the final list of agreements and the frame of coverage of the commitments that the Central American countries could assume.

Nevertheless, it is an engagement frame that it is still pending to define and it should be a key element to follow, particularly in this final phase of the negotiations, to know its real scope and implications. The subscription by a country of international agreements is not a guarantee of fulfillment, for what it is not suitable to assume commitments that go beyond what at present is defined in the SGP-Plus. Especially when the convenience and the costs for each country for being a member of every additional needed agreement have not been analyzed in detail. Among those additional agreements are The Protocol of Cartagena on Biosafety; The Protocol of Montreal relative to Exhausting Substances of the Ozone layer; The Agreement of Stockholm on organic persistent pollutants; The

International Agreement of Tropical Wood; The Convention on the International Commerce of Fauna and Flora Threatened Species; The Agreement on Biological Diversity; The Protocol of Kyoto; The Agreement of Rotterdam insecticides and chemical dangerous products; The Agreement of Basel on the control of cross-border movements of dangerous toxics and its elimination; The International Agreement for the Conservation of the Tuna of the Atlantic Ocean; The Agreement of the United Nations on populations of fish and others. (Morales and Garza 2009) And (AACUE 2009) [WWW document].

### **Intellectual Property rights**

Intellectual Property rights must be understood as authorizations, given by the States to corporations or individuals who introduce to the market a new invention, a product or a procedure, in a certain period of time. During the duration of this authorization nobody can produce, reproduce, copy or commercialize this product or procedure without license or without paying the rights to the proprietor who generally establishes prices that allow him extraordinary profit.

The original idea of the Intellectual Property rights was to stimulate inventors and creators, investigators and scientists, whose efforts were been rewarded. But lately it turned into a big business for the big corporations that impel investigations, sometimes with public funds support, in order to obtain immense profit with medicines and technological procedures especially in medicines and agricultural inputs.

In the context of a Free Trade Agreement, the industrialized countries normally ask for protection to property rights for more than 25 years. Between those property rights are the denomination of origin and geographical indications which Europe has already announced that wants to protect in the Central American market. That would mean the payment for property rights for those registered products whose names are linked to specific regions or places in Europe; among them, wines, water, meat and much more. Examples: Parmesan, Spanish sausage, champagne, Bavaria ham, Alpine Water etc. (AACUE 2009) [WWW document].

Many Central American industries produce these goods, especially milk and meat, and although they could produce them with other names they would face the problem that consumers already identify them with this geographical denomination, which would

lead them to losing market. We can suppose at this stage that the Central American negotiators will try to defend the right of its industries to this respect.

The acceptance of the European interests on geographical indications is extremely risky for the commercial future of Central America, since this aspect of property rights has no reservations with regard to the “Agreement of the most favored Nation” of the World Trade Organization, meaning that if that right is to be recognize to the European Union, it will have to be obligatorily recognized to other countries that might ask for it in the future.

Another common element of the property rights in the Free Trade Agreements is the information protection. Meaning the rights of inventors, corporations or people, to not disclosing the processes they use for its inventions and innovative procedures. Nevertheless, up to this point in the negotiations, they have agreed not to include specific norms in this matter and there will not be an obligation to incorporate additional dispositions into the legislation that it is currently found in each of the Central American countries.

### **Market Access**

In this respect, topics regarding the elimination of tariffs are tackled, but not the elimination of subsidies to the European agriculture. In customs procedures and simplification of the commerce, the Agreement refer to the free circulation of goods and services, the implementation of customs union, and regional integration for commerce. There have been already tax relief categories agreed, established from products with immediate tariff free access up to those that are going to be gradually freed in periods of 3, 5, 7 and 10 years. The European Union has already announced that it will negotiate the opening of its market starting from the SGP-Plus quotas and forward. Central America on the other part announced its interest to open market spaces for its banana and sugar production. (AACUE 2009) [WWW document].

In its political and commercial speech The European Union has shown disposition to open its market or to grant preferential access, under certain limitations or conditions, for example those conditions that can be achieved in the negotiation of the free world commerce in the World Trade Organization, to agricultural products from Central

America such as Bananas, Sugar, Rice, Ethanol, Rum and Meat. (AACUE 2009) [WWW document].

If Central America manages to achieve important quotas for the exportation of these products to Europe, it would mean that with the Association Agreement it would have reached additional benefits to those of the SGP-Plus. However, as we have been seeing throughout this document, the European Union is always protecting its interest applying the same technique used when negotiating with small, underdeveloped regions. In the case of the rice for example, a sensitive product for Europe, a symbolic quota of exportation is been negotiated. The European offer for market opening for sugar the does not fulfill the Central American expectations and at most what they can reach are similar quotas to those obtained in the United States- Central America and Dominican Republic Free Trade Agreement. (Morales and Garza 2009, pp.45-48)

The banana access depends on the negotiations held in the World Trade Organization (WTO); although everything seems to indicate that with the idea of progressing in the negotiations, the European Union is willing to gradually lower the tariff from 180 Euros per ton to 114.00 Euros per ton in a period of 10 years. That is exactly the same conditions that are been negotiated in the WTO, although Central America is looking for better accords, including a clause that allows the readjustment of the condition of access in the future. That would mean that if in the future other countries receive better conditions for its banana productions, this condition will be automatically applied to Central America. (AACUE 2009) [WWW document].

### **Rules of Origin**

The rules or Norms of origin refer to the characteristics that the products, goods and services must have, to consider them to be proper of the regions in negotiation. The main demand of Central America in this matter is that the goods produced in duty free factories, also known as Maquilas, enjoy the preferences of the European Union; whereas for the European Union, its pretensions in this field are much wider. For example: rules of origin for fishing in open sea that would include conditions such as the flag of the ship, that 75 % of the crew members must belong to the countries in the Agreement, at least a Central American or European investment of 50 % on the ship. This, obviously, would limit the access to fishing or to selling the product in Europe to

potentials extra regional competitors. In other words, Europe seeks to have practically exclusivity of European, especially Spanish fishing fleets, in the Central American waters. (AACUE 2009) [WWW document]. Another sensitive topic for Central America is the coffee, since the European Union is asking for recognition of origin to the coffee, which bought in different countries but prepared or transformed into Europe, could then be commercialized in Central America. This is one more example of how the economically strong and industrialized countries (The center) hope that the poor countries (The Periphery) should be only producing and exporting raw material, while they save themselves the profit of the added value in the processing and industrialization of goods. Since it is a very sensitive topic for Central America, the region is asking the European Union not to export neither coffee nor its coffee preparations to the region, but until now, Europe has maintained an inflexible position, that is in fact weakening the current SGP-Plus.

### **Phytosanitary regulations**

Another element difficult to overcome is to obtain equal legislation and control of phytosanitary norms within the Central American countries for its exports to Europe. Every country has its own technological limitations and knowledge limitations for the fulfillment of these norms. A few countries are ready, but others not. (Morales and Garza 2009, p.53) In the context of the Association Agreement, Europe would apply a treatment as region and not as single countries to the imports from Central America. If one country does not attend all the phytosanitary regulations required, it will be understood that the whole region is the one that does not implement the regulations. This is a topic where the asymmetries between a powerful economy and the weak economies such as the Central American ones are clearly demonstrated. While in European countries are equipped with up to date technology to implement phytosanitary controls for the imports, Central America do not possess laboratories and customs technicians capable of identifying violations to the sanitary regulations in an effective and rapid way. (AACUE 2009) [WWW document].

### **Trade and Competition Policies**

For the conception of free trade, any State support to production of goods and services or to its commercialization constitutes a threat to the free competition. But in Central

America, particularly in Honduras, Nicaragua and Guatemala, some old practices and governmental behaviors that distort the competition still survive; projects of social compensation or for electoral interests, which constitute obstacles for free trade, according to the leaders of economic neoliberalism. These practices include bonds for minimal consumption of electrical energy, distribution of fertilizers, price regulation attempts, and preference of national companies in public buys among others. (AACUE 2009) [WWW document].

For Europe, it would be necessary to penalize any State help that distorts or threatens to distort the competition to favor certain companies or certain production, but simultaneously they are not ready to eliminate its agricultural subsidies. Central America seems to accept this principles if Europe eliminates the subsidies to the agriculture that do not allow the products of Central America to compete on equal terms. Europe however, sustains that the topic is already in discussion in the World Trade Organization, where it also causes controversy. Even the European Union, in this section of the Agreement would like to implement a mechanism to monitor the state helps, they have expressed the necessity of creating an office at regional level to support annual reports on the entire amount, types and distribution of the state helps. (Ibid)

In this chapter, the European Union proposes that Central America provide only one regional legislation in the topic of competition to ensure that the State do not interfere with the free trade and the liberal economy. (Ibid) Nevertheless until now this proposition is practically impossible because even not all Central American countries are provided with legislation and institutions capable of dealing with this matter. Central America proposes a special treatment to this chapter, allowing each country to apply its own internal legislations, but this would be contradictory with the approach of region to region Agreement that the European Union categorically defends.

The fact that the European Union refuses to check its agricultural subsidies is nothing new, Galeano wrote in “The Open veins of Latin America” that in countries like England, the government had to certify that the linen cloth in which the deceased were buried was manufactured in one of the English factories and they penalized the use of foreign materials such as the textile produced in Argentina or other parts of Latin America. (Galeano 1983)

## **Public services**

At the end of the IV round of negotiations, the Central American spokesmen announced, perhaps trying to calm the opponents to the Association Agreement, that the public services would not be an object of negotiation and therefore privatizations were not promoted. (AACUE 2009) [WWW document].

However, it would be necessary to read between the lines. A rapid look at the current situation of Central America will conclude that there are no more public services to privatize. Costa Rica and Honduras are the only ones that still support some public services. In Costa Rica there is the Costa Rican Institute of Electricity and in Honduras surviving to corruption and many privatization attempts are the National Company of Electrical Energy, the National Port Company and the Honduran Company of Communications. These companies that have been strongly attacked, hit by corruption, politics and the competition of multinational corporations are condemn to privatization or to disappear. So the announcement of no privatization turns out to be derisory, even more if it takes into account, that for political reasons in Europe, the education and public health, as well as the production of audio and film content, do not enter in the negotiations.

Another aspect to see thoroughly in this Agreement is that the water is not considered to be a public service but an environmental service; therefore it is part of the negotiations. The risk of the water resource is not, as many think, in the interest of European companies to provide tapped or bottled water service, that it only represents profit in those places with more than 100,000 inhabitants. The risk is that the water can be used as a currency for foreign investments: the mining investors would be ready to come if water authorizations are granted, the hotel and tourism industries need wide authorizations of water for the irrigation of golf courses and gardens, swimming pools and host services. It is also very probable that European investors would want to produce agriculture fuels and flowers for what they will need also great amount of water for irrigation. (AACUE 2009) [WWW document].



## **Commerce Simplification**

The European Union is not satisfied in the way Central America handles the circulation of products and the tariff dealing, and that as a region they still have not achieved consensus for a customs union. What will happen when a European company has losses because of administrative customs errors? Who will pay? The country of destination or the whole region? Or, what will be the socioeconomic impact of the customs union? It is known that two million Central Americans live of the customs activities: officials, food sellers, transporters, currency exchangers, vehicles minders, customs agencies employees among others. The majority of this people will become unemployed or without revenue since the union implies the disappearance of the majority of the terrestrial customs, especially in El Salvador, Honduras and Nicaragua. Customs would stay only in marine ports, airports and border points of the region with Mexico and Panama. (AACUE 2009) [WWW document].

## **Solution of Controversies**

As any other Free Trade Agreement, the Association Agreement will be provided with a court to elucidate controversies between States for its implementation. It would be integrated by three umpires: one named by Central America, other for the European Union and a third one of common agreement between the two parts.

Currently the negotiators are trying to agree in relation to the integration of the arbitral panel, the mandate and order of the panel, the period in the different stages of solution of controversies, the rules of interpretation, procedural costs, and publication of the judicial decisions among others. (AACUE 2009) [WWW document].

It is important to remember that in the World Trade Organization there is already a mechanism put into place for the solution of controversies between the States, meaning that the Association Agreement chapter on solution of controversies will be a parallel one. In this respect it looks like as if instead of bringing the controversies to a wider and equilibrated stage such as the World Trade Organization, the controversies will have to be solved in a stage where the European Union will have a clearer advantage over Central America.

## **7.4 Main critical position of the Social organizations concerning the Association Agreement.**

The political position of the diverse movements and social sectors of Central America and of the European Union is oriented to an entire opposition and resistance to the pursuit of the process of Negotiation of the Commercial Agreement between the European Union and Central America. However, there are also organizations, including The Economic Commission for Latin America and the Caribbean and others in Europe that are in favor of concluding an agreement of such nature.

In general, the organizations against the Association Agreement demand that before trade and commerce, the priority should be the cooperation policies to promote a regional humane, equitable and sustainable development and to objectively address and tackle the structural causes of poverty, exclusion and alienation conditions in which the Central American countries are currently living. They also demand the deepening of the political alliances and solidarity between the social movements of both regions, with the objective of impel a campaign of information and resistance towards this Agreement.

### **7.4.1 Position of the Central American Collective Dialogue (CAD) towards the Association Agreement.**

”On the cooperation for development component we observe how this one is directed to generate primarily "favorable" conditions for the financial and commercial deals between Europe and I Central America. It has got lost to a great extent, the humanist and democratic tendency that about cooperation to the development the European Union was promoting towards our countries, claimants of peace, justice, equity and democracy.” (CAD 2009)

”The programmatic content of the commercial agreement does not respect the existing asymmetries between the countries of the European Union and the countries of Central America, generating slightly viable conditions to promote a just and equitable commerce.” (Ibid)

”Previous conditions have been systematically violated, both politically and institutionally. Those conditions should be a guarantee to make the Commercial Agreement effective. Between them: the nonexistence of a regional real integration; the weakness of customs integration policies; the weakness of the system of integration; the absence of political will of the governments to accept the existing asymmetries between the countries of the region; the nonexistence of a study of sustainable impact that could demonstrate the real effects that this commercial agreement would have, fundamentally for the subsistence economy where more than 80 % of the population in Central America is living in.” (Ibid)

”Transparent and democratic mechanisms do not exist for the participation of the organizations and social movements, generating this way a direct exclusion towards the rural, trade union sectors, indigenous people, women, social organizations, among many others. In this frame, the parts have generated mechanisms of public forums, which are not binding and which serve to distract a real absence of consultation and social participation in the process.” (Ibid)

”In the frame of the content of the Agreement, it is possible to appreciate the perverse interests existing on the part of the European Union and certain Central American sectors in relation to: the services, the capital movements (investments), the rights of intellectual property, the governmental buys and the generation of legal guarantees for its wide political and economic interests in the region. It stays to the margin sensitive topics such as the generation of an agricultural just and equitable policy, the topic of the subsidies to the agriculture, among others.” (Ibid)

#### **7.4.2 Position of the “Continental Social Alliance of Central America” towards the Association Agreement**

The Association Agreement with the European Union is another Free Trade agreement subordinated to the rules of the market that only favors the interests of the big national and transnational companies and places the political dialogue and the cooperation according to the market. (ACCA, 2008)

Again we call the Central American governments stop negotiating in the current frame of free trade, and to promote relations based on the development of the people and not

of the market; we call in the Political Dialogue for the promotion of the regional integration from the people perspective, focused in the struggle against exclusion, inequality, migration, environmental vulnerability and to assure the respect to the human rights especially the labor law and the rights of the indigenous people. (ACCA, 2008)

We ask Cooperation to be focused on the technological strengthening, that can promote the protective measurements of the environment, the revival of the agriculture, the respect of the labor law, but it must not be determined by commercial targets, or by the use of pressure mechanism to force the governments to make economic and political concessions in the international events. (Ibid)

In relation to the Commercial component there must be recognition of the existing asymmetries. There must be special and differentiated treatment for Central America to protect its fragile and sensitive sectors such as the agriculture, and not allowing the privatization of the public services, and the appropriation of the biodiversity. (Ibid)

### **7.4.3 Position of the Indigenous Organizations of Central America towards the Association Agreement**

“We believe that the neoliberal model of economy destroys societies through privatization and the destruction of the natural resources demonstrated in the development of projects like dams, mining, mono farming and others. The Free Trade Agreements destroy the ecosystem; generate poverty, hunger, migration, delinquency, human rights violations especially of the indigenous people and exploits the cheap labor.” (OIDCA 2009)

“We ratify our complete disagreement with the negotiations of the Association Agreement between the European Union and Central America and we ask the governments to adhere to the already existing rules in the World Labor Organization related to labor benefits and protection.” (Ibid)

#### **7.4.4 Position of the Consultation Committee of the Central American Integration System (CCSICA) and the European Economic and Social Committee (CESE)**

Both organizations ratify their support to the culmination of a beneficial Association Agreement for the development of both regions. This Agreement, obtains more relevancy in the context of an international financial and economic crisis, that claims major political, cooperation and commercial equity and to favor an integral development and a major grade of social cohesion. (CCSICA and CESE 2009)

The Agreement should bear in mind the enormous existing asymmetries between both regions guaranteeing the application of measurements of transiency and solidarity that could help to achieve an equitable agreement. It should also guarantee the democratic institutionalism, the Constitutional state and the respect to the dignity of all the people. (Ibid)

The agreement should incorporate social, labor and environmental dispositions, which guaranteed a sustainable development. It should also contemplate a migratory policy between both regions, based in a frame of migrant rights established in the United Nations Convention, in the Conventions of the International Labor Organization and in the International pacts and treaties about human rights. (Ibid)

In the cooperation component, the Agreement should give special attention to sectors and population groups such as the women, the indigenous and those of African origin. In the commercial component, the Agreement should go beyond the current General System of Preferences (GSP-Plus), with the objective of reaching a more balanced and just commercial exchange. (Ibid)

#### **7.4.5 The position of the ECLAC and the relation with Dependency Theory in the Association Agreement**

The Economic Commission for Latin America and the Caribbean (ECLAC), a dependency of the United Nations has always been considered a key player to determine good economic policies for the development of Latin America. The organization has

totally backed up the Association Agreement process between Central America and the European Union. As an important part of the analysis to help put things in perspective the following text examine the divergence of thoughts between the ECLAC and the Dependency theory advocates.

Dependency theorist such as Dos Santos, Sunkel, and Pizarro among others believed that international cooperation is an instrument used by the developed countries to promote, develop and perpetuate the relations of dependency and exploitation of the underdeveloped countries; holding and determining the development of the above mentioned to its economic and political interests. In this sense, the above mentioned theorists have defined the dependency as "a situation in which a certain group of countries has its economy determined by the development and the expansion of another economy ". The defenders of the theory of the dependency assume a critical position with regard to the economic thought of the Economic Commission for Latin America, especially in the international cooperation theme since the ECLAC was assigning to it a big importance to the capital movements (financial cooperation) as coadjutant element for the economic development of Latin America. The positive position of the ECLAC on the foreign capital was departing from the following considerations:

1. The foreign capital grants additional resources of currencies that allow relieving the implied existing imbalance between the imports and exports;
2. The foreign capital constitutes a complement of the national saving;
3. As for the direct investment in Latin American countries, constitutes an important form of transference of technical progress and forms of organization, publicity, etc. (Hernández 2009, p.12)

The dependency theory lash the ECLAC conception on the origin of the underdevelopment of the Latin American countries and the way of confronting it, this because the offered solutions, on the one hand, ignore the rules of the orthodox theory of the international commerce (comparative advantages according to the lucre) and on the other hand, there were obviated the real causes of the underdevelopment, which were more of a structural origin, on having thought that this was a mere consequence of the inequality in the commercial exchange and not a condition of the capitalist development.

Consequently, far from strengthening the institutional and economic capacity of the Latin American countries, the international cooperation came to “deepen the dependency of the developing countries with the developed world.” (Dos Santos 1971, p.77) “Neither by the route of the commerce nor for the financial help there has been an advance towards the international distribution of the income.” (Ibid) “The industrialization of the past years is characterized by the increasing control of the foreign capital on the big industry.” (Ibid)

This control, which takes place at the same time that there is a consolidation of the concentration and the monopolization of the industrial sector, destroys gradually the possibilities of a national independent development and submits the society, the public opinion, the economy and the State to the progressive control of the foreign capital. (Hernández 2009, p.3)

It is clear therefore that the ideologists of the theory of the dependency do not conceive the cooperation as an instrument for the development of the underdeveloped countries; and that they observe the underdevelopment as a condition imposed by the development of the international capitalism by means of the establishment of relations of dependency. (Ibid)

## **8. CONCLUSIONS**

In essence, dependency should be understood as one part of the reaction against the Free Trade modernization orthodoxy which represented in many senses the mirror image of the crude dependency theory. For economic liberalism the conclusion was often the positive impact of economic and social integration and there were enough qualitative variables and arguments to allow any reality to be squared with this conclusion. However, there is a big failure in the expected benefits of integration and that is the historical nature and fact of the relations of the center and the periphery and the role that national interest plays in the legitimization of policies serving particular interests. (Bienefeld 1981, p.79)

The Association Agreement can be seen as an external force and as Ferraro and other authors assumed, the external forces are of singular importance to the economic activities within the dependent states. These external forces include multinational

corporations, international commodity markets, foreign assistance, communications, and any other means by which the advanced industrialized countries can represent their economic interests abroad. The repercussions of the Association Agreement can only be compared to the ones of a Free Trade Agreement.

The Association Agreement between the European Union and Central America is an instrument that will deepen the relations of dependency. Throughout the analysis it has been demonstrated that the national interest of the European Union surpass any common political agenda negotiated in the frame of the Association Agreement. It has also been demonstrated how, not only common interests dominate the bilateral agenda but the interests of a great region with great power such as Europe; outshine the interests of Central America.

Although the Cooperation and Political Dialogue components of the Agreement are being overtaken by the commercial component, the cooperation for development proposed in the Association Agreement as well as the historical relation of cooperation, especially since the beginning of the 1990's will increment the dependency levels, making the region having to keep relying on social assistance models that normally do not effectively tackle the structural forms of underdevelopment in the region.

Previously it was mentioned that the consequences of a Free Trade Agreement for the Central American States will depend on whether or not the large development differences or asymmetries between the two regions are taken into account in the future agreement. The previous analysis makes it clear that asymmetries are not being taken as a fundamental requisite to negotiate a balanced Association Agreement, therefore the consequences for the Central American countries can only be negative. Since the core of the Association Agreement is the creation of a Free Trade zone, it is obvious that the political dialogue and cooperation components have been thought to strengthen the Free trade component. In this sense it is a question of European Union political interest to gain a space of "freedom" to the European investments.

The basic economic conditions of development are an open market, the exclusion of the dependent economies from the markets of the most developed countries, and the continuous transfer of new units of external capital in the form of advanced technology,



which are more appropriate to the intrinsic needs of the mature economies than to those of the relatively backward economies. (Cardoso 1989, p.175)

Despite the fact that the negotiation mandate of the Agreement establishes the opening of a dialogue with different social sectors of both regions, it has been demonstrated in the analysis that only the interests of the economic elites are in the end taken into consideration.

Despite the historical relations of support that the European Union has established with the Central American countries and despite the considerable amount of cooperation for development, the poverty and underdevelopment levels have been increasing. Although we could not blame the European Union for that condition, the truth is that that cooperation has not been proven to be effective as it has been in the eastern European countries, most of them have passed to form part of the European Union.

When some representative of any European State or from the European Union travels to Central America, the first question asked to them is what kind of cooperation he or she is bringing. This indicates a negative tendency of dependency, the dependency that a poor region has in respect to a so called rich area. However, it would be very interesting, since there has not been a complete study about the subject, to determine what has been the positive impact that the cooperation has brought to the Central American region since it started in the eighties.

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