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BOLIVIA AND PARAGUAY: THE INTEGRATION OF SOUTH AMERICAN COUNTRIES AS AN OBSTACLE TO CONFLICT

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Abstract: What can be said about Bolivia and Paraguay, the countries that are characterised by fragile democracy, high poverty rate, socio-economic and gender inequality, and the lack of the appropriate way to settle the inter-state disputes? Drawing on these characteristics, this paper aims to indicate that Bolivia and Paraguay, as the only two land-locked countries of South America, are able to find a way to cope with fragile democracy, poverty, socio-economic and gender inequality, and build a long-term peace based on mutual co-operation. Thanks to this ability, Bolivia and Paraguay are involved in the intricate process of regional integration. In this regard, they are responsible for preserving peace in South America through the resolution of internal issues. Instead of being prone to inter-state conflicts, both countries are determined to resist the geopolitical transition of the global power that ranges from co-operation to conflict, working on the decision-making process in regional international organisations of South America.

Keywords: Bolivia, Paraguay, South America, internal issues, co-operation, peace, regional integration process.

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INTRODUCTION

Since the emergence of civilisations and states, the question has been raised as to whether a state can avoid potential or actual conflict with other states. By analysing a long period of time – as from the 16th century, when globalisation has started as a controversial and intricate process, to the present day, when intricate integration within and between states is underway – one may notice that the Latin American countries, within the Western Hemisphere, tend to avoid potential or actual inter-state conflicts. A gradual and vigorous process of achieving independence of most of the Latin American countries during the first quarter of the 19th century represented at the same time their involvement in globalisation.

An active role of Latin American countries in globalisation means that the issues of conflicts and co-operation will define not only the status of coastal countries, but also of land-locked countries. Assuming that conflict provides a basis for future co-operation between the states, the question is raised as to what to do when such co-operation is likely to weaken. This issue is topical due to the fact that, in spite of its disadvantages, integration among states can prevent the eruption of new conflicts.

Bearing in mind that Latin American countries are interconnected in the implementation of the intricate process of sub-regional integration, the selected literature indicates that the only two land-locked countries in Latin America successfully cope with a lack of access to the high seas. These are Bolivia and Paraguay, which belong to the South American countries.² From the historical point of view, Bolivia lost access to the high seas following its defeat in the War of the Pacific (1879-1883), (East, 1960, p. 15).

Unlike Bolivia, ever since its inception, Paraguay has faced the fact that it will be left without an access to the sea. Positioned as a buffer state between neighbouring Argentina and Brazil, Paraguay shows the symptoms of overall backwardness. Many scholars, including Hausmann (2001, p. 46), point up the fact that land-locked countries are characterised by a lower economic growth rate, and that their population is poorer.

² The states of South America comprise the states of the Andean Region, including Bolivia, and the states of the Southern Cone, including Paraguay. Whereas the states of the Andean Region are integrated into the Andean Community of Nations (Comunidad Andina de Naciones – CAN), most of the states of the Southern Cone comprise member states of the Common Market of the South (Mercado Común del Sur – MERCOSUR). These actors of international relations are operating both as trading blocs and international organisations. In addition to the fact that they are land-locked states, the common feature of Bolivia and Paraguay is that they are the member states of the Union of South American Nations (Unión de Naciones Suramericanas – UNASUR), which also operates as an international organisation.

When it comes to Bolivia, poverty in this state, in terms of a modest gross national income per capita, stems from its isolation related to international maritime trade. The question as to how Bolivia still survives in globalisation and the processes of regional integration of South American countries is, at the same time, the question as to how a land-locked state can preserve its territorial integrity, in particular if categorised as a weak state. The literature regarding this question proceeds from the assumption that weak states, whether coastal or land-locked, can be a subject of territorial division or annexation by a strong state, as indicated by Spykman (1938, p. 215).

How do Bolivia and Paraguay contribute to the maintenance of a potential conflict situation among the states of South America? The answer to this question is based on the general hypothesis that regional integration processes of South American countries constitute a significant obstacle to the resolution of the violent inter-state conflicts. Efforts made by South American states, in particular Bolivia and Paraguay, to constantly deal with the resolution of internal issues allows this part of Latin America to refrain from the settlement of disputes by force.

The theoretical framework for the general hypothesis is produced by Grabendorff (1982, p. 279) who claims that '[...] a significant result of the integration movement [...] was a greater intraregional interaction that to a large extent went hand-in-hand with the physical integration of the continent'. Despite a possible tendency of South American states to create a conflict-prone region, Bolivia and Paraguay are a blatant example of state efforts to gradually turn inter-state conflicts into co-operation. This means that both states endeavour to deepen and foster their co-operation.

The general hypothesis of this paper relies on two specific hypotheses. The first one emanates from the fact that the regional integration processes result from the tendency of the South American countries to avoid mutual conflicts and encourage a long-term co-operation. The literature suggests that the processes of the regional integration of South American countries are reflecting constant efforts to give priority to the co-operation between the states. The theoretical framework for the first specific hypothesis gets a foothold in the rationale that trade ties, being the cornerstone of inter-state co-operation, imply net positive benefits for the states as actors of international relations (Barbieri, 1996, p. 31).

The first specific hypothesis that countries avoid mutual conflicts in favour of the regional integration process is founded on the fact that these actors of international relations can implement joint decisions thanks to their participation in international organisations that act as complex institutions. As Grieco (1988, p. 486) notes, '[...] states nevertheless can work together and can do so especially with the assistance of international institutions'. States' endeavour to co-operate mutually forms the core of the liberal theory of international relations.

The result of states' participation in international organisations can be seen in their endeavours to co-operate with the aim of avoiding '[...] an internal military conflict, which threaten(s) to escalate into an inter-state military dispute [...]' (Bearce, 2003, p. 365). Co-operation between South American states over a longer period of time made it impossible for the internal military conflict to develop into an inter-state military dispute; as opposed to this, it allowed for the regional integration process and '[...] the (successful) development of a permanent diplomatic solution to their border dispute' (Pion-Berlin and Trinkunas, 2007, p. 84). Bolivia and Paraguay are thus involved in the intricate regional integration processes due to their long-term co-operation.

The other specific hypothesis is based on the growing interdependence of the South American countries. The theoretical framework for this hypothesis is also based on the liberal theory of international relations, which puts the emphasis on the states' international commitment that '[...] in turn, facilitate(s) international cooperation' (Höpner and Schäfer, 2012, p. 434). One can notice that the interdependence of the actors of international relations is a result of international co-operation, which is evidenced by the fact that '[...] the political discourse (that) emphasized the interdependencies of security, environmental, and economic issues' has been created after the Cold War (Smith, 2004, p. 265).

The interdependence between states, in particular South American states, implies that lots of issues, including security, environmental, and economic ones, are being addressed at a regional level thanks to the multilevel co-operation. The extent of interplay between the states of this part of Latin America is illustrated by their multilevel co-operation, which, among other things, includes the activities in favour of optimal utilisation of human and natural resources. The co-operation between South American countries with respect to the utilisation of resources contributes to Bolivia's and Paraguay's, especially the former's focus on the resolution of internal issues for the sake of stability in the region.

Many studies indicate that South America, as a separate region, is a stable area, characterised by the absence of inter-state conflicts. Miller (2009, p. 111) notes that the region of South America during the 19th century evolved towards normal peace. This means that most of the inter-state conflicts within South America took place in the 19th century, partly as a result of unsettled territorial disputes.

Owing to the ability to avoid inter-state conflicts, South American countries have committed themselves to the consolidation of their internal orders – through efforts to strengthen and give new meaning to democracy, establish pragmatic populism and improve social mobility. The example of Bolivia shows how this South American state at the start of the 21st century has harmonised democracy, social mobility and pragmatic populism for the benefit of '[...] the twenty-first-century socialism (which) has a strong moral and ethical component that promotes social well-being, fraternity, and social solidarity' (Ellner, 2012, p. 106).

Efforts made by South American countries to remain dedicated to the resolution of internal issues, is part of the process of regional integration. This paper analyses the importance of Bolivia and Paraguay in the context of strengthening co-operation between South American countries. The ability and readiness of these states to settle their disputes peacefully lessen the possibility of the eruption of new conflicts.

THE INTEGRATION OF SOUTH AMERICAN COUNTRIES: BOLIVIA'S AND PARAGUAY'S CASE AS AN EXAMPLE OF STRENGTHENING CO-OPERATION

Viewed as a whole, Bolivia and Paraguay 'stretch through a length of 1250 miles and a breadth of 1100 miles' (East, 1960, p. 14). By the middle of the 20th century, Bolivia and Paraguay, within their common space, did not have a developed transport infrastructure. From today's standpoint, the survival of a land-locked state, *inter alia*, depends on the developed transport infrastructure, which provides a fast movement of people and goods with the aim of mitigating the overall backwardness.

Essentially, the state's survival depends on the relations between central and local authorities, whereby a well-developed transport infrastructure plays an important role. This provides an opportunity for land-locked states to connect to the coastal states. In order to connect to a coastal state, so as to gain access to international maritime trade, a land-locked state will either enter into a bilateral agreement with a coastal state, or take part in establishing a regional international organisation, as a form of a long-lasting co-operation. Bolivia and Paraguay are referred to as UNASUR founding states – the regional international organisation integrating the states of South America.

In order to avoid or minimise the eruption of mutual conflicts, South American countries have interconnected not only by adopting and implementing joint decisions, but also by building the transport infrastructure. Instead of previous wars leading to conquest or cession of a part of the territory, South American countries nowadays tend to overcome their spatial limitations. The participation of these states in the Initiative for the Integration of the Regional Infrastructure of South America (Iniciativa para la Integración de la Infraestructura Regional Suramericana – IIRSA) is a valid proof that they are working on overcoming the spatial limitations.

However, as for the density of the road network of the South American countries, it is weak (Scholvin and Malamud, 2014, p. 17). The road network density, as well as more frequent circulation in the railway network inside and outside the state, allow the overcoming of the limited space and ensure the survival of states. In addition to these advantages, a regular operation of the transport infrastructure can facilitate the free movement of goods and people, which allows the central

authorities of a state to work with the central authorities of other states on avoiding conflict resolution through violence.

Owing to the ability to settle inter-state disputes by peaceful means, South American countries during the Cold War tried to expand the maritime boundary beyond 200 nautical miles (Hardy, 1975, p. 337). Taking into account the fact that most South American countries are the coastal ones, it is supposed that the regional integration process may contribute to the expansion of maritime boundaries of the UNASUR member states. This process makes the negotiating position easier, which is important for resolving any disputable issue, including the issue of maritime boundary expansion.

Whilst the coastal South American countries endeavour to make the most of the maritime boundary expansion for mutual co-operation, Bolivia and Paraguay see the regional integration process as a chance to deal with internal issues. The Bolivia's case shows that the resolution of internal issues, including the social ones. This has happened after Morales came to power, when historically marginalised social groups have been integrated into society. They are given the right to vote, which in particular refers to descendants of the Aymara tribe (Ellner, 2012, p. 107).

Instead of dealing with the resolution of territorial issues due to loss of the access to the sea and to international maritime trade, Bolivia is orientated towards social issues, which makes a contribution to directing its economic and politic power towards resolution of frequent internal issues being an obstacle to its development. Historical facts indicate that Bolivia, following the final defeat in the war against Paraguay, has not been dealing only with the resolution of internal issues, but also tends to use the regional integration process of the South American countries to combine Argentine's and Brazil's economic and political impact. The same applies to Paraguay as well, which, in addition to its participation in the regional integration process, has also worked on hydropower development and improvement.

Land-locked states can make part of the economic and political impact of a stronger state and can use this position in efforts to provide themselves with an access to international trade. Immediately before the war against Paraguay, Bolivia attempted '[...] to gain direct access to navigable water on the Paraguay river, and so to secure a less trammelled access to (the) River Plate and the Atlantic' (Schurz, 1929, p. 653). Irrespective of how much this attempt may be justified by the Bolivian efforts to compensate for the lost access to the sea, the experience of the state, which suffered severe defeats in several wars, shows that redirection of its economic and political power towards resolving of internal issues will take place.

Bolivia has attempted not only to compensate its lost access to the sea via the Paraguay river, but also to maintain for a long time the discourse on regaining its sovereignty over the parts of the territory which were annexed by Chile and Peru after the War of the Pacific. Such a discourse resulted from Bolivia's hope that it

would ensure again the access to the Pacific. The fact that Bolivia failed to re-define its foreign policy or to form a military alliance with Chile in order to win the war against Paraguay and avoid a possible new military defeat (Hughes, 2005, p. 434) illustrates the extent to which Bolivia was eager to return the parts of its territory with the access to the sea.

Since Bolivia did not win the war against Paraguay, its power is proportionally equal to the power of Paraguay. Considering a possible scenario of Paraguay going to war with any of the neighbouring states for committing lethal violence against it, Garnham (1976, p. 380) suggests that the only probable war is that of Paraguay against Bolivia. Any state can go to war against a neighbouring state provided that they have proportionally equal power, whereas, according to an ancient proverb, the weaker state cannot 'kick against the prick'.

The experience of the South American states which are orientated towards the peaceful settlement of disputes and committed to the regional integration process, favours a viewpoint according to which a war is regarded as an option for the settlement of disputes by force. This only works when relations between states become chillier. Although there are certain inter-state frictions, the need of the South American states for multilevel co-operation for the sake of further peaceful settlement of disputes, increases the chance for this part of Latin America to become a peace zone. On the other hand, an inter-state conflict, perceived by Garnham as lethal violence, cannot erupt without the state's decision to fully redefine its policy towards the disruption of co-operation with other states.

Presuming that the multilevel co-operation between South American states reduces the possibility of the outbreak of a mutual war, the question is raised as to whether the conflict between the states is a repetition of the past or it represents the need of a state to occasionally gain necessary human and natural resources by force. The results of a number of studies confirm that the states of Latin, and in particular of South America, avoid resolving the issue of further utilisation of human and natural resources by force. This is supported by the last year's meeting between the presidents of Bolivia and Paraguay, when a series of bilateral agreements on the utilisation of natural resources have been concluded, for the purpose of a long-term integration of human resources among South American countries.

To what extent decrease of the possibility for the eruption of new conflicts between South American countries is important for the intricate regional integration process, illustrates the fact that Bolivia and Paraguay signed a bilateral agreement on delivery of Bolivian liquefied natural gas, as one of the natural resources, to Paraguay. In addition to the conclusion of this important agreement, the above-mentioned meeting also included consideration of the issue of the feasibility of implementing the water way project ('la Hidrovía') on the Paraguay and the Paraná rivers, which means that water, as one of the natural resources, is becoming part of the vision of

long-term integration of human resources. Both presidents pointed up the importance of the integration process to both land-locked states, in particular due to motorway through the area of the Gran Chaco (Transchaco) connecting Asunción (the capital of Paraguay) to the town of Villa Montes in Bolivia (*El País*, 2015).

That co-operation, rather than conflict between Bolivia and Paraguay, is a key factor in the process of regional integration of South America countries, is shown by the fact that the space of this part of Latin America '[...]' requires the implementation of a system of intermodal transport [...].³ For South American countries, intermodal transport presumes co-operation of the states, leading not only to the regional integration process, but also to a merger of road and rail transport with river, maritime and air transport. In case of a land-locked country, the merger of road and railway transport with the river transport of international character increases the probability that this country will not be lagging behind the coastal countries on its participation in international trade.

Taking into account that the war between Bolivia and Paraguay was the last one for both land-locked states, Bolivia is using the regional integration processes to be an active actor in international trade. According to the data of the World Trade Organisation, Bolivia and Paraguay are ranked as developing countries, with real GDP per capita of 4,167 and 4,351 US dollars respectively (WTO, 2014, pp. 75-76). Both states are regarded as the states with a smaller share in international trade and a higher poverty rate in comparison with other UNASUR member states, which is not in line with the main objectives of this international organisation.

Moreover, due to the higher rate of poverty in Bolivia and Paraguay, and also to the impossibility to make human and natural resources available to the central and local governments of the UNASUR member states, South American countries are faced with the socioeconomic inequalities. As of signing the UNASUR Constitutive Treaty in 2008, one of the prerequisites for the operation of this international organisation is '[...]' eliminating socioeconomic inequality, in order to achieve social inclusion and participation of civil society [...]' (The Constitutive Treaty of the Union of South American Nations, Article 2).⁴ The intention of the South American countries to raise the resolution of socioeconomic inequality issue on a regional level indicates the fact that this is a priority issue in resolving internal issues of each UNASUR member state.

³ Naciones Unidas, Comisión Económica para América Latina y el Caribe (CEPAL) & Unión de Naciones Suramericanas (UNASUR), '[...]' requiere de la implementación de un sistema de transporte intermodal [...]. 'Diagnóstico de la infraestructura', p. 44 en *Infraestructura para la integración regional*.

⁴ Comunidad Andina de Naciones, '[...]' eliminar la desigualdad socioeconómica, lograr la inclusión social y la participación ciudadana [...]' en *Tratado Constitutivo de la Unión de Naciones Suramericanas*, Artículo 2.

Drawing on the fact that, besides socioeconomic inequalities, there is also gender inequality, South American states are showing various levels of tolerance towards gender relations. The example of women's economic, social and cultural rights regarding the prohibition of forced and compulsory labour, subject to the provisions of plurilateral and multilateral international agreements, may illustrate the point. Of all multilateral agreements regulating women's economic rights the International Covenant on Economic, Social and Cultural Rights holds the first position. In the context of provisions that ban discrimination against women, the agreement calls for,

'fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work' (The International Covenant on Economic, Social and Cultural Rights, Article 7, par. a (i)).

In addition to the International Covenant on Economic, Social and Cultural Rights, for considering the socioeconomic status of women, it is necessary to take the International Covenant on Civil and Political Rights into account. A provision of this Agreement stipulating that, '[...]' no one shall be required to perform forced or compulsory labour [...]' has everything going for women (The International Covenant on Civil and Political Rights, Article 8, par. 3 (a)). This means that women's civil and political, as well as economic, social and cultural rights become the subject of internal issues of states, which is applicable to South American states in particular.

Immediately after the Cold War, the UNASUR member states, as independent states of South America, have worked together with other states of the Western Hemisphere on the improvement of women's overall status. This resulted in the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women (The Convention Belém do Pará). The importance of gender equality, for the purpose of achieving socioeconomic equality in a state, is pointed up in Article 6, par. b of the Convention, according to which woman has the right '[...] to be valued and educated free of stereotyped patterns of behaviour and social and cultural practices based on concepts of inferiority or subordination' (Inter-American Convention on the Prevention, Punishment, and Eradication of Violence against Women, Article 6, par. b).

A positive discourse on women's right to principally free choice of education means gender affirmation, the growth of labour and the higher probability of state's survival. Unlike richer states, Latin American states have shown that before the Cold War and after it the full affirmation of woman and gender equality was not possible, because no vigorous women's liberation movement existed. Besides, additional obstacles to the recognition and implementation of the right to education were '[...]' poverty, illiteracy, unemployment, extreme concentration of wealth, lack of civil liberties, and exploitation [...]' (Navarro, 1979, p. 114), including military

dictatorships. The full affirmation of woman and the gender equality are simply the result of following the example of the United States and the western part of Europe.

Although the period of military dictatorships meant the abrogation of civil liberties, Bolivia and Paraguay made great progress in women's education during the Cold War. Both states faced the problem of lowering the level of illiteracy and sex gap. In this regard, they have done a lot regarding primary and secondary female education, so as to provide women with an opportunity to get, as female labour, more profitable jobs (Sautu, 1980, pp. 155-156).

Free choice of education, as well as the free female education, can become a perennial problem for a state, unless women are included in a recruitment program for the overall labour. On the general assumption that women are part of skilled and/or unskilled labour, many states, which are classed as developing countries, are facing a delicate and growing problem of the lack of skilled labour. According to the traditional Heckscher-Ohlin-type trade theory, trade liberalisation will increase the employment of women in developing countries, irrespective of the fact that in most cases they are not skilled labour (Neumayer and De Soysa, 2007, p. 1513).

Education, as a basis for creating skilled labour is a challenge to the government of a developing country to act towards the improvement of its quality. With a view to retaining most of the students as a future labour force, home-country governments of developing countries will increase expenditure on education through quality assurance programmes. In their efforts to decrease the level of uncertainty with respect to the education quality, Latin American states, which are mostly classed as developing countries, have improved the quality of education (Docquier and Rapoport, 2012, p. 721).

As opposed to the assertions of Docquier and Rapoport that Latin American states have worked on the improvement of the quality of education, the case of Bolivia shows that education is not the only factor in creating skilled labour: one-fifth of its population works in neighbouring countries (Hausmann, 2001, p. 52). The lack of access to the sea is a serious problem for Bolivia, but also for Paraguay because of the denied direct access to international maritime trade and the loss of skilled labour. This, actually acute and perennial problem of Bolivia and Paraguay, can entail the issue of further survival of the states due to the weakening of their security and potential danger from conflicts with other states.

Many scholars point up the lack of strong democracy in Bolivia and Paraguay. The lack of strong democracy in literature is, certainly, viewed as a serious problem resulting in political instability, typical for the states of the Andean Region. Since Morales has come to power in 2006, the issue of survival of democracy in Bolivia depends also on the direct participation of citizens in the decision-making process, and not exclusively on freely-elected state representatives (Ellner, 2012, p. 101).

When considering the importance of the direct participation of citizens in the decision-making process, one must introduce a broader concept of democracy, which refers not only to the election of representatives of the state. Actually, it is assumed that the direct citizens' participation is the democracy, in the truest sense of the word. The Bolivia's case has shown that before Morales's coming to power no direct participation of citizens was possible. Establishing of democracy in Bolivia and other South American countries in the 1980s and 1990s meant the entrenchment of political interests in the constitutional reform process (Barczak, 2001, p. 41).

Are the constitutional reforms in line with democracy and economic reform plan in Bolivia? As one of the UNASUR member states, Bolivia does not act in the sphere of economic reforms, '[...] towards socialism but rather a pragmatic way for a centre-left government to better capture the capitalist surplus necessary for state spending' (Kennemore and Weeks, 2011, p. 271). Morales's efforts, as Prime Minister, to establish and make use of the full co-operation with foreign oil and gas companies, influence the yield of capitalist surplus, that can be controlled by Bolivia not only in support of democracy and implementation of economic reforms in the form of nationalisation of the economy, but also in support of efforts to increase public spending.

One can rightly assume that Bolivia, together with Argentina, Brazil, Ecuador, Paraguay and Venezuela, is using democracy and capitalist surplus to strengthen its role among South American countries. As further stated by Kennemore and Weeks (2011, pp. 271-272), the effect of strengthening Bolivia's role among the UNASUR member states is its co-operation at a regional level. This is evidenced by the establishment of the Bank of the South. The importance of individual and collective co-operation between the South American countries is apparent from decreasing the possibility of conflict eruption between the UNASUR member states.

Many scholars note that co-operation between South American countries after the Cold War is dependent not only on the level of development of democracy, but also on the vision that individual spaces encompassed by the UNASUR member states should be integrated. Nevertheless, the level of development of democracy cannot be neglected due to the fact that it has a positive influence on decreasing the possibility of conflict eruption between the UNASUR member states, on the one hand, and Latin American states, on the other hand. Studying and monitoring the development of democracy in Latin American countries inevitably leads to realising that the concept of democracy includes economic or social dimension (Fitzgibbon, 1956, p. 608).

Understanding of democracy as an economic or social phenomenon implies that owing to democracy, economic or social disputes within a state are settled in a peaceful manner. In this way, the state directs narrow political interests of the central

and local authorities towards co-operation with other states for the sake of the process of sub-regional integration. In case of Latin American states, the process of sub-regional integration is possible thanks to the ability of these states not to allow completely undermining of democracy.

From a historical perspective, democracy is part of the long-term process of integration within a state. Economic or social disputes prevent the tendency towards undermining democracy, which results in declined or stalled social mobility. All this have a negative impact on the process of sub-regional integration of Latin American countries. In addition to the tendency to undermine democracy, the additional negative factors in the process are military dictatorships and inter-state wars, as an outcome of narrow political interests of the central and local state authorities.

If a war between the South American countries, including the war between Bolivia and Paraguay, is regarded as a war which was fought for the reason of state (*raison d'État*), narrow political interests can undermine the regional integration process. Experience has shown that, from the achievement of independence until the end of the Cold War and South American military dictatorships, the processes of regional integration must have been imposed as a serious obstacle to the narrow political interests of individual states. Bolivia is an example as to how narrow political interests must not prevail, which otherwise lead to the stagnation and, eventually, decline of the regional integration process.

An argument that the reason of state disappears in the process of regional integration cannot be accepted, because the state still keeps up efforts to define and preserve it in this process. The example of Paraguay, which, as one of the MERCOSUR member states, had to protect its national interests during devaluation of the Brazilian currency in the 1990s, is taken as a proof that the reason of state also exists in the process of regional integration (Carranza, 2003, p. 75). The protection of national interests of a state in the regional integration process allows for the achievement and maintenance of balance with the national interests of other states in the same region.

An important prerequisite for the founding of not only MERCOSUR, but also the CAN and UNASUR, is the achievement of stability in sub-regional states and the wider region (Manzetti, 1993, p. 110). From the viewpoint of the reason of state, the achievement of stability gives a broader sense to the process of sub-regional integration – urging that narrow political interests of the central and local authorities of the state should not be only limited to its national interests, but also harmonised with the interests of other states. This means that the reason of state becomes the subject matter of harmonisation of common interests of two or more states, which participate in the common decision-making process.

The question as to whether the national interest of states, in particular of those which are land-locked, can contribute to the maintenance and development of

international trade can be considered in the context of their geographical features. The answer to this question is based on the presumption that the states, on the basis of their geographical features, take part in international trade. This implies the size of a state, distance between states, border division, and whether the countries have access to the sea or not (Frankel and Romer, 1999, p. 380).

Geographical features determine the place and role of a state in international trade, and participation of the state in globalisation is dependent thereon. By studying whether and to which extent a state takes part in globalisation through international trade, especially if it is land-locked and classified as a low-income country (Morrissey and Filatotchev, 2000, p. 7) point up the inefficiency in transport infrastructure. In their efforts to become a part of globalisation, land-locked states should rehabilitate and adjust their transport infrastructure so as to facilitate their participation in international trade.

Since they are involved in international trade and the process of sub-regional integration of Latin American countries, Bolivia and Paraguay have more reasons to co-operate, rather than enter the conflicts again. Relations between Latin American states after the Cold War are characterised by a high level of interdependency, on the one hand, and a tendency to resolve their internal issues by themselves, on the other hand. The endeavour to enrich the process of sub-regional integration by interconnecting into 'Global Information Infrastructure' carries additional weight in the relations between Latin American states (Main, 2001, pp. 85-86).

How much the involvement in the global information infrastructure is important to the land-locked states is apparent from their tendency to overcome their backwardness and decrease the poverty rate. Moreover, for these countries, it is also important to develop and maintain intermodal traffic, cultivate good relations with coastal states and take part in the decision-making process in international organisations. All these aspects of the involvement of land-locked states in international relations are important in the context of the tendency to avoid the settlement of inter-state disputes by force. This particularly refers to Bolivia and Paraguay.

CONCLUSION

When discussing the real participation of land-locked states in international relations, one can notice that the status of Bolivia and Paraguay depends on their ability to resolve the internal issues and actively take part in the process of sub-regional integration. Although these states would be expected to be prone to conflicts – due to their endeavours to gain or re-gain access to the sea – they make every effort to interconnect, so as to become part of the intricate process of regional integration of South American countries. Peaceful resolution of the internal issues

and international disputes decreases the possibility of conflict eruption, thus positively influencing the relations between South American countries.

Since they belong to both Latin American states and the states of the Western Hemisphere, Bolivia and Paraguay are orientated towards realising a joint vision of the integrated space, encompassing the UNASUR member states. In order to integrate the individual spaces of South American countries, both states are acting towards fostering and development of democracy, the achievement of socioeconomic and gender equality, optimal utilisation of human and natural resources and the enhancement of mutual co-operation. In this regard, Bolivia is an example as to how a state, which used to be the coastal state, endeavours to remain part of the process of regional integration.

The ability to co-exist together with other South American countries – through the creation of international organisations and trading blocs and taking part in their activities – is an additional trump card to Bolivia and Paraguay to refrain from the settlement of disputes by force. Their readiness to take part in making and implementing joint decisions within CAN, MERCOSUR, and UNASUR make them successful in efforts to resist to the transition of geopolitical power, ranging from co-operation to conflict. The reality of contemporary international relations shows that the process of regional integration of South American countries is based on co-operation, rather than conflict, wherein Bolivia and Paraguay are playing crucial roles.

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**BOLIVIJA I PARAGVAJ:
INTEGRACIJA DRŽAVA JUŽNE AMERIKE
KAO PREPREKA SUKOBU**

Apstrakt: Boliviju i Paragvaj karakteriše slabo razvijena demokratija, visok stepen siromaštva, socijalnoekonomska i polna nejednakost, i nedostatak pravog načina za rešavanje međudržavnih sporova! Polazeći od ovih karakteristika, rad ima za cilj da pokaže da su Bolivija i Paragvaj, jedine dve države Južne Amerike bez izlaza na more, sposobne da pronađu način da se izbore sa slabom demokratijom, siromaštvom, socijalnoekonomskim i polnim nejednakostima, i da na bazi međusobne saradnje izgrade dugotrajan mir. Zahvaljujući upravo ovome Bolivija i Paragvaj uključene su u složen proces regionalnih integracija, i u tom smislu odgovorne su za održavanje mira u Južnoj Americi rešavanjem unutrašnjih pitanja. Umesto da se očekuje da su sklone međudržavnim sukobima, obe države odlučne su da se odupru geopolitičkoj tranziciji globalne moći, koja se kreće od saradnje ka sukobu, radeći na procesu odlučivanja unutar regionalnih međunarodnih organizacija Južne Amerike.

Ključne reči: Bolivija, Paragvaj, Južna Amerika, unutrašnja pitanja, saradnja, mir, proces regionalnih integracija.

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