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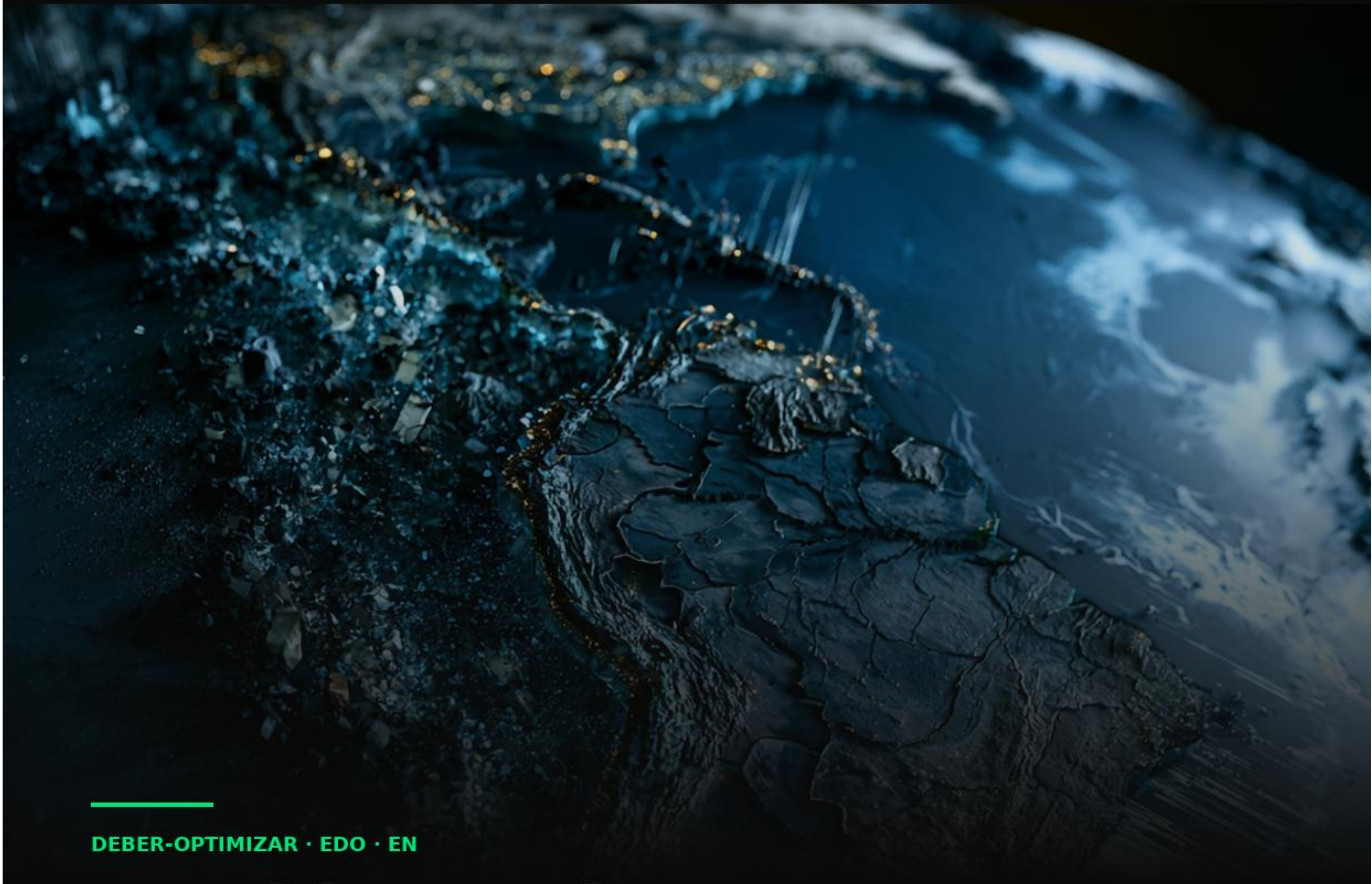

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THE SOVEREIGN HOLLOWING

On the Erosion of Functional Sovereignty in Latin America

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A note on method and sources. This essay applies to the Latin American case a theoretical framework developed by the author: the School of the Duty-to-Optimize, formulated in three works published in 2026 (CLA: Algorithmic Law for the Cosmos, Volumes I and II; OACRA: Algorithmic Office of Enhanced Regulatory Quality; From Ego to Algorithm: Artificial Intelligence, Law, and Governance in the Age of Evidence). Concepts from that corpus are cited by their canonical glossary codes, with full location given in a footnote at first mention; readers unfamiliar with the corpus can follow the argument without interruption, and those who know it can verify every reference. The empirical evidence is independent of the framework: it draws on official documents, court filings, international organization reports, and verified journalism; primary sources are cited in Chicago-style footnotes and press sources are attributed in the body text. All current data was verified against primary sources as of July 10, 2026.

I. THE ARGUMENT

Territory was, for three centuries, the most efficient political technology available. Controlling a geographic space was equivalent to controlling what actually mattered: the population that inhabited it, the resources it contained, the wealth it generated, the force that could be mobilized from it. That equivalence has broken down. The critical assets of power — talent, capital, information, computing capacity — are today territorially evasive: they migrate, replicate, and execute from arbitrary jurisdictions or from no jurisdiction in particular. The process by which territory loses that comparative advantage has a precise name in the School of the Duty-to-Optimize: territorial proxy obsolescence (A63).[1] In Latin America, that obsolescence is not on the horizon; it has been operating in silence for years beneath the standard diagnoses about corruption, inequality, or electoral cycles.

The thesis of this essay is that the Latin American nation-state is being hollowed of real sovereignty by two simultaneous movements of different natures. From within, accumulated institutional exhaustion and an inverse selection mechanism that systematically filters out actors uncommitted to the system's preservation have produced a leadership vacuum that no electoral cycle resolves on its own. From without, a global reconfiguration of power toward technological, computational, and critical infrastructure control capacities has placed the region in structural dependence on actors that answer to no Latin American institution — not democratically, and not through any accountability mechanism whatsoever. The result takes the form of a condition harder to diagnose than visible collapse: States that retain institutional architecture while the functional capacity to exercise sovereignty over the matters that define their relevance is evacuated from within.

It is worth specifying what is meant by vacuum. An editor trained in the tradition of Ruggie, Nye, or Farrell-Newman would rightly press back: there is a saturation of overlapping powers: organized crime with proto-state capacity, technology corporations, external hegemonic coalitions, and the eroded State all compete simultaneously to fill that space. The objection is correct as to facts; it fails as to its analytical consequence. Functional sovereignty — as formalized by the School of the Duty-to-Optimize — requires three constitutive components simultaneously: unilaterality in the exercise of control, externalities imposed on third parties with no mechanism of influence available to those third parties, and absence of proportional accountability (A65).[2] Each actor competing for the Latin American vacuum satisfies some of those components partially; none satisfies all three with the democratic legitimacy that the classical State, even eroded, still formally retains. Organized crime exercises territorial control without accountability. Technology corporations set access conditions and operational standards without democratic mandate. Hegemonic coalitions act unilaterally without the region having any mechanism of representation before them. There is redistribution of power, without question. What is absent is a stable sovereign substitute.

That redistribution without substitute is precisely the hollowing. And it differs from every previous transition in Westphalian order because it occurs at the moment when the territorial proxy has already lost its comparative advantage (A63) and the assets that would replace it — computing infrastructure, data control, orbital access — are being accumulated outside the region, by actors that do not belong to it and that answer to no Latin American institution. The vacuum, in sum, owes as much to what the State can no longer do as to the fact that what comes to replace it also fails to meet the minimum conditions of functional sovereignty with legitimacy.

The sections that follow trace that double movement. Sections II and III document the pressure from within: the exhaustion of the political-institutional cycle and the consolidation of organized crime as territorial proto-sovereignty. Sections IV, V, and VI document the pressure from without: the reassertion of U.S. hemispheric doctrine, the convergence between corporations and State as a new form of power, and the competition to establish algorithmic governance standards before the region's States develop their own regulatory capacity. Section VII closes with the question the analysis leaves open out of intellectual honesty: what will fill that vacuum, and under what conditions might any of the competing actors do so with something approaching legitimacy.

II. EXHAUSTION FROM BELOW

The Latin American electoral cycle of the past two years admits a reassuring reading — the left governed, disappointed expectations, the pendulum swung back toward the center-right, as it has before — and a more uncomfortable hypothesis that the same results support with equal force: that the pendulum no longer oscillates between alternative projects for governing the State, but signals the exhaustion of the very mechanism that produces political leadership with real institutional capacity.

The sequence is extensive and sufficiently heterogeneous to resist simplification. Ecuador, Bolivia, Argentina, Honduras, Chile, and Costa Rica recorded right-wing victories between April 2025 and February 2026. Peru and Colombia completed the pattern in June of that year: Keiko Fujimori (Fuerza Popular) closed the official count of the June 7 runoff with 50.14% of valid votes against Roberto Sánchez's 49.87%, in one of the most contested processes in the country's recent history; Abelardo de la Espriella (Defensores de la Patria) won the Colombian runoff on June 21 with 49.66% against senator Iván Cepeda's 48.70%. The CNN en Español tally registered eleven countries in the region with right-wing governments against eight with left-wing governments by the end of 2025.[27] The June 2026 results in Colombia and Peru shifted that balance further still. The electoral weight of the shift is real.

The electoral weight demands explanation before celebration. The Real Instituto Elcano has noted with precision that the pattern is internally heterogeneous: the right in Bolivia and Chile shows significant internal fragmentation, Noboa lost his own referendum in Ecuador, and Brazil and Mexico — which together account for roughly 70% of regional GDP and 60% of the population — remain under left-wing governments.[28] The "right turn" describes a dual political geography, with electoral weight favoring the right and economic-demographic weight still tilting the other way. That qualification bounds the central thesis with precision; both the trend and its limits are necessary to sustain the argument that follows.

What the sequence exposes, beyond the ideological outcome, is the mechanism that produces each of those results: in none of the decisive cases does a political actor emerge who combines verifiable integrity, a consolidated institutional base, and the capacity to exercise real power over the State's apparatus. Colombia illustrates this with the sharpest clarity available. De la Espriella is a lawyer with offices in Colombia and Miami, triple Colombian, American, and Italian nationality, and the publicly declared backing of Donald Trump and Republican congresswoman María Elvira Salazar. His victory came with a one-point margin over a candidate whose campaign promised constitutional reforms without the parliamentary base to execute them. The two finalists reached the runoff with fractured legitimacies, and the one who won did so with an institutional past deliberately constructed outside Colombia's political system. Peru sharpens the same reading: Fujimori carried three decades of her own and her family name's judicial disputes into the runoff, and Sánchez carried the political capital of a movement without sufficient parliamentary representation to govern. The question that the result does not answer is who will govern effectively, not who won.

That pattern has a name in the theory of institutional reform. The Consolidated Matrix of Political Incentives that OACRA develops in its chapter 13 identifies the structural mechanism that produces it: the actors with the greatest veto power over institutional transformations are precisely those who stand to lose the most if the system produces leadership uncommitted to their preservation. Legislators, parties with rigid discipline, and interest groups with capture capacity have strong incentives and high veto power; informed citizenry has high incentives and low veto power (OACRA, Table 13.1, Ch. 13). Applied to political recruitment, the mechanism operates as a filter: profiles that have not passed through the networks of loyalty, financing, and complicity that structure Latin American politics do not accumulate the critical mass of support needed to rise. The opposition the system tolerates is the one that already negotiated its limits with it. The one that hasn't doesn't become visible.

Milei is the anomaly that confirms the rule, not its refutation. His rise operated precisely because he lacked institutional history in the conventional sense: without a consolidated party, without networks of accumulated loyalty within the system, without a track record of offices to verify, his absence of prior commitments became an electoral asset in an environment where competitors' institutional pasts were their primary liabilities. That logic does not produce clean institutional leadership; it produces leadership that capitalizes on the system's discredit without implying any capacity to transform it. The absence of history is a condition of electability, not of governability.

Mexico extended that same mechanism to the judiciary through an operation that became its own demonstration. On June 1, 2025, in the first popular election of judges in the country's history — and in the world's — Mexicans chose the members of the Supreme Court, the Judicial Disciplinary Tribunal, and the Federal Electoral Tribunal. Turnout was 13%, the lowest in the country's democratic history. Of the 100 million registered voters, nine million cast valid ballots; one in five deposited a blank or annulled vote. The complexity of the mechanism — up to nine ballots and 39 individual votes per elector in Mexico City — disoriented those who did show up: observers documented voters who needed up to twenty minutes to cast their ballot. In that environment, Morena's territorial operation proved decisive. Across the country, acordeones circulated: professionally designed printed lists with mass distribution that told citizens which candidate numbers to mark. The five elected members of the Judicial Disciplinary Tribunal — Celia Maya, Verónica de Gyves, Bernardo Bátiz, Indira García, and Rufino H. León — matched point by point the names appearing in the acordeones distributed through the official structure.[39] The OAS Electoral Observation Mission concluded that it does not recommend this mechanism for other countries in the region. The Federal Electoral Tribunal rejected the annulment appeal filed by the PRI by 3-2 in August 2025. The inverse selection mechanism, which at the executive level operates through loyalty networks and financing, demonstrated in June 2025 that it can be transposed to the judicial sphere through the same logic: the result the system produces is the result the system was designed to produce, regardless of the institutional name given to the process that generates it.

What the 2025-2026 cycle documents, then, is not the failure of the Latin American left as a political project, but the exhaustion of an alternative-producing mechanism that affects the entire spectrum. The parties that win are as thoroughly traversed by the same systemic filters as those that lose; the difference is only that the winners have managed to capitalize on the discredit accumulated by the last to govern. The result is a rotation of teams with the same underlying structural deficit: the incapacity to produce, through existing institutional channels, actors with sufficient moral authority to reform the institutions that produced them.

That internal hollowing has its counterpart in organized crime, which does not wait for the State to resolve its leadership crisis before occupying the spaces that crisis leaves available.

III. ORGANIZED CRIME AS PROTO-STATE

The Sinaloa Cartel and the Jalisco New Generation Cartel carry a legal classification — organized crime — that describes their formal status with precision and their real function with growing inadequacy. Both organizations built, over the course of two decades, structures that exercise territorial control, administer financial infrastructure, manage transnational supply chains, and produce binding behavioral norms for the populations under their influence. Those functions are the ones law reserves to States, precisely because they imply normative power over rights, resources, and opportunities. The legal status remains intact; the functional reality has outgrown it.

The distinction the School of the Duty-to-Optimize draws between a corporation that operates and a proto-institution that governs rests on a functional criterion rather than the actor's intent: what determines the qualitative leap is whether the entity exercises, in a sustained and scaled manner, governance functions over populations that lack any real capacity to refuse submission to them (F65).[3] When that exercise includes control of access to resources, administration of disputes, and definition of the conditions under which other actors may operate in the territory, the legal distinction between criminal enterprise and public institution ceases to describe the reality that law purports to govern. In its most consolidated form, that condition produces private sovereignty (A30):[4] the capacity to determine, unilaterally and without proportional accountability, the conditions of life for dependent populations.

The transformation has been structural, not merely incremental. Executive Order 14157, signed January 20, 2025, designated the Sinaloa Cartel and CJNG as Foreign Terrorist Organizations and Specially Designated Global Terrorists.[5] The designation is legally and diplomatically significant; its operational effect is more ambiguous. The UNODC *World Drug Report 2026* confirms that both organizations have consolidated logistics networks in West Africa as transhipment hubs toward Europe, with documented presence in at least six Sahelian and coastal states.[6] That territorial expansion operates with a logic that the corpus formalizes as the Territorial Displacement Sequence (sub-entry of F41):[7] when regulatory or enforcement pressure closes one jurisdiction, operations migrate to the one with the lowest cost of establishment, not necessarily to the geographically closest. West Africa is not an adjacent market; it is a regulatory arbitrage destination. The organization that executes that migration is not a street gang scaling up: it is a transnational actor with infrastructure intelligence and geopolitical positioning capacity.

The financial architecture that sustains that expansion received explicit institutional attention on June 25, 2025, when the U.S. Treasury's Financial Crimes Enforcement Network issued orders under the FEND Off Fentanyl Act against CIBanco, Intercam Banco, and Vector Casa de Bolsa, designating them as institutions of primary money laundering concern linked to opioid trafficking and organized crime's financial operations.[8] The effective operational closure of CIBanco and Intercam was completed by October of that year. What those orders document is the use of formally regulated banking and brokerage institutions by criminal actors operating at the system's core — not its margins — with a level of integration that blurs the line between parallel economy and official economy.

Mexico provides the most precise evidence available for what that coercive capacity produces when it reaches the office of the executive. On October 17, 2019, elements of the Secretaría de la Defensa Nacional detained Ovidio Guzmán López — son of Joaquín "El Chapo" Guzmán — in Culiacán, Sinaloa, on an arrest warrant issued with extradition to the United States as its purpose. In the hours that followed, the Sinaloa Cartel seized the city: it blockaded roads, set vehicles ablaze, surrounded military barracks, and held Army personnel. At 18:49, the Security Cabinet determined to release the detainee and withdraw the forces. In his morning press conference of October 18, President López Obrador described the decision as an act of his cabinet that he had endorsed. Eight months later, in his conference of June 19, 2020, he corrected the record: "I ordered that operation halted and that this alleged criminal be set free." The statement appears in the official stenographic record published by the Presidency of the Republic. He repeated the instruction in July 2021, during a visit to Badiraguato, adding: "we did not want to put the people at risk, we do not want violence." The episode, known as the Culiacanazo, left 29 dead and 51 prisoners escaped from the Aguaruto penitentiary. Its analytical weight exceeds its symbolic charge: for the first time in Mexico's recent history, a sitting president publicly admitted having reversed a sovereign action of the armed forces in response to the coercion of a criminal organization. Private sovereignty (A30) reached here its most transparent expression: the power that determines the conditions of life for dependent populations arrived, that October afternoon, at the threshold of presidential decision.[36]

Five months after the Culiacanazo, on March 29, 2020, during an infrastructure inspection tour in Badiraguato, Sinaloa, López Obrador stepped out of his vehicle on a dirt road to approach a white SUV where María Consuelo Loera Pérez — mother of Joaquín "El Chapo" Guzmán — was waiting. He said: "Let me greet you; don't get out. I already received your letter." The gesture, captured on video and distributed by multiple outlets the same day, followed Loera Pérez's letter requesting the president's intervention to obtain humanitarian visas so she could visit her son in U.S. custody. The reading López Obrador offered in May 2022, when the video resurfaced in public debate, was one of courtesy toward an elderly person. The reading the historical sequence demands is different: five months after the same government released a Sinaloa Cartel leader under armed coercion by that organization, the president of the republic publicly greeted the founder's mother at the cartel's territorial origin, with Guzmán Loera's lawyer present in the perimeter of the event. Taken in isolation, the gesture is ambiguous. Read in sequence with the Culiacanazo, it describes a pattern of executive positioning toward the country's most powerful criminal organization.

That pattern has its most disturbing demographic correlate in the figures for missing persons. According to the National Registry of Missing and Unlocated Persons (RNPDNO), during López Obrador's six-year term 53,261 people disappeared — one per hour for six years — twice the rate recorded under Enrique Peña Nieto and more than three times that under Felipe Calderón. By March 22, 2025, the registry had accumulated 125,303 victims. In the first 100 days of Claudia Sheinbaum's government, the daily rate rose to 40 disappearances, a 60% increase over the previous administration's average.[37] On March 5, 2025, the Guerreros Buscadores de Jalisco collective entered the Rancho Izaguirre in Teuchitlán, Jalisco, and documented charred human remains, more than 1,500 personal belongings — clothing, shoes, backpacks, identity documents — and structures they identified as clandestine cremation furnaces. A survivor testified that approximately 1,500 people were killed on that property during the three years it operated under CJNG control. The institutional detail that completes the picture predates the discovery: on September 20, 2024, the National Guard had searched that same property, detained ten individuals, rescued two kidnapping victims, and found one corpse; the site was left without any security perimeter and without any federal-level follow-up investigation. Six months later, the searchers found the extermination sites in the same location.[38] The Office of the Attorney General determined the site was a training camp, ruled out the cremations, and Attorney General Alejandro Gertz Manero stated that only ditches and campfires had been found. President Sheinbaum has not received the mothers who search for the missing; forced disappearance appeared in none of her 100 government commitments, and the issue entered her agenda only under the media pressure that Teuchitlán generated. What this sequence describes is not governmental omission before a phenomenon difficult to control: it is the documented distance between organized crime's capacity to operate extermination infrastructure in territory the State had visited and abandoned, and the State's capacity to exercise governmental functions over that same territory.

The most serious objection to this characterization must be granted its full weight before the thesis can hold. Analysts like Falko Ernst or Ioan Grillo argue that speaking of "proto-State" or "sovereignty" of organized crime overdimensionalizes its institutional cohesion: criminal organizations lack the bureaucratic continuity, popular legitimacy, and capacity for public goods provision that characterize even the weakest States, and they project power through violence and capture rather than through durable institutional construction. The objection is valid insofar as it compares against the classical Westphalian State; it loses force when the criterion of comparison is functional sovereignty (A65), which requires neither popular legitimacy nor bureaucratic continuity, but rather unilateral control over access conditions for dependent populations. Under that criterion, the relevant distinction is not whether organized crime is or aspires to be a State, but whether it exercises functions that the State has ceased to exercise in that territory. In large swaths of Sinaloa, Michoacán, Guerrero, Tamaulipas, and Colima, that question has an empirical answer.

That answer connects directly to what the previous section documented at the electoral level. The institutional exhaustion and inverse selection mechanism that prevent the emergence of clean leadership with real power produce exactly the governance vacuum that organized crime occupies with superior operational efficiency. The two faces of the same deterioration reinforce each other: State weakness facilitates organized crime's expansion; organized crime's expansion deepens State weakness by capturing its institutions, corrupting its chains of command, and discouraging actors with real capacity from participating in political systems where that capture is the price of entry.

That circuit has a geopolitical consequence that the following section develops: the State weakness that organized crime simultaneously produces and exploits does not remain a Latin American internal problem. It becomes the empirical foundation — not merely the rhetorical pretext — that Washington invokes to activate a hemispheric doctrine whose logic exceeds by a wide margin the containment of drug trafficking.

IV. HEGEMONIC REASSERTION

Between December 2025 and July 2026, Washington combined for the first time two instruments that no previous hemispheric policy had available simultaneously: the capture of a head of State in his own capital through a military operation, and an export directive that shut off international access to frontier artificial intelligence models. That combination defines the nature of the moment, not its rhetoric. The National Security Strategy of December 2025 names the Western Hemisphere as a first-order priority under the concept "Homeland and Hemisphere,"[9] and names China as the reason for that priority. Rhetorical continuity with the nineteenth century coexists with a structural urgency that the nineteenth century did not know: the window for consolidating hemispheric dominance before the region's critical infrastructure migrates irreversibly toward dependencies that Washington does not control.

U.S. intervention in Latin America is continuity, not novelty; the "Trump Corollary" and the Shield of the Americas are formalizations of a practice that runs from the Roosevelt Corollary of 1904 to Operation Condor, from the intervention in Guatemala to that in Panama. That continuity is historically accurate. It rests, however, on an equivalence that the available evidence does not sustain: the qualitative leap in the 2025-2026 version relative to all previous iterations has two components that no earlier doctrine had simultaneously available.

The first is the combination of classical territorial control with computing infrastructure control as a geopolitical instrument. No previous version of the Monroe Doctrine captured a foreign head of State in his capital while simultaneously issuing directives on international access to frontier artificial intelligence models: those two instruments, the military and the computational, did not exist as a pair until after 2020. The second component is that the 2025-2026 doctrine is formulated explicitly and publicly as a response to a closing window. The December 2025 National Security Strategy does not pretend to maintain a comfortable status quo: it diagnoses that available time to consolidate hemispheric advantage is limited and that China is the systemic competitor that defines that limit. The interventions of the nineteenth and twentieth centuries were executed in the absence of a competitor with sufficient mass to reconfigure the hemispheric order; that of 2025-2026 operates in the presence of one. That difference is not rhetorical.

The most precise territorial application of that executed doctrine occurred on January 3, 2026. Nicolás Maduro was captured in Caracas during a military operation conducted by the United States and transferred to New York, where he appeared on January 5 before federal judge Alvin K. Hellerstein in the Southern District of New York, charged with drug trafficking, narco-terrorism, and cocaine importation.[10] The case is procedurally significant: as of July 9, 2026, the process is in the pre-trial motions and evidence review phase under the framework of the Classified Information Procedures Act (CIPA), with a hearing scheduled for July 22 of that year, having been postponed from June 30 for logistical and security reasons related to the transfer. The judge had previously rejected the defense's attempts to dismiss the charges. The process has not concluded; what has concluded is the operation that made it possible: the capture of a sitting president, in his capital, by foreign forces.

The geopolitical reading of that fact does not depend on the judicial outcome. What Maduro's capture establishes as precedent is not who will win the trial, but what kind of power Washington is willing to exercise in the hemisphere when it deems it necessary — and that that power exceeds by a wide margin what international law contemplates as legitimate intervention between sovereign peers. The mechanism is what the School of the Duty-to-Optimize describes as de facto normative power (F36):[11] the capacity to establish facts, standards, access conditions, or interpretive frameworks before any collective deliberation on their legitimacy exists, through four dimensions — regulatory, technological, financial, and geopolitical — that operate such that whoever exercises them converts subsequent deliberation into management of the fait accompli, not into questioning of the power that produced it.

The institutional architecture of that doctrine took operational form on March 7, 2026, when Donald Trump formally presented the Coalition of the Americas Against Cartels — known as A3C or Shield of the Americas — at the Trump National Doral complex in Miami, in the presence of twelve Latin American presidents. The members present at the Doral summit of March 7 were Argentina, Bolivia, Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guyana, Honduras, Panama, Paraguay, and Trinidad and Tobago. Peru signed the joint security declaration of March 5 but did not send a representative to the presidential summit; its full operational incorporation remained in process at the time of the Colombian announcement. Colombia becomes, as of August 7, 2026, the thirteenth member with presence at the inaugural summit and the fourteenth if Peru's adhesion is counted. The coalition includes real-time intelligence sharing, joint interdiction operations, and the explicit use of military force, including "precision missiles," as stated in the official formulation.

The incorporation case that best illustrates the logic of the doctrine is Colombia. Under Gustavo Petro's government, the country had faced decertification and sanctions from Washington for insufficient cooperation on anti-narcotics matters; White House spokeswoman Karoline Leavitt had declared in March 2026 that Colombia had been excluded from the inaugural ceremony because it "was not showing the level of cooperation" expected. On June 21, 2026, Abelardo de la Espriella won the second round with 49.66% of the votes. On June 22, Defense Secretary Pete Hegseth publicly congratulated him and invited the incoming administration to join the A3C. On June 23, De la Espriella announced Colombia's incorporation as of August 7, 2026, the date his mandate begins. The complete sequence, from exclusion under Petro to incorporation under De la Espriella, was completed in less than ninety days from the first round and in less than forty-eight hours from the electoral result. The hemispheric doctrine did not wait for Colombia to take office; it operated on the electoral result before the government changed.

De la Espriella named his security strategy "Plan Colombia II" and gave it concrete content: U.S. military bases, aerial bombardment of narco-crops, and mega-prisons inspired by the Salvadoran and Ecuadorian models. He also declared his intention to review Colombia's membership in the United Nations and in the Organization of American States — precisely the multilateral bodies that constitute the institutional counterweight mechanisms available to States that seek to limit hegemonic unilaterality. Joining the Shield of the Americas while simultaneously questioning the bodies where Latin American sovereignty holds formal representation are two faces of the same architectural choice.

The Critical Timing Axiom, which the corpus formalizes as a structural law of jurisdictional competition,[12] operates here in its geopolitical dimension: the window for consolidating hemispheric control closes with or without Mexico, but it closes less completely without it. Mexico is the one State whose scale — economic, demographic, territorial — alters the balance of the doctrine in a way that none of the other members can. That singularity does not exempt Mexico from the circuit; it makes the circuit's pressure on it qualitatively distinct. The section that follows examines the external face of that circuit; the sections after it examine how Mexico arrives at this moment from within.

For Latin American States, the result of this movement is not protection against a systemic competitor. It is the consolidation of a structural position in which decisions about their critical infrastructure are made in Washington or Beijing before the States themselves have had time to develop any regulatory capacity over that infrastructure. The hemispheric military coalition and the control of computational access are two forms of the same de facto normative power (F36): whoever establishes the conditions of access to the infrastructure on which others depend exercises functional sovereignty over those others, regardless of whether formal treaties recognize their independence. Neither of the two actors competing for that control — Washington or Beijing — answers to any Latin American institution.

Mexico remains the still-unresolved case within this configuration. Its economic and demographic scale makes it the only State in the region whose incorporation or exclusion substantially alters the balance of the doctrine. That singularity requires specific treatment, which Sections VI and VII develop.

V. FROM DE FACTO TO DE JURE CONVERGENCE

For decades, the debate about corporate power centered on regulatory capture: corporations that influence the States meant to regulate them. What the evidence accumulated since 2020 documents is a deeper displacement: corporations that exercise State functions without requiring capture, because the regulatory vacuum makes them the only actor with operational capacity in that domain. When that condition stabilizes, the legal categories of the twentieth century lose descriptive power: the resulting actor operates simultaneously as an economic agent and as a source of rules, a hybrid that the public/private distinction can no longer name. That is the corporation-State convergence (F05),[13] and it requires no conspiracy; it requires only the absence of an alternative.

What the last decade added to the analysis is the inverse movement, equally revealing: States that fabricate themselves as corporations. SpaceX and Starlink did this from the private side, exercising governance functions that the corpus formalizes as the corporate proto-State (F58):[14] control of access to communications infrastructure, definition of operating conditions for actors that depend on that infrastructure, and unilateral veto power over decisions by State actors — as Musk's decision about Starlink coverage in Crimea demonstrated. Argentina, in May 2026, inverted the direction of the same process: a State that juridically manufactures a corporate entity designed to operate as if it were an autonomous non-human agent. The convergence is no longer only the result of corporations accumulating State functions; it is also the result of States voluntarily adopting corporate logic as an architecture of governance.

The bill to reform Argentina's General Companies Law, sent to Congress on May 29, 2026 by the Ministry of Deregulation and State Transformation,[15] introduces two figures unprecedented in Argentine law: the Automated Company, which can operate through algorithms or artificial intelligence systems without employees for ordinary functioning, and the Decentralized Autonomous Organization (DAO), with tokenized participations and blockchain-based registries. Both would have full legal personality and limited liability. Minister Federico Sturzenegger defended the initiative before the Senate's Comisión de Legislación General (Committee on General Legislation) on June 24, 2026; as of July 9, 2026, the bill has not been approved in the chamber.

The most important argumentative tension lies not in the legislative text but in the distance between that text and the rhetoric that accompanies it. In his Financial Times column of June 4, 2026,[16] President Milei described a new type of company in which artificial intelligence agents or robots would "exercise independent judgment in unpredictable environments." The bill's own text, according to Reuters' analysis of July 3, 2026, requires automated companies to have a human administrator who supervises operations. The legislative text does not break the requirement of a human responsible party; the presidential prose promised it would. That distance between the real legal architecture and the desirable horizon installed as political fact is precisely the mechanism the School of the Duty-to-Optimize describes as agenda power (F66):[17] the capacity to act on the vocabulary of debate before institutional deliberation has concluded, such that the outcome — whatever it may be — is read within the framework that the actor with that power installed as the starting point, converting the promise into the only horizon from which the approved text can be read.

One objection is available against this reading that earns a precise answer: Argentina would not be the first to experiment with frameworks of this type; several U.S. states, including Texas and Utah, have established legal frameworks for companies to experiment with artificial intelligence in decision-making. The distinction that sustains this section's thesis is one of scale and declared purpose. The American experiments operate within a broader regulatory ecosystem, with federal oversight mechanisms and consolidated sectoral standards. The Argentine bill, by contrast, presents itself explicitly as an instrument of jurisdictional competition: Minister Sturzenegger compared the scheme to Dubai and Ireland; the presidential spokesman's office declared that the objective is "to make Argentina an attractive jurisdiction for the domiciliation of automated companies." The operative logic is competition on laxity: offering the least restriction available to attract corporations seeking to operate outside more demanding frameworks.

That logic is the regulatory race to the bottom (F35),[18] the dynamic by which States compete by offering minimum standards to capture activity that another State, with greater capacity or regulatory willingness, would not admit. Maritime flags of convenience are its most documented precedent, and the space domain reproduces it today in the choice of permissive registration jurisdictions; in the domain of artificial intelligence, Argentina tests it on land. The costs of that race — like the epistemic asymmetry between the algorithmic agent and any nominal human supervisor — are global and fall on everyone; the benefits, if they arrive, are local and temporary.

The hinge that connects this section to the next operates outside any terrestrial jurisdiction. On March 19, 2026, Blue Origin filed before the U.S. Federal Communications Commission the Sunrise Project: a constellation of 51,600 orbital satellites designed to execute artificial intelligence workloads directly from space. On January 30, 2026, SpaceX had filed before the same FCC an independent application to launch and operate up to one million satellites under the designation SpaceX Orbital Data Center System, whose formal acceptance for review was notified on February 4.[19] While Argentina debates in its Senate whether to grant legal personality to an automated company that would operate on land under nominal human supervision, the same corporations are building, outside all terrestrial jurisdiction, the next layer of the regulatory vacuum over which the artificial intelligence governing decisions in both countries will operate. Corporation-State convergence has already occurred; Latin American legislative chambers are debating whether to regulate it.

VI. THE ARTIFICIAL INTELLIGENCE TAX HAVEN

The tax haven is an attraction technology whose primary input is absence: of regulation, of transparency, of tax burden. That same technology governs today the competition to attract frontier artificial intelligence deployments, with consequences the twentieth century did not anticipate. The countries advancing fastest in that race compete on a plane different from that of infrastructure or talent: they offer the freedom to operate upon citizens without the legal order designating anyone responsible for the effects. The comparative advantage they build is the cleanest available absence of restrictions on systems that make decisions with legal, economic, and security consequences over their own populations.

Argentina formalized that positioning with greater doctrinal clarity than any other State in the region. The bill to reform the General Companies Law sent to Congress on May 29, 2026 by the Ministry of Deregulation and State Transformation introduces the figure of the Automated Company: a legal entity that pursues its corporate purpose through autonomous algorithmic systems or artificial intelligence agents, without requiring employees in a dependency relationship. The current text of the law requires administrators who are human or legal persons; the bill dismantles that requirement. The theoretical accumulation of this essay allows naming with precision what that dismantling produces. The School of the Duty-to-Optimize formulated the conditions of Contextual Epistemic Validity[20] as the minimum threshold an algorithmic decision must satisfy to be legitimate in a domain with consequences for persons: the system must maximize the relevant outcome for the individual affected in the specific context of application. The Argentine bill eliminates that condition structurally, because it lacks a subject with a democratic mandate whose control position could activate accountability. Algorithmic Dignity, in the corpus's own terms, requires that the affected party be treated as an end and not as an optimization variable; Shared Fallibility requires that whoever decides also be vulnerable to the consequences of deciding. A company without human administrators dispenses with both conditions, because it dispenses with the subject who could fulfill or violate them. The Screen Democracy — the corpus's concept for the scenario in which formal accountability procedures persist but the real decision-maker is opaque by design[21] — becomes here the foreseeable operational destination of a legal architecture that institutionalizes opacity as a form of corporate organization.

The Milei government wrapped that operation in the language of technological sovereignty. That rhetoric deserves the only examination any sovereigntist rhetoric deserves: verifying whether the actor who formulates it exercises or cedes control over the decisions in question. What the bill creates is the legal condition for systems designed, trained, and updated outside Argentine territory, with validity criteria fixed by their providers, to operate over Argentine citizens without any entity domiciled in Argentina answering for their effects. The epistemic black box — inevitable in frontier models whose internal complexity exceeds the capacity of any auditor — combines with the legal black box the bill deliberately institutionalizes. The two amplify each other: the already-existing technical opacity receives the additional protection that the legal order dispenses with designating anyone who must explain it.

That positioning by design contrasts with what Mexico exhibits by inertia, though the distinction between design and inertia blurs when the complete pattern is examined. As of July 8, 2026, Mexico lacks a federal artificial intelligence law. Three legislative initiatives, the most recent presented in February 2026 by Senator Karina Isabel Ruiz Ruiz of Morena, remain in committee without a vote date. President Sheinbaum announced in press conferences on June 17 and 30 a national pre-debate on social media and artificial intelligence regulation, scheduled for after July 19, with the official framing of child protection and mental health. Algorithmic systems did not wait for that pre-debate: they have operated for years in credit, employment, public security, and education calibrated with the validity criteria of their providers, without the State having fixed a single one of those criteria.

The statement President Sheinbaum made on April 8, 2026, responding to images of the Artemis II mission, condenses with involuntary precision the structural position of the Mexican State before the technological domain this essay examines. In asking whether resources devoted to space research should be dedicated instead to improving the living conditions of millions of people in poverty, Sheinbaum revealed the conceptual horizon from which her government understands the competition for critical infrastructures. That horizon is redistributive, while the real competition operates in terms of strategic positioning over the domains that define who controls the next decision layer over entire populations. The State that formulates that question is the same one that nationalized lithium in 2022 as an act of technological sovereignty, created a specific institutional entity to exploit it — Litio para México — with management, a board of directors, and four consecutive budget exercises devoted entirely to current expenditure,[32] and acknowledged in February 2026, through the president herself, that extraction remains economically unviable: the entity accumulates more than 36 million pesos in cumulative cost without having produced a single gram of the mineral that justified its existence. That same State built the first oil refinery in four decades at an investment that exceeded twenty billion dollars and operates it at forty percent of its designed capacity, with at least eight fatal accidents in less than two years of operation.[34] It administers a train whose losses in the first quarter of 2026 equal the annual budget of the Secretaría de las Mujeres, at twenty-five million pesos per day.[33] It also carries a Historical Balance of Public Sector Financial Requirements of 18.8 trillion pesos at the close of the first quarter of 2026, equivalent to 50.4% of GDP, according to the Mexican Institute for Competitiveness based on Treasury figures;[22] servicing that debt consumes 22.8% of federal tax revenues — nearly one in every four pesos collected — the highest level in two decades. A State that cannot extract the mineral it nationalized, that operates at forty percent the refinery it built, loses twenty-five million pesos daily in the train it inaugurated, and dedicates one in every four fiscal pesos to the cost of its accumulated debt, arrives at the algorithmic domain without the one asset that domain demands: institutional execution capacity.

The accumulation of evidence of management incapacity acquires an additional dimension when one examines not only what the State failed to build but what it tolerated while building. In March 2025, the Navy seized in the port of Tampico the tanker Challenge Procycon carrying more than ten million liters of diesel falsely consigned as lubricant oil additives. The investigation that followed uncovered a network of hydrocarbon smuggling and fiscal evasion — known as fiscal huachicol — that operated for years with documented participation from Navy officers, customs officials, and organized crime structures. The FGR file (criminal case 495/2025)[23] links José Ramón López Beltrán, son of former president López Obrador, through documented meetings with then customs director Rafael Marín Mollinedo in April 2023; relatives of former Navy Secretary José Rafael Ojeda Durán, whose nephews — Vice Admiral Manuel Roberto Farías Laguna and his brother Fernando — are identified as leaders of the network (the former detained in

September 2025; the latter a fugitive); and Vector Casa de Bolsa, owned by Alfonso Romo, head of the Presidential Office between 2018 and 2020, identified in criminal file 325/2025 as a channel for operations of 220 million pesos from Grupo Potesta, one of the five companies the FGR identifies as the network's core. On June 25, 2025, the U.S. Treasury's FinCEN designated Vector as an institution of primary money laundering concern linked to opioid trafficking and organized crime's financial operations, alongside CIBanco and Intercam, whose effective operational closure was completed by October of that year. The CNBV ordered temporary supervisory intervention over Vector on June 26, 2025. What this body of facts describes is corruption as system architecture, not as punctual failure. The State arriving at the algorithmic domain without audit capacity is the same State that administered a network of financial institutions where organized crime's money was laundered through the formal securities system while the head of the Presidential Office was simultaneously its owner and a collaborator of the government that declared war on corruption. The Screen Democracy requires no deliberate design here: it emerges when the distance between institutional discourse and the apparatus's operational reality is sustained for years without correction.

In 2020, Congress classified the purchase and sale of simulated invoices as organized crime carrying mandatory pretrial detention when the amount exceeds 9.4 million pesos, and expanded the SAT's powers to cancel digital tax seals through expedited 24-day procedures; the constitutional reform to Article 19, approved in December 2024, reinforced that framework. The resulting instrument was the most aggressive available in Mexican fiscal history. Its exercise during the administration that built it describes the inverse proportion. According to the series documented by Mexicanos Contra la Corrupción y la Impunidad based on the Diario Oficial de la Federación and the SAT's definitive listings, in 2018 — the final year of the previous government — the SAT added 3,016 new companies to its blacklist of phantom invoicers; in 2019, the first year of López Obrador's government, 1,940; in 2023, the penultimate year of that same government, 47 — a 98% collapse relative to the peak detection year.[40] The same authority responded, via a freedom-of-information request, that between 2014 and 2023 it conducted zero field inspection visits to the premises of contributors classifiable under Article 69-B. Between 2022 and 2025, 59 complaints were filed documenting 54.7 billion pesos in defrauded amounts; the FGR opened case files in fewer than 35% of those complaints; in all of 2024, five arrests were executed; in 2025, two arrest warrants were served.[41] The first criminal detention derived from a direct SAT complaint against an invoice-fraud network was announced as a historic event in 2026, under Sheinbaum. An apparatus with the power to shut down any company in the country within 24 hours, which between 2014 and 2023 conducted not a single field visit to contributors it was simultaneously classifying as phantom companies, describes with precision what de facto normative power (F36) produces when exercised with sustained selectivity: not the elimination of the phenomenon, but control over who is exposed to it. That selectivity operates over a fiscal perimeter that the SAT itself acknowledges as structurally porous: the authority has issued specific criteria warning that employers use trade union accounts as vehicles to disperse wages, salaries, and assimilated income in order to evade ordinary tax and social security obligations, while the assimilated-income regime under Article 94 of the Income Tax Law was reformed between 2021 and 2022 precisely to close the spaces through which professional income was relabeled to artificially reduce the taxable base. The apparatus that pursues phantom companies with maximum declared aggression coexists, by legal design, with zones where flows are not subject to ordinary fiscal scrutiny. That coexistence is not a technical contradiction: it is the condition that makes selectivity possible.

The second angle of the problem reveals something more disturbing than inertia: the possibility that the regulatory vacuum in artificial intelligence may be, for this government, functionally convenient. The pre-debate announced in June arrives after two years in which algorithmic systems operated over Mexican citizens without a single validity criterion fixed by the State, while that same State demonstrated in every infrastructure it managed its incapacity to sustain technical execution without political capture. An apparatus with that accumulated history of institutionalized opacity arrives at the algorithmic domain without credentials to exercise substantive governance, but with precise incentives to exercise content control under the name of regulation. The president who in June cited a papal encyclical and asked who controls the networks operates in a context where the platforms that amplify criticism of her government are exactly those that the pre-debate seeks to regulate. That convergence requires no conspiracy to be analytically relevant: it requires only recognizing that a government with growing disapproval ratings, insufficient technical capacity, and a documented tradition of institutional opacity has every incentive to advance on the one axis it can execute — control of information flows — and none to build the substantive algorithmic governance that control replaces.

The convenient vacuum finds its most precise empirical demonstration not in what the State omitted but in what it chose to do with its available legislative capacity. On May 28, 2026, in an extraordinary session that lasted 33 hours, the Chamber of Deputies approved with 307 votes in favor and 127 against a constitutional reform driven by Morena coordinator Ricardo Monreal to introduce foreign intervention or interference as a new grounds for nullifying federal and state elections, amending Article 41 of the Constitution. The Senate ratified it in the early hours of May 29 with 85 votes against 42. The reform was published in the Diario Oficial de la Federación on June 3, 2026,[24] and entered into force that same day. The secondary legislation that was to specify what conduct constitutes interference, what evidence is required to prove it, and through what procedure the nullification would operate was withdrawn from the agenda by Monreal himself, who acknowledged that without it the grounds could not be applied to the 2027 midterm elections but only to the 2030 presidential ones. The reform was born constitutionally in force and operationally inapplicable. President Sheinbaum backed the initiative and explicitly linked its urgency to the Rocha Moya case: the Southern District of New York indictments against the on-leave governor of Sinaloa would, in her reading, be the type of interference the reform seeks to neutralize. The contrast with the algorithmic pre-debate has a precision the text need not underline: a government that spent two years without fixing a single validity criterion for systems making decisions over its citizens found legislative urgency to approve in 33 hours a constitutional reform whose immediate operational effect is to classify as foreign interference the criminal charges that Washington brings against members of the governing coalition. The opposition, including Morena jurists such as Olga Sánchez Cordero, warned that the wording is broad enough for any electoral outcome adverse to the ruling party to be challenged under the argument of foreign intervention. Congress has 90 days to approve the secondary legislation that would specify those contours. As of July 8, 2026, it has not done so. The institutional capacity that does not reach to legislate on algorithmic matters did reach to constitutionally shield the governing party from the external pressure that its own documented corruption generated.

The functional result for citizens is analogous in Argentina and Mexico: the systems that decide over their lives operate with external validity criteria, without the State in whose jurisdiction they live exercising the function of the auditor-State,[25] the minimum condition of sovereignty in the algorithmic domain: guaranteeing that evidence about the functioning of those systems exists, is verifiable, and responds to the democratic mandate of whoever governs. Territorial proxy obsolescence (A63) advances here without the State being militarily defeated or institutionally bought. It advances when the critical assets of power — in this case the algorithmic decision infrastructure — operate in a territorially evasive manner while the State continues reasoning in territorial terms.

The next frontier of that hollowing already operates outside all terrestrial jurisdiction. On January 30, 2026, SpaceX filed with the U.S. Federal Communications Commission a request to launch and operate up to one million satellites under the designation SpaceX Orbital Data Center System. On March 19 of the same year, Blue Origin filed an equivalent request for the Sunrise Project — a constellation of 51,600 satellites oriented toward computing AI workloads directly from low Earth orbit. While Argentina deliberates whether to grant legal personality to an automated company on land and Mexico postpones its regulatory pre-debate, the corporations that design those systems are building outside all terrestrial jurisdiction the next layer of infrastructure over which the artificial intelligence that will govern decisions in both countries will operate. States have always coexisted with transnational actors operating in the interstices of jurisdictions, and that coexistence describes sovereign reconfiguration before hollowing. The distinction matters, and is real up to a point. What cancels it in this case is that for the first time the infrastructure upon which the normative decision-making capacity of States rests will operate in the orbital domain, and Latin American States arrive at that frontier with an accumulated gap in all four dimensions that domain simultaneously demands: technical audit of systems that will operate outside their jurisdiction, effective legal presence in space, sovereign doctrine on its implications, and independent space development capacity that would enable competing, negotiating, or understanding in technical terms the decisions corporations have already made. Dependence is the starting condition, and Section VII examines who occupies the space that dependence leaves open.

VII. THE OPEN QUESTION

The circuit this essay documented in Sections III and IV returns here with its full weight. Organized crime, by exercising territorial proto-sovereignty over entire swaths of the country, erodes the Mexican State's capacity to sustain the legitimate monopoly of force. That erosion provides Washington with the empirical foundation — not merely rhetorical pretext — to activate its hemispheric doctrine. And that doctrine, as it formalizes into military coalitions with conditionality over their members' sovereignty, deepens the dependence that originated the vacuum. The circuit resolves nothing: it redistributes the vacuum among actors none of which — not one — satisfies the three constitutive components of functional sovereignty (A65) with the democratic legitimacy that the State, even weakened, still formally retains. Mexico is where that circuit turns without visible exit, with the four pressures this essay identified active simultaneously and none having yet produced the stable substitute that the hollowing seemed to promise.

The question that the accumulated evidence leaves open is, consequently, who fills that vacuum and under what conditions any of the competing actors might do so with something approaching legitimacy. Four hypotheses organize the analytically available possibilities. They are not mutually exclusive; their value is not predictive but structural: they allow specifying what conditions would have to be met in each case and what already-accumulated evidence operates against each. Nor do they compete on the same temporal plane: the hypothesis that consolidates first conditions the space available to the others, because whoever establishes the framework within which the remaining actors operate exercises, in that act, the most durable form of de facto normative power (F36). That temporal hierarchy is the mechanism that the Critical Timing Axiom formalizes and that in Mexico operates with particular urgency: each month without resolution on the plane of hypothesis 1 expands the territory available to hypotheses 2, 3, and 4 simultaneously. To that dynamic must be added a condition that none of the four hypotheses, taken separately, incorporates with sufficient weight: the orbital infrastructure that Section VI documented is not the setting of any single hypothesis but the technological substrate upon which all of them will operate. Whoever captures the Mexican State through the criminal route inherits a State whose algorithmic decisions already depend on platforms outside all terrestrial jurisdiction; whoever reconstitutes it institutionally does so on the same substrate of dependence; whoever colonizes it corporately finds that substrate as accumulated advantage. The contest for Mexico takes place on land; its resolution is inscribed in infrastructure that none of the competing actors controls.

The first hypothesis is internal institutional recomposition. Under this scenario, the Mexican State recovers the capacity to exercise real sovereign control over the domains that define it: monopoly of force, algorithmic governance with its own validity criteria, operational strategic infrastructure. It is the only scenario that would reverse, even partially, territorial proxy obsolescence (A63) — not through a non-State substitute but through the reactivation of the very actor the hollowing supposes incapacitated. The available evidence as of July 8, 2026, operates systematically against this hypothesis on two dimensions. The first is demonstrated management. The State arriving at this moment administers a refinery that cost more than double its original budget and operates at forty percent of designed capacity, with at least eight fatal accidents in less than two years of operation and its financial evaluation classified as confidential.[34] It administers a train whose losses in the first quarter of 2026 — twenty-five million pesos daily — represent forty-nine times those of the same period in 2024. It maintains an entity created to exploit the lithium it nationalized, with four consecutive budget exercises devoted entirely to current expenditure, zero production, and a strategic program that its own board of directors had not approved at the moment it acknowledged that extraction is not economically viable. The second dimension is structural capture. On April 29, 2026, the Southern District of New York filed federal charges against Sinaloa's on-leave governor Rubén Rocha Moya, Senator Enrique Inzunza Cázarez, the mayor of Culiacán, and two former state security and finance officials — all of Morena — for ties to Los Chapitos.[26] The indictment holds that organized crime ordered Sinaloa citizens to vote for Rocha Moya in 2021 and that hitmen stole ballots and intimidated candidates. The Rocha Moya case, read alongside the fiscal huachicol file, describes a capture architecture that does not begin after the election through subsequent executive penetration: it begins at the origin of the mandate, in the leadership factory that hypothesis 1 would require regenerating. As of July 8, Rocha Moya remains undetained on Mexican territory; the FGR declared in a press conference that day that the investigation has not reached the minimum evidentiary threshold that Mexican law requires to proceed, while awaiting Washington's justification of the urgency of its extradition request.[35]

The second hypothesis is American intervention with a new hemispheric framework. Under this scenario, Mexico ends up joining the Shield of the Americas, obtaining differentiated treatment that preserves some forms of formal autonomy, and the doctrine of Section IV consolidates as the region's operational framework. It is the territorial application of de facto normative power (F36) in its geopolitical dimension: whoever establishes the conditions of access to the infrastructure on which others depend exercises functional sovereignty over those others, regardless of whether formal treaties recognize their independence. Mexico's scale makes it the only hypothesis that substantially alters the balance of the hemispheric doctrine. The electoral reform of May 2026 reveals with precision the position from which Mexico negotiates that pressure: the government that approved in 33 hours a constitutional reform to classify as interference Washington's charges against its own officials does not have a sovereign strategy against the hemispheric doctrine; it has a defensive reflex. The hypothesis is analytically consistent with the logic of the Critical Timing Axiom: the window for consolidating hemispheric dominance closes with or without Mexico, but it closes less completely. What this hypothesis does not resolve is the legitimation mechanism: none of its elements — foreign military bases, multilateral conditionality, authorized lethal force — is politically manageable for a government with sovereigntist rhetoric, and none produces the functional sovereignty of the Mexican State; it produces its orderly replacement by Washington's functional sovereignty over the same territory.

The third hypothesis is technological corporate penetration as a de facto substitute for State governance. Under this scenario, corporations already operating upon Mexican citizens in credit, employment, security, and education consolidate positions the State never regulated and no longer has the technical capacity to audit. It is the local manifestation of the corporate proto-State (F58) and of agenda power (F66): acting before regulation exists converts corporate decisions into facts that public deliberation must accept or undo at a cost designed to be prohibitive. As of July 8, 2026, Mexico lacks a federal artificial intelligence law, with three legislative initiatives in committee without a vote date and a national pre-debate whose official framing is child protection, not substantive algorithmic governance. The SpaceX Orbital Data Center System and Blue Origin's Sunrise Project describe the next layer of infrastructure over which that artificial intelligence will operate: built outside all terrestrial jurisdiction, by actors answering to no Latin American institution. When that orbital infrastructure is consolidated, the window for establishing conditions will have closed before Mexico has finished its pre-debate. This hypothesis produces the most silent form of hollowing because the State remains in place; what is evacuated is the substance of its decisions.

The fourth hypothesis is the consolidation of organized crime with a governance veneer. Under this scenario, organizations already exercising territorial control in Sinaloa, Michoacán, Guerrero, Tamaulipas, and Colima deepen their penetration of electoral, legislative, and judicial systems to the point where the State retains the formal architecture of its institutions while real decision-making power operates from another center. It is private sovereignty (A30) in its most consolidated form available in the region: the capacity to determine unilaterally and without proportional accountability the conditions of life for dependent populations, exercised now not only in physical territory but in the mechanism that produces the State itself. The Rocha Moya case increases the plausibility of this hypothesis precisely because its logic, if confirmed, describes capture of the electoral process at its origin. The fiscal huachicol adds the financial dimension: an organization capable of laundering its resources through institutions of the formal securities system with access to the National Palace operates with an institutional sophistication that exceeds the category of parallel criminal economy and describes private sovereignty (A30) with a veneer of legality.

The strongest objection to this essay's complete architecture requires a direct answer before the close. An editor trained in the tradition of Charles Tilly or Jeffrey Herbst would note that the Latin American State has historically operated with enormous gaps between formal and real institutional capacity, and that those gaps never prevented the region's States from preserving, negotiating, or recovering margins of maneuver against more powerful actors. The sovereign hollowing hypothesis, under this reading, overestimates the novelty of the moment and underestimates the resilience of actually existing States. The objection is historically informed and deserves its precise counter-response. What distinguishes the current moment from all previous iterations of the same gap is not the magnitude of the vacuum: it is the nature of what fills it. In previous configurations, the actors competing for the vacuum operated over resources that the State could, in principle, recover by regulating territory. The actors competing for the vacuum in 2026 operate over infrastructures that are territorially and jurisdictionally evasive by design: algorithmic systems calibrated with external criteria, orbital platforms outside all terrestrial jurisdiction, financial networks that migrate at the cost of a single instruction. Territorial proxy obsolescence (A63) formalizes that difference: the tools with which Latin American States recovered margins of maneuver in the past are precisely the ones that the current moment has rendered insufficient. Historical resilience is real; what changed are the conditions under which it would operate.

This essay arrives at its close with a documented condition: that of a State that retains the form while the substance migrates, that pronounces sovereignty while ceding it, that mobilized its qualified majority in 33 hours to constitutionally shield itself from the charges that its own documented capture generated, and that has spent two years without producing a single validity criterion for the algorithmic systems already governing the credit, employment, and security of its citizens. That distance between form and substance has already acquired the consistency of the structural. The hollowing operates in real time, before evidence that documents it with precision and a State whose available institutional energy reaches exactly far enough to administer the appearance of what it has already ceded. Its most disturbing feature is that it is compatible with institutional continuity, with elections held on time, with sovereigntist speeches delivered before cameras. The hollowed State can endure indefinitely. What endures with it is the impossibility of its citizens being governed by anyone who answers to them about what actually determines their lives.

Mexico is not the Latin American exception: it is where the two movements this essay identified — exhaustion from within and reconfiguration from without — converge with the greatest density and the least visible margin of exit. The same circuit operates, at different intensities and different stages of advance, in every State of the region that arrives at this moment with formally intact institutions and functional capacity in retreat. The thesis with which this essay opened does not describe a horizon: it describes a present condition that the standard instruments of political analysis — designed to measure what States do — have difficulty registering precisely because what defines this moment is what States can no longer do.

English-language version derived from the definitive Spanish original (v7). Empirical data verified and closed as of July 10, 2026.

Notes

[1] Territorial proxy obsolescence: A63, CLA Vol. I, Ch. 1, §1.1.1. The corpus citation convention is explained in the preliminary note on method and sources; hereafter, the location of each glossary entry (Annex VI of Vol. II of CLA) is given in the note at its first appearance and subsequent appearances carry only the code.

[2] Functional sovereignty, with its three constitutive components: A65, CLA Vol. I, Ch. 1, §1.2.1; its corporate expression is developed in Vol. II, Ch. 17, §17.1.2. Note: the author's concept of functional sovereignty as formulated in the School of the Duty-to-Optimize is analytically distinct from Krasner's fourfold taxonomy (domestic, interdependence, international legal, and Westphalian sovereignty). A65 is not a variant of Krasner's "domestic sovereignty" — it does not presuppose a monopoly of force or a recognized central authority — but a functional criterion requiring simultaneous satisfaction of three components: unilaterality, externalities without mechanisms of influence, and absence of proportional accountability. The distinction is consequential: under Krasner's domestic sovereignty, none of the actors analyzed in this essay would qualify; under A65, each qualifies partially, which is precisely the analytical point.

[3] Proto-institution, with its three operative criteria: F65, CLA Vol. II, Ch. 17, §17.1.

[4] Private sovereignty: A30, CLA Vol. II, Ch. 17, §17.4.2.

[5] Executive Order 14157, "Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists," signed January 20, 2025; formal designations published February 2025.

[6] United Nations Office on Drugs and Crime, World Drug Report 2026, Vienna: United Nations, 2026.

[7] Territorial Displacement Sequence, sub-entry of F41 (regulatory arbitrage and flags of convenience): CLA Vol. II, Chs. 15 and 16.

[8] Financial Crimes Enforcement Network (FinCEN), U.S. Department of the Treasury, orders issued June 25, 2025 under the authority of the FEND Off Fentanyl Act against CIBanco, Intercam Banco, and Vector Casa de Bolsa.

[9] White House, National Security Strategy, Washington D.C., December 2025.

[10] United States v. Nicolás Maduro Moros et al., U.S. District Court for the Southern District of New York; the narco-terrorism indictment was originally filed in March 2020 and the post-capture proceedings are before Judge Alvin K. Hellerstein.

[11] De facto normative power, in its four dimensions: F36, CLA Vol. II, Ch. 14, §14.1, and Ch. 17, §17.1.2.

[12] Critical Timing Axiom: CLA Vol. II, Ch. 17, Corollaries of Jurisdictional Flight.

[13] Corporation-State convergence: F05, CLA Vol. I, Ch. 1, §1.1.3.

[14] Corporate proto-State: F58, CLA Vol. II, Ch. 17.

[15] Bill to reform General Companies Law 19,550, submitted to Argentina's National Congress by the Ministry of Deregulation and State Transformation, May 29, 2026.

[16] Javier Milei, "Argentina invites AI to free itself," Financial Times, June 4, 2026.

[17] Agenda power, fifth dimension of corporate power: F66, CLA Vol. II, Ch. 17, §17.1.2.

[18] Regulatory race to the bottom: F35, CLA Vol. II, Ch. 16, §16.3.2; the parallel with maritime flags of convenience is developed in Ch. 12 of the same work.

[19] Applications filed with the U.S. Federal Communications Commission: SpaceX Orbital Data Center System, January 30, 2026, accepted for review February 4; Blue Origin, Sunrise Project, March 19, 2026.

[20] Contextual Epistemic Validity, Algorithmic Dignity, and Shared Fallibility are formulated in From Ego to Algorithm; the full formulation of Shared Fallibility appears in Ch. 25, §VI.

[21] Screen Democracy: From Ego to Algorithm, Ch. 25, §V.

[22] Mexican Institute for Competitiveness, based on figures from the Secretaría de Hacienda y Crédito Público, Historical Balance of Public Sector Financial Requirements at the close of the first quarter of 2026.

[23] Fiscalía General de la República (Mexico), criminal case 495/2025; the Vector Casa de Bolsa link is established in criminal file 325/2025.

[24] Decree amending Article 41 of the Political Constitution of the United Mexican States, Diario Oficial de la Federación, June 3, 2026.

[25] Auditor-State: From Ego to Algorithm, Part IV.

[26] Federal indictment filed by the U.S. Attorney for the Southern District of New York against Rubén Rocha Moya and other current and former Sinaloa officials, April 29, 2026.

[27] CNN en Español, "La izquierda perdió las últimas tres elecciones en América Latina: ¿cómo queda el balance con la derecha y qué anticipa 2026?", December 15, 2025.

[28] Real Instituto Elcano, "Elecciones en América Latina (2026): del 'giro a la derecha' y el voto de castigo al factor Trump," January 26, 2026.

[40] Mexicanos Contra la Corrupción y la Impunidad (MCCI), "La detección de empresas 'fantasma' se desplomó 98% en el penúltimo año de AMLO," January 25, 2024 (contralacorrupcion.mx); data drawn from the Diario Oficial de la Federación and the SAT's definitive listings under Article 69-B of the Código Fiscal de la Federación. Series corroborated by Quinto Elemento Lab and the Observatorio de la Corrupción e Impunidad (OCI), Instituto de Investigaciones Jurídicas, UNAM. The SAT's Órgano Interno de Control opened a formal investigation into the collapse following a citizen complaint filed March 3, 2024: MCCI, "Investigan a funcionaria del SAT por desplome en la detección de empresas fantasma," March 14, 2024.

[41] La Crónica de Hoy, "Denuncian a 415 personas en 5 años por evadir al SAT en CDMX, pero sólo en 4% se ejecutó orden de aprehensión," May 14, 2026; data from the Subprocuraduría Fiscal Federal de Investigaciones (SHCP) and the FGR. Defrauded-amount figure: official data cited in Ambito.com, "SAT suspendió sellos a miles de contribuyentes por vínculos con empresas factureras falsas," June 2026.

[36] Stenographic record of the morning press conference of President Andrés Manuel López Obrador, June 19, 2020, National Palace, Mexico City; available at the official portal of the Presidency of the Republic (presidencia.gob.mx). The Badiraguato statement was delivered in July 2021 during a Sinaloa tour.

[37] National Registry of Missing and Unlocated Persons (RNPDNO), National Search Commission / Secretaría de Gobernación; figures as of March 22, 2025 (125,303 accumulated victims). Administrative series: Felipe Calderón 16,903; Enrique Peña Nieto 32,532; Andrés Manuel López Obrador 53,261. Cross-reference sources: A dónde van los desaparecidos, January 2025; Red Lupa, Informe Nacional de Personas Desaparecidas 2025; Proceso, September 18, 2025.

[38] Guerreros Buscadores de Jalisco collective, documentation of Rancho Izaguirre, Teuchitlán, Jalisco, March 5, 2025. FGR statements: press conference of Attorney General Alejandro Gertz Manero, March 19, 2025. Prior National Guard search: September 20, 2024 (official GN communiqué). Survivor testimony on victim count: A dónde van los desaparecidos, October 2025.

[39] National Electoral Institute, results of the Federal Judiciary election, June 1, 2025 (Conóceles platform, candidaturaspoderjudicial.ine.mx). Final turnout: 13% of registered voters. International observation: OAS Electoral Observation Mission, preliminary conclusions, June 2025. TEPJF ruling on annulment appeal: August 2025 (3-2 majority). Analysis of acordeón-result coincidence for the Judicial Disciplinary Tribunal: Due Process of Law Foundation (DPLF), "Judicial elections in Mexico: What lessons for Latin America?", January 2026.

[29] Vanda Felbab-Brown, "Combating Fentanyl Trafficking and Organized Crime Groups in the Americas," testimony before the Senate Committee on Foreign Relations, hearing "Dismantling Transnational Criminal Organizations in the Americas," July 23, 2025; Brookings Institution.

[30] International Narcotics Control Board, Report of the International Narcotics Control Board for 2025, Vienna: United Nations, 2026.

[31] Global Initiative Against Transnational Organized Crime, Mapping Drug Markets in West Africa, Geneva: GI-TOC, March 2026; idem, West Africa Illicit Hub Mapping 2025, Geneva: GI-TOC, October 2025.

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