

11. *O Estado de São Paulo*, 20 July 1997, B-1.
12. See poll results in *Jornal do Brasil*, 20 December 1997, 11.
13. Celso Pinto, "A dependência Brasil-Argentina," *Folha de São Paulo*, 26 February 1998, 7.
14. Ronaldo Mota Sardenberg, secretary of Strategic Affairs of Brazil, *O Globo*, 31 May 1997.
15. See declarations by José Luis Simón in *Jornal do Brasil*, 28 April 1996, 20; Arturo Valenzuela in *La Nación*, 7 June 1996; and "Tudo pela Democracia," *Isto É*, 19 June 1996, 102-103.
16. Heraldo Muñoz, "Capitais chilenos no Brasil," *Folha de São Paulo*, 12 May 1997, 3.
17. See "Empresas latinas se toman el continente," *El Diario*, Santiago, 10 August 1998.

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Strategies for Global Insertion: Brazil and Its Regional Partners

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In the conclusion to James Rosenau's book on turbulence in world politics, the author offers several possible scenarios for the future of the international system.¹ Rosenau argues that these scenarios would result from the structural evolution of global interactions combined with the complex dynamics of individual and collective behaviors of political actors, as they forecast the future, select strategies, and make decisions in order to achieve short- and long-term interests amid the turbulence of these post-Cold War years. At a subregional level, one can certainly profit from Rosenau's suggestion that the international system stands at a crossroads of state-centric, sovereignty-bound actors and the sharing of norms for the pursuit of integration on a global scale. However, his approach offers little insight into the individual behavior of countries or societies that will, eventually, result in this "complex dynamic" or the respective consequences that will move the structure of world politics toward either integration or fragmentation. Since Francis Fukuyama's declaration that the world system had reached "the end of history," one finds contradictory results in every corner of policy evaluation and claims that question the inevitability of the ideological evolution of the governance of mankind into the Western liberal democratic form.² Nevertheless, decisionmakers are now coping with the intellectual and political challenges of shaping future scenarios, while they address today's socioeconomic and security crises.

Practitioners and theorists of foreign policy are exploring explanations of what are and what accounts for the strategic choices of Latin American countries in what seems to be a new framework of internal politics and external relations regarding the global system. This puzzle is inviting to many: to investors who need to decide where to bet their

money, or decisionmakers who must strike balances in their public policies. The following analysis aims to respond to the question of what is Latin America's potential role in world affairs, considering the region in a global context and taking into account current debates in the field of international relations.

Addressing this question from the perspective of the South requires two basic assumptions. The first regards the nature of the "new" globalization of world politics and how it shapes the internal politics of countries, especially newly formed democracies. I agree with the editors in assuming the rapid expansion of politics under broad systems of negotiation and legitimate rule, at both national and international levels, and such features as the internationalization of the economy, the spread of political values based on Western liberal ideology, and changes in the global geophysical environment that affect human conditions and institutional settings.³ However, I propose two caveats. The first is that it is questionable whether the globalization process is in fact a clear break with the past, both in terms of international politics based on power and the nature of the internal political process in nations based now on democracy and the legitimacy of rule-making. The second regards what type of new order will give structure to the coming international system. Will it be more conducive to cooperation? How will it manage conflicts? How will it shape relations among actors with distinct interests, degrees of power, and strategic choices?

This second assumption involves the validity of "Latin America" as a unit of analysis in terms of a subregion in the global system. I want to argue that "Latin America" as a unit of analysis has validity only in perceived opposition to the United States. A historical review of efforts toward a constructive, multilateral, regional policy would reveal that the region has not developed a uniform identity in world politics. Even in recent debates on the proposal for a Free Trade Area of the Americas (FTAA), the response of Latin America—as an entity—to the idea of a new, hemisphere-wide framework for commercial relations has been lukewarm.

However, the idea that societies and polities south of the Rio Grande form a unity remains strong in the minds of many academics in Washington and the United States, as well as among nationalist figures in the region. Thus, "Latin America" is commonly portrayed as a single actor, a synthesis of these various nations' interests, political perspectives, and preferential strategies for foreign policy, closer together in nature than they are with those of the United States and other nations overseas. Entities such as the OAS; historical instances of agreement on issues such as World War II, and Cuba and Castro; and a history of struggle against

the dominance of the United States feed the unity image. Washington would seem to prefer that there be more coordination among countries in Latin America so that it could define a broad, effective bilateral interaction between itself and the region. However, any collective Latin American "identity" is weakened by the diversity among the nations of the region in terms of their domestic politics, size, location, economic scale, resources, and capabilities, as well as among their different strategic preferences.⁴ This desired (by some) integration of identity may someday be possible, but as yet there is too little substance behind the concept to define any unity for practical analytical purposes.

Nevertheless, even while questioning its validity, the adoption of the concept is necessary to address the given theme of Latin American relations with the United States and the rest of the world. This chapter hopes to contribute to this debate by focusing primarily on the strategic behavior of Brazil as a significant actor in defining a Latin American posture in world politics, and the effects of Brazil's interactions in both the regional and global systems.

The central argument is that Brazil (and perhaps other nations in the region), facing the uncertainty of globalization, has adopted a strategy of "pacing and hedging." Brazil prefers to move gradually and with caution in expanding regional cooperation in order to gain time to establish a general sense of unity and direction for the country and its neighbors in the international arena. At the same time, Brazil must hedge its strategy against possible negative effects in the future. All this while the nation copes with difficult adjustments in its internal politics, tries to increase its capacity to promote its interests abroad, and works to improve its relations abroad and to secure cooperation that is lasting and stable within the turbulent process of globalization.

To address Latin America's role in world politics, I examine the impact of recent major changes in domestic politics and their influence on issues related to the search for stable democratic governance. Many Latin American nations share the recent challenges of implementing democratic and economic reforms. The complexity of the adjustment processes and the imbalances they produce in Brazil's heterogeneous local societies (in terms of social and economic conditions) often result in contradictory responses, many of which are antagonistic to these democratic and free-market economic models. My analysis also includes the effects of new initiatives regarding confidence-building measures and overtures for regional and subregional integration in global politics. Efforts to solve historical conflicts and disputes are changing political attitudes, generating new incentives for cooperation, and producing a variety of initiatives for subregion-

al integration. Finally, this chapter examines how Latin America insinuates itself into the strategic thinking of the United States and into world politics as a whole. Brazil is the focus of this analysis, a reflection of the nation's unusual scale as a political unit in Latin America and its potential capacity to act both in concert with and separate from its neighbors.

Domestic Politics and the Impact of Globalization

The revival of democratic regimes in the Latin American region has already produced significant changes in the conduct of local politics, decisionmaking processes and strategies, and international interactions. The demands of regional democratization—including economic reforms, institution building, and the need to improve income distribution and create jobs—can be contradictory to a nation's long-term foreign policy goals, such as the need to link local development with export production, attracting investment capital, expanding technological sales, encouraging foreign manufactures and service suppliers, granting property and intellectual rights, and controlling monetary exchange.

Democratic Rule and Liberal Reforms

The establishment of a democratic regime in Brazil in 1988 created new grounds for political rule, and reshaped the national economic model and social relations. The advancement of liberal ideals and the reform of representative institutions have created new channels for interest articulation and policy responses. Increasing participation by social actors and special-interest groups through voting and lobbying has forced the state to modernize, encouraged the development of a market economy, and enhanced vertical and spatial social mobility. In many ways, this weakening of the traditional autarkic, oligarchic, and patrimonial forms of government and the emergence of a modern representative democracy have left Brazil to cope with the dilemma of matching democratic rule with the withdrawal of the state from the control of the daily lives of its citizens.⁵ In many ways, new opportunities have appeared for the self-promotion of the rights and benefits of individuals and groups, particularly in economic and social affairs. However, frustrations with timing and costs, and the unintended consequences of partial decisions, have produced popular dissatisfaction with the democratic process and demands from some groups, especially socialist ideological groups, for a return to an authoritative, state-based reallocation of resources.

Since the early 1990s the upper middle class has dominated the political elite in Brazil, as in other Latin American countries, and has created a common perception of the inevitable evolution of the international system toward integration by market forces, cross-cultural trends, and common technological matrices. The Brazilian political elite has accepted that its country is in a period of historical transition within the structure of world politics, especially in matters concerning relationships among the major powers. This transition becomes important when Brazilians observe that many other countries are undergoing significant shifts in their internal political regimes.⁶

World War II changed the international power structure from a multipolar to a bipolar system, introducing a struggle of ideological, geopolitical, and nuclear-military dimensions between the two superpowers and their respective camps. The recent collapse of the Soviet Union, the demise of several Marxist-socialist-oriented regimes, and the drive for the globalization of the world's economy and opening of markets commenced another transition period in world politics and have had marked effects on Brazil. Brazilians perceive that important forces are at work in world politics that have a direct impact not just on relations among the major actors, but also on smaller or weaker actors in every region of the globe. The potential shaping of a multipolar world system and the repercussions of economic interdependence and integration suggest that new interests and patterns of relations, and a new thematic agenda have arrived on the scene.⁷ Everywhere in Latin America, there is both an acceptance of these changes as well as growing uncertainty about their consequences for individuals and larger political units. This dilemma demands a shift in each country's international political position toward strategies that can profit from global forces while hedging against negative impacts.⁸

The acceptance of these changes supports the position that Brazil should attempt to take advantage of new opportunities and rethink how to cope with the projection of its national interests regionally and overseas for socioeconomic and political gains. Policymakers are perplexed, however, by uncertainty regarding the true destiny of the international system, more so than from doubts about what road Brazil should take in its long-term foreign relations.⁹ As the late Ambassador Paulo Nogueira Bastista said, Brazil must find its way—either in a New World order or a New World chaos.¹⁰

The idea that the United States now commands hegemony in world politics is mitigated by the perception that the world is tending toward the formation of stronger subregional economic blocs, many of which are likely to contribute to the shaping of a new global regime. Brazilian policymakers debate the optimal course for economic integration and partici-

pation in a global market, at the same time as they respond to internal demands for the preservation of national values and the protection of existing power structures and privileges. The ramifications of a unified Europe, a potential challenge from an Asian group or from China, and continued inequality between the North and the South mix with local demands for social and economic rights and benefits, better income distribution, and the full exercise of political rights. Brazil's society and its leadership are compelled to reexamine values and preferences that traditionally have shaped the country's foreign policy.¹¹

Brazil is in the middle of an era of change in regard to its constitutional framework and rules for economic management and political decisionmaking, a process that started formally with the new constitution of 1988.¹² The current exercise of democracy reveals the influence of traditional political chiefs, the debilities of existing institutions, and the fast learning curves of new actors now able to participate in the political process. A redistribution of political power among interest groups, political parties, and NGOs has created new alliances and introduced into the national agenda a general reexamination of political values, preferences, and exigencies.

The constitution of 1988 reinforced the political role of the national congress, giving this institution new prerogatives in policy formulation, legislative definition, and allocation of budgetary resources. In fact, the 1988 constitution gave new powers to the Brazilian congress to counterbalance the hegemony of the executive and fortified the states against the control of the federal government. This shift now permits many segments of Brazilian society to observe and influence better national decisions. The new regime shifted the state's center of gravity away from the executive office to the political market represented by the congress. Now, representatives are key players who participate in the decisions in all agendas, including foreign policy and national security, which have traditionally been restricted to the Ministry of Foreign Affairs, the military, and the office of the president.¹³

Strategic Shifts in the Area of Security

Since democratization, Latin American countries have not achieved stable political regimes with sustainable models for confronting the new challenges of globalization. Despite the implementation of the 1988 constitution, Brazil has not been able to produce a coherent national strategy with wide popular support. Since the establishment of the new democratic regime, Brazil has struggled, without apparent success, with the need for

constitutional reform, against inflation and recession, and against despair over the nation's lack of government ethics. Brazilian society has not arrived at a consensual agenda for national security, nor is it prepared to provide direction toward a new national strategy.¹⁴ Up to now, all that has emerged are individual decisions that challenged the conceptions that commanded Brazilian strategic thinking during the Cold War.

Throughout the period of military government there was a notion that national security had to be supported by increasing internal capabilities through the expanded use of endogenous resources, taking advantage of the international exchange of capital and technologies, and with rigid central planning.¹⁵ In this model, the aim was to provide for rapid economic development, exploiting natural resources and generating a modern industrial force with growth rates superior to those of other countries. The dedicated application of the model was expected to result in a higher standard of living for all Brazilians. According to the model, in a few decades Brazil would be able to modernize its economy, escape from underdevelopment, and reinvent itself as an industrialized, developed country, able to sit side by side with other powers to participate in the major decisions of world politics. Internal growth plus a growing presence in external markets would permit Brazil to secure, with its own resources, a high degree of political independence, sovereignty, and ample mobility in dealing with other countries and international crises.

This aim was simultaneously promoted and undermined by Brazil's external dependence on foreign capital, resources, and technologies, as became apparent during the oil crisis of 1979 and the debt crunch of the 1980s. If until the late 1970s Brazil was perceived as a "rising power," even able to become the sixth largest economy in the world, after the mid-1980s the country began to show its managerial deficiencies in controlling public spending and providing for socioeconomic equality.¹⁶ It is no wonder that many Brazilians view the 1980s as a "lost" decade, with continued high inflation, shrinkage in the GNP, an inability to manage its foreign debt, underemployment, and a rise in the concentration of wealth. This combination of factors provoked a crisis in the military model, with society demanding new bases for economic management and political participation. After 1993, with enhanced economic and democratic stability, Brazil was able to open further its internal market to foreign capital and investment, to privatize public enterprises, to pursue regional economic integration, and to accept the rules, attitudes, and values of international regimes as a road to greater participation in the world system.

Until the 1980s, the autarkic model dominated national politics, and encouraged other thinking that aimed to meet the aspirations of the dom-

inant oligarchy for increased national power. But this desire of the dominant national elite, then led by the military, for national expansion and state-directed modernization did not resonate among the large, silent segments of society. Brazil's effort to increase its national capabilities was supported by the notion that it was necessary to reduce internal vulnerabilities and deter aggressors, both regional and global, from using coercion against Brazil in international disputes. General interests, such as safeguarding national borders or natural resources, were part of this discourse. However, even during the Cold War common Brazilians did not feel threatened by the East-West confrontation, nor did they develop a perception that their country was threatened to the degree that strict defense measures would have to be undertaken to provide for security. This lack of agreement regarding national security shifted quickly in the 1980s as democracy and the forces of globalization arrived.

Whether because of its broad geographic features, its physical detachment from the major points of friction in international politics, or its traditionally peaceful relations with its neighbors, there is no concrete evidence that Brazil suffers any clear or present foreign threats to its national security.¹⁷ Nevertheless, globalization has introduced a different notion of security or insecurity that demands a new strategy. The 1997 Asian financial crisis was a demonstration to Brazilians of the power of global capitalism and how lightning-quick fluctuations of investments and savings can destabilize the world economy. In particular it demonstrated the vulnerability of developing economies, such as Brazil's, in the face of such turbulence.¹⁸ Wars in the Middle East, from 1967 to 1991, had disturbing and harmful consequences for Brazil's foreign trade, especially regarding the supply of oil needed for a petroleum-based transportation network. Every oil price shock in the international market pushed inflation to ever higher levels. In every global crisis, the Brazilian government has been surprised by events, and has shown itself incapable of organizing preventive measures to minimize their impacts or of taking corrective measures to reduce recurrent shocks.

In the 1990s other events shook Brazil's tranquility. The Brazilian government had never taken as a high priority the protection of its citizens living abroad. However, the increasing numbers of migrants leaving the country and Brazilian companies operating abroad have created disturbing situations for the authorities. For example, during the Gulf War of 1990–1991 thousands of Brazilian workers were trapped by the hostilities inside Iraq, making the Brazilian government awkwardly aware of its inability to promptly evacuate them. In 1992, with the revival of the Angolan civil war, the Brazilian Air Force had to rescue nationals work-

ing in that country, as local groups began to threaten the lives of Brazilians working on projects contracted with the Luanda government.

The Amazon region has also become a focus of concern for the Brazilian government. Taking advantage of Brazil's extensive and uninhabited border, drug traffickers have found new paths to push their products out of Bolivia, Peru, and Colombia toward large consumer markets in the United States and Europe. Illicit air traffic and river boating have become objects of national programs to control regional movements of craft and people.¹⁹ The permeability of Brazil's borders, especially in the Amazonian region, has become a permanent concern. Regional threats to Brazil's national interests include the potential for violence to spill over from internal conflicts in neighboring countries, particularly Colombia, people prospecting mineral resources in the middle of the jungle, the smuggling of drugs or people across borders, and the localized depletion of biodiversity that results from the extensive illegal exploitation of regional resources.

Internal Adjustment to Economic Insecurity from Globalization

As is the case in many other countries in the Americas in this new phase of regional and global interactions, a new sense of insecurity has arisen domestically regarding Brazil's foreign policy. Unlike the threat of a foreign aggressor, which typically unites a national community, this insecurity is based on a broad and unclear perception that globalization (cultural, economic, and environmental) will harm many individuals, segments, regions, or groups because of their incapacity to act in a new competitive environment. Thus, globalization has become a central theme on the national agenda and a controversial rationale for policy decisions. Under current liberal efforts at modernizing the Brazilian state, the country displays what George Soros views as the deficiencies of capitalism. The effects of globalization increase popular demands, especially by those who perceive they are threatened by it, for remedial measures and new social services, at the same time that the state's ability to respond to those demands is reduced by the process of government downsizing, including privatizations and the reduction of subsidies in the market economy, conducted under the watchful eyes of taxpayers/voters who demand effectiveness in the new democratic regime.²⁰

Domestic factors and disputes tend to increase pressure on decision-makers regarding the impact of the internationalization of the economy. The enhancement of democratic rule allows political reactions from a

variety of social sectors (which can be significant in number as well as political articulation) against the redistribution of wealth and power that is partly a consequence of economic globalization. Ironically, these political reactions can threaten the democratic rule that allows them voice. The key problem is that in the short run the economy does not grow as fast as the increase in the number of young citizens entering the labor force plus older individuals being displaced from jobs.

This problem is aggravated by the fact that large segments of the Brazilian population and that of other Latin American countries are uneducated for modernity and unprepared to live in the competitive environment of liberal globalization. In 1990, about 45 percent of the Brazilian population had only primary education or less. Twenty percent of the adult population that is available for the workforce is illiterate.²¹ From 1990 to 1996 industrial productivity increased by 17 percent, while the labor force was reduced by 14 percent.²² The Brazilian federal government reacted with programs to promote employment opportunities. These include the Generation of Employment and Income Program, which offers quick credit to small businesses from employment insurance funds; the Labor Qualification Plan, which provides competitiveness training for individuals and employees (which aimed to reach up to 20 percent of the labor force between 1996 and 1999); and the Family Agriculture Strengthening Plan, which offers financing to support small farmers. However, the erosion of the spending power of the middle class is a key factor in political instability and social turmoil. The rapid expansion of public and private debt has resulted in a high transfer of income in the form of interest to the rich, and the income disparities between skilled and unskilled labor have created a new class conflict.

But how can a nation enact policies to generate new wealth and to improve the distribution of income if the dominant political actors are undecided about the nature of the new economic model? This dilemma is apparent in the deadlock over what type of model of science and technology Latin American countries will adopt in the near future. Following Auguste Comte's view of science and technology as the determining force in modern society, the withdrawal of ideological disputes, the decline in the potential of primary-product-exporting economies, and the value of information all combine to force Latin America to move into the modernization process and find competitive niches. If science and technology shape the structure of development, then decisions about investments in the field of science and technology must be made quickly to match the decisions of those societies that have already set out toward a new-age economy based on intellectual capital and services. In fact, new forms of domination (and

liberation) for Latin Americans may lie in the quality of the choices individuals, groups, firms, and countries will make in this regard.²³

Latin American societies differ in what they perceive to be the implications that globalization holds for their nations. Profits and benefits go to shareholders in select investor countries, and to either those individuals associated with foreign operations in developing countries or their local partners, or to others who are able to shift into the new productive "paradigm." But many stakeholders (those who suffer the negative consequences or who risk losing what they gained in the preglobalization model) are, in the short run, a source of social problems. Less developed countries, such as Ecuador, Bolivia, Suriname, Honduras, or Guatemala, are particularly at risk because of the relative difficulty they face in competing with the larger powers of the global economy. The long-term benefits of the model of liberalized global economics, as praised by economists from the developed world, must balance the severe, short-term negative local effects in the region. Some form of compensation is necessary to gain the acceptance and address the costs that liberalization demands of many individuals in Latin America—otherwise these individuals are likely to look to the past, to models of social rebellion and state-run economies as solutions for their despair. This is a potential scenario for Brazil, domestically, as it is globally for the nations of the South. The gap between rich and poor nations has also increased with internationalization. Latin America's average per capita income is now one-fourth that of the industrialized countries in the North, contrasted to one-third in the 1970s.

A Strategic Preference for Regional Confidence Building and Integration

Accommodation with Argentina: A First Step Toward Regional Integration and Competitiveness

Unlike in its relations along its Amazon borders, with poor communications, a scarce population, and little formal trade, the policy of pursuing regional integration in the Rio Plata Basin aspires to improve local relations, reinforce confidence building, bolster the competitiveness of the Brazilian economy, and strengthen Brazil's capacity to interact with other economic blocs. Integration in the Rio Plata Basin has initiated a new political process, designed to overcome the shadow-play of local disputes between Brazil and Argentina for international prestige. As a result, trade between the two countries increased rapidly in quantity and diversity in the

early 1990s. A major objective of Brazil's foreign relations in this period was to develop increased transparency in the area of security and improved coordination of its commercial relations with Argentina. That strategy's success led to the establishment of an economic union among Argentina, Brazil, Uruguay, and Paraguay, a subregional unit that has become the cornerstone of Brazil's strategic outlook at the end of this century.²⁴ The expansion of economic relations in the region, deepened by growing trade and communication links, shows that Brazil has opted for a national strategy of interdependence in its relations with Argentina. Although the main plans and targets established between the two countries are mostly economic, a new partnership has been formed in scientific, military, technical, social, cultural, and political terms, which reinforces the process of political-economic integration and joint coordination in world politics.

In addition to the trade interests that drove the economic aspect of these bilateral relations, two other objectives were essential to making this new construction possible. First, in the 1970s the resolution of disputes over the exploration of the water resources in the Rio Plata Basin paved the way for future interactions. This bilateral regime for the exploration of natural resources has been in the building for over 50 years, with official meetings, memoranda of understanding, and treaties. The mutual accommodation finally has freed both countries from a nagging source of potential disputes. The understandings that this partnership brought has mitigated the aggressive geopolitical visions about these resources and neutralized the impact of nationalist claims. Over the years, successful diplomacy and driving business initiatives overcame traditional antagonisms and each country's desires to exploit unilaterally these resources for electric power generation. Managed cooperatively, the Rio Plata Basin provides a further benefit, with the integration of national waterways for intermodal international transportation.²⁵

The rivalry over nuclear power between Brazil and Argentina in the 1970s has been replaced by a system that simultaneously provides bilateral mutual confidence and assurances to third parties. Since the end of the 1940s, Brazil's nuclear policy had been framed by the "prisoners dilemma."²⁶ On the one hand, Brazil had engaged in a regional race against Argentina in acquiring nuclear weapons technology, and on the other, it challenged the Non-Proliferation Treaty (NPT) as unfair and discriminatory in its prescription for arms control. Brazil's reluctance to fully abide by the Tlatelolco Treaty of 1967 and other measures for the national development of the nuclear technologies indicated that Brazilian authorities felt that they could lose, in both arenas, if they abdicated efforts to fully acquire nuclear technologies.

In its interaction with Argentina, Brazilians saw to some extent a mirror image of their own situation. Brazilian strategists had perceived Buenos Aires as developing a nuclear program to increase Argentina's international status and political force, just as Brasília had sought to do in the 1960s. As for relations with the NPT, a robust interpretation supposes that Brazil's strategic thinkers did not want to accept a vision of a "frozen" distribution of world power based on nuclear weapons, with some countries allowed to have them and others not. Such a scenario was unacceptable to a country that was aiming to become a key player in international politics.

One widely accepted hypothesis of why Brazil eventually changed its nuclear policy argues that the growing interdependence between Brazil and Argentina and between Brazil and the leaders of the NPT changed Brazilian national opinion about the role and utility of nuclear weapons, even in the face of an uncertain future. Another relevant explanation holds that with the establishment of democracy and greater civilian control, the dominant international norm in terms of nonproliferation began to command Brazil's nuclear policy.²⁷

Brazil's strategic cost-benefit analysis regarding its shift in nuclear policy is difficult to model or demonstrate, in that the analysis had to address a multilayered context of relations with Argentina, the United States, and the broader world community. I want to argue that the rivalry between Argentina and Brazil in this century does not show any signs of being a conflict without some means for accommodation. The two nations never saw military conflict as unavoidable, despite their sometimes severe nationalist postures. Even in moments of mutually perceived positioning for regional hegemony by the two countries, one finds no conflict situation that would require military means.²⁸ Strategists had to consider that if nuclear weapons would make a difference in the regional equation, they would also have significant negative strategic repercussions globally. The acquisition of nuclear weapons could in fact have increased the insecurity of both countries, creating negative impacts in other areas of their bilateral and multilateral relations. On the other hand, the gains from cooperation and reciprocity, which allowed an escape from the nuclear security prisoner's dilemma, were estimated ultimately to be greater—and evidently are.

Since the agreements for cooperation in the use of nuclear technology signed between Brazil and Argentina in Buenos Aires (1980) and in Iguazú (1985), the exchange of technology as well as the systematized transparency of both programs has increased. A new regional regime was established under the Brazilian-Argentine Agency for Control and Accounting of Nuclear Materials. As George Lamazière and Roberto

Jaguaribe have argued, the compatibility of internal controls associated with democratic governments and international management have brought Brazil closer to the NPT regime, as the country adopted international comprehensive safeguards under the Quadripartite Agreement signed with Argentina and with the International Atomic Energy Agency (1991).²⁹ Both Brazil and Argentina have definitely abandoned programs for weapons of mass destruction and given assurances to others—but this does not imply that Brazil will sign the NPT. Although one could argue for some potential benefits or sympathy that could result from such a move, Brazil would be abandoning the principle of sovereign equality among states that it has cherished traditionally in its foreign policy. However, as a new international regime takes over, Brazil moved in 1997 to abide fully by nonproliferation rules under both the NPT and the Tlatelolco Agreement.

Is regional integration in the Rio Plata Basin an inexorable process? As long as it is led by decisionmakers who have lived in the two historical periods—before and during the growth of Mercosur (Portuguese: Mercosul)—doubts and uncertainties will remain. But as the common benefits of cooperation multiply and spread throughout these national communities, the stakes increase for a potential rupture in the integration process. Segments of both societies will suffer under the changes wrought by integration, and the process will pass through periodic conflicts of interest and setbacks. However, since there is no fundamental dispute worth a return to the past or against continued interdependence, one can be optimistic, even if the process is moving at a slower pace than some would wish.

Latin America's Role in World Politics

Until the late 1990s, the countries of Latin America were perceived solely in terms of their cultural differences, their raw materials and commodities, and their marginal markets for investment. Today some countries, particularly those with major populations and markets such as Brazil and Mexico, attract attention also for their potential to disturb the world economy if one or more of them fails to meet its obligations or becomes an unacceptably high-risk actor due to economic mismanagement or to a perceived incapacity to adjust quickly to new international circumstances. Here I want to argue that regional integration, relations with Europe, and dealing with the United States in a strategic perspective are key elements of Latin American strategies for insertion into the international system.

Mercosur as a Strategic Step Toward Hemispheric and Global Integration

One way for Latin American countries to gain visibility and bargaining power on global issues is to increase their presence through integration initiatives. The development of Mercosur/Mercosul both strengthens regional bonding and functions as a springboard for the region to gain ground in global competition and markets. This works both for the larger countries, such as Brazil, and the smaller countries, such as Paraguay and Uruguay, which can follow a piggyback strategy of gaining from general subregional growth and enhancement. It is irrelevant whether the motive for regional cooperation is trade- and service-related or more that of achieving greater presence in hemispheric affairs. The fivefold growth in trade between Argentina and Brazil in less than a decade is evidence enough of the common benefit from both types. These bilateral gains and the larger global objectives are met simultaneously through the strategy of strengthening Mercosul. In addition, the implementation of new regional policies is now intrinsically involved with Mercosul's relations with the Free Trade Area of the Americas (FTAA) and with the expansion of trade, investment, and technological transfers with the European Union.

In the traditional Latin American view, Mercosul and Brazil's regional policy are far from Simon Bolivar's dream of Latin American integration based on common bonds of culture and political interests.³⁰ If the Bolivarian concept were dominant today, then integration would follow patterns of sociocultural preferences, which patterns would only be likely if the public sector provided the critical investments to bind the integration. In reality, the current drive for integration in the Americas follows a pattern of increasing economic exchange driven by the demands and opportunities of the market, within both Mercosul and NAFTA.

The failure of the Andean Pact to advance its integration is evidence of this contrast. The lack of perceived economic space for a win-win situation undermined common political or strategic goals. These national markets basically compete with one another more than they complement one another. The project also has suffered from a context of mutual mistrust. These factors have led member countries, so far, to sustain strategies that pursue individual gains from protectionist measures.

As we consider Brazil's strategy for coping with globalization, namely dramatic neoliberal economic reforms to make the economy more competitive in global markets, it is clear that this leaves Brazil significantly vulnerable. International indices show that Brazil's economy ranked between thirty-fifth and forty-fifth in terms of competitiveness among

countries in the 1990s. The country lacks competitive advantage in key aspects of the modern economy, such as telecommunications, computers, pharmaceuticals, transportation, tools, and other capital goods. Industries based on the intensive use of high technology continue to prefer to buy packages from abroad rather than from local providers. Since state-run science and technology industries have been privatized, local innovators must seek new markets abroad to make up for the absence of what were once large local consumer markets.

The development of Mercosul has improved Brazil's ability to compete globally. For both Brazil and Argentina the commercial results have been impressive. Mercosul's GNP grew 3.8 percent from 1991 to 1996, as compared with the world's average of 2.9 percent.³¹ Within the subregion, 202 million people form a market with a \$991 billion GNP and an increasing potential for growth as new groups of consumers are brought into the consumer market as a result of successful economic policies. Within a decade, internal trade has increased tenfold to \$82.2 billion—growing 9.8 percent in 1997 alone—while world commerce increased by 7.0 percent.

According to Brazil's strategic perspective, there is conceptual compatibility between regional arrangements and the global drive for liberalization, under the scheme of the International Trade Organization. Brazil has argued that its strategic focus aims for "open regionalism" as a building block for a global trade regime based on greater liberal principles.³² In the debate in the Western Hemisphere about possible structures for a common market, decisionmakers in Brazil (and many of its neighbors) are unsure of the wisdom of engaging in an open-trade area that includes the economic powerhouse of the United States.

Brazil's performance in the world market is promising, although it is clearly still vulnerable to competition, severe volatility, and international crises. In 1997 Brazil's exports of manufactured goods remained stable at 55 percent of total sales. The export of basic products stood at 27 percent, led by raw sugar and soybean oil. In general, there was a high degree of concentration on a few products—iron ore, coffee beans, soy flour, soybeans, and shoes—which comprised 23 percent of all sales. Mercosul was the most important market for Brazilian manufactured products (28 percent); the United States was second (21 percent). Internally, dynamic emerging export industries included food and beverages, auto parts and transportation in general, petrochemicals, mining, telecommunications, pulp and paper, wood, leather, and grains.

Latin American countries, and Brazil in particular, prefer to develop a negotiation strategy that will result in postponing decisions on international or regional integration in order to provide more time for their

economies to increase in competitiveness and adjust to the levels of their key partners. Some countries, and not just those with smaller and less developed economies (including Brazil, for instance), are afraid that severe adjustment costs in the short term will not match the promised gains in the long term. Exports and the attraction of investments in a free-trade zone are the greatest motivating factors for embarking on the FTAA project. However, the economic displacement of a large portion of the population, within the context of economic and political turbulence and reforms, causes uncertainty about how to carry out such a plan.

In the negotiation and implementation of an integration proposal, each country has to manage its shortcomings and mitigate negative impacts on many national sectors that are less competitive than those of partner countries. Internally some geographic region or a sector, such as agriculture or food processing, may argue against the free-trade arrangement due to short-run losses stemming from their lack of comparative advantage. For Brazil and for Mercosul, these complex internal political matters must be confronted before going to the bargaining table. For Brazil, industrial sectors that produce consumer and capital goods, such as the automotive, tool, computer, and electronics goods industries directed at internal consumption, would have greater advantage from association with the United States through the FTAA. On the other hand, primary-goods exporters, including the agricultural industries, as well as industrial sectors, are more likely to benefit from a liberalization agreement with the European Union and Asian countries.³³

Another key point is that Brazil as a global trader must aim to maintain a certain balance in the geographic distribution of its trade. In 1997, of its total exports, it shipped 20.6 percent to North America, 22.9 percent to Latin America Integration Association (ALADI) countries, 26.8 percent to the European Union, and 16.4 percent to Asia. The pattern of imports was very much the same. Imports of manufactured goods from all sources increased in the past years to 12–15 percent, while 8–12 percent was from NAFTA countries.

A Bargaining Triangle: Latin America, the United States, and Europe

Close relations between Europe and Latin America are a historical, cultural, and economic two-way street. Some specific instances are revealing. A Brazilian or Mercosul move for liberalization and integration with the European Union would substantially increase agricultural exports of both grains and meat. European direct investment in the privatization process

in Brazil or in large industrial parks with access to Latin American consumers, as seen in the automobile, entertainment, and food industries, produces a situation that Felix Peña called a “natural triangle” for bargaining among Mercosul, the European Union, and the United States.³⁴

Politically, the attractiveness of tighter ties with Europe has two substantive elements, especially since many in Latin America are skeptical about the implementation of the FTAA. First, interdependence with Europe would help to balance the region’s historical asymmetry in its relations with the United States. Unsure of Washington’s commitment to hemispheric commerce, Latin American countries began to distance themselves from bilateral negotiations with the United States, as seen in the early days of NAFTA. Mercosul is a viable anchor for policy coordination, something that does not please U.S. diplomats. Joining a free-trade area with Big Brother can be risky. The option that Mexico took would appear to have dramatic costs for South American nations, as Peter Smith describes in his chapter of this book. In fact a preferential trade agreement with the United States that excludes the European countries is likely to increase the dependence of the region on the United States because it would concentrate trade bilaterally. As Guadalupe González makes clear in her chapter, NAFTA membership has led to significant trade diversion toward the United States, at the relative cost of trade with Europe.

Second, Latin American countries are also subject to the drive of European nations’ promoting their own current and future commercial and investment interests in the Western Hemisphere.³⁵ This factor gives value and viability to the strategy of using European interest as leverage for such countries as Brazil and Argentina in bargaining jointly with the United States. What benefit does the United States provide to South American countries that Europe could not match? As Brazil’s President Fernando Henrique Cardoso pointed out, “The greater the trade competition between the United States and Europe, the better for us, since it lowers prices. The fact is that today Brazil has the United States as its main commercial partner. But the European Union, as a whole, imports and exports a little more than the United States. . . . [W]e are anxious to increase our commerce. In relation to the United States, we have greatly expanded. But, unfortunately, we are accumulating deficits.”³⁶ Thus, this strategy adds a European card to the “consolidation of Mercosul and preparation for the FTAA.”³⁷ It is important to note that in 1997 Mercosul’s total trade was 25 percent with Europe, 18 percent with the United States, 22 percent within Mercosul, and 8 percent with other Latin American countries (ALADI).³⁸

Finally, in regard to the benefits of relations with Europe, countries will pace their decisionmaking and policy implementation in response to

developments in the Millennium Round of the International Trade Organization. In the process of consolidating and improving Mercosul, decisionmakers will have to understand how the FTAA will overlap in the future with proposals coming from the WTO’s new rounds of global negotiation. Those new ideas and especially the pace of negotiation may depend significantly on the establishment of a free-trade agreement between Mercosul and Europe. First, this agreement can be perceived in itself as part of strengthening Mercosul to bolster trade with Europe. Second, it may then produce an added incentive for the United States to negotiate friendlier, shared terms for the implementation of FTAA.

Facing the Inevitable: Bargaining with the United States

Brazil’s relations with the United States must be viewed in the context of Mexico’s decision to join formally with North America, and Argentina’s expressed desire for “carnal relations” with the global superpower. Clearly, the nature of a nation’s relations with the United States is of paramount importance in determining a strategy for insertion into the international system.

Regarding Brazil there is a pattern of uneasy exchange with the United States. The perceived significance of these tensions depends on the type of lens one uses to observe the impact of Brazil’s strategy on the United States and both countries’ frustrations in their respective responses to particular political demands. Brazilians argue that their country’s caution in opening up its economy is based on the fragility of its producers in competing with external products. The United States, however, wishes to increase its largest bilateral trade surplus, which is with Brazil (\$6.28 billion in 1997—60 percent greater than in 1996, 60 percent of Brazil’s total imbalance—of \$9.37 billion surplus in trade with Latin America, with the exception of Mexico). This has been Brazil’s largest deficit with the United States in nine years.³⁹ U.S. exports are largely capital goods, particularly telecommunications and computer-related equipment. The fastest growing import is aircraft for both countries, reflecting Brazil’s continued competitiveness in commuter aircraft and the expansion of Brazilian carriers into the international market.

Bickering about market conditions produces criticism at both ends. Americans complain about the slow pace at which the Brazilian government is opening its internal market, and Brasilia is critical of Washington’s protectionism. Brazil argues for the reduction of U.S. trade barriers against Latin American agricultural exports (it also protests formally against European protectionism).⁴⁰ Again, this bilateral picture, as for any other

country in Latin America, must be seen also in light of the multilateral proposal for the FTAA. These contrasting demands and perspectives create ambiguity. It is not easy to imagine a specific, short- or medium-term solution to this bilateral pattern with the United States or to picture these bilateral relations contributing to larger multilateral goals in a global environment marked by the reduction of all tariffs and other barriers to trade.

Washington's reluctance to negotiate obscures the view of the road ahead. Unfortunately, fast-track ability for the president of the United States to negotiate trade agreements with Latin America will not come soon. This puts at risk the credibility of U.S. initiatives, both bilateral and multilateral, until the president is granted broader and more flexible powers of negotiation. Latin Americans are skeptical of the results from the Washington political process because the society in the United States is clearly unconvinced of the value of further free-trade agreements with Latin America. U.S. interest groups maintain protectionist positions, even while they condemn similar measures in other countries.

The uncertainty of Washington's internal decisionmaking and leadership regarding hemispheric trade explains why countries such as Brazil prefer to slow the process of FTAA negotiation and work to promote cooperation with other Latin American countries in creating an agenda for hemispheric trade. Formal negotiations for the FTAA will start in 2005. The preparation phase of the arrangements is now under way with periodic meetings of heads of state, one of the most recent being the Summit of the Americas in Santiago in April 1998.⁴¹ These meetings define the format, rules, and terms of reference for each negotiation front that collectively form the basis for a future free-trade area. The FTAA process, based on smaller meetings that deal with specific items or agendas of substance, is intended to "slice the sausage" into topic areas such as services, government purchases, conflict resolution, agriculture, intellectual property rights, subsidies, antidumping, compensatory measures, and competition policies. The active participation by major Latin American countries is essential and has been effective in reducing the influence of the United States, which would be much more powerful if these negotiations were carried out on a bilateral basis, case by case.

Conclusion

If one wishes to consider Latin America as a political unit for analysis, either because of its common history in international politics or because its countries as a group face the United States in a complex relationship,

the region's role in world politics is essentially mixed. On the positive side, Latin America offers diverse opportunities for trade, exchange of services, investments, and markets for all types of products. Its continued growth both in population and in expansion of niches for businesses provides attractive prospects. However, unstable politics, unconsolidated democratic governance, and persistent inequalities produce unwanted consequences for those actors that see the region with positive prospects.

Countries in Latin America must struggle with national options that are not clear and often are contradictory. In search of foreign support for local development, attention must be given to the sources of capital as well as to questions of public credits and investments. In some instances, accepting prescriptions from Washington for political and economic conduct in internal development (and in bilateral and multilateral foreign relations, for that matter) can yield interesting possibilities for some Latin American countries for bolstering their presence in the global system. But for some countries, especially those with the complexity of Brazil, Peru, Mexico, or Argentina, the combination of internal political structures that demand stabilization and development and external incentives for productive growth in a globalized system may not offer sufficient incentives for alignment. Thus, different patterns of negotiation and mutual understanding must be established to accommodate both internal and external forces into an integrated political process. As observed by a U.S. ambassador to Brazil, as Brazil modernizes and the United States develops new strategies for regional outreach, enhancing the U.S.-Brazilian dialogue will be critical.⁴² Washington's new strategies may not fit well with those now under way south of its border. In the decisionmaking process in Latin American countries, the strengthening of democratic regimes does not eliminate the broad scope for conflict among countries in the hemisphere, because such strengthening does not necessarily reduce the differences between their individual interests or strategies. Negotiation may be the best road for resolution, but conflict and disputes will mark the process.

In many ways, the specific type and degree of attention that Latin America receives from Washington are clearly defined by internal domestic issues and political flare-ups in the region, especially those that affect markets and investments. The success of regional cooperation in trade, fighting against drug trafficking, and—for what it is worth—a post-Castro Cuba will depend on how countries in the region accomplish each stage of their own internal adjustment and how external confidence building is perceived by the U.S. government and opinionmakers in the marketplace. Nevertheless, the relations between Latin America and its extraregional actors in Europe and Asia may not receive equal attention among Latin

American countries themselves. As witnessed at the recent Summit of the Americas in Santiago, issues are not always sufficiently expressed and strategies are not perceived as sufficient to form the basis for multilateral consensus.

One suggestion presents itself for how Latin American countries can better promote a new pattern of understanding across the region and greater presence in the global system. Every country in Latin America can increase local potentialities by negotiating free trade with Europe, either individually or as a group, while addressing social demands and seeking to meet the actual costs of liberalizing markets, with attention to the short-term social costs of displacement. Interest groups in Latin America, including business and labor associations, can find partners in the United States that demand the further opening of Latin American markets and oppose protectionist advocacy in the United States. Decisionmakers in subregions can reduce the pace of their regional initiatives for integration by slowing the pace of growth and increasing the density of ties. Finally, if nothing else works, Latin American countries will no longer have to worry about going down the drain alone, because if they fail they very well may bring the U.S. and global economies down with them.

Notes

1. See James N. Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity* (Princeton, N.J.: Princeton University Press, 1990), 443–461.
2. Francis Fukuyama, "The End of History?" *National Interest* 16 (1989): 3–18.
3. On globalization and political change, the main sources for my guidance are R. Robertson, *Globalisation: Social Theory's Global Culture* (London: Sage, 1992); Guillermo O'Donnell, "Estado, Democratização e Alguns Problemas Conceituais," *Novos Estudos Cebrap* 36 (1993); Eric Hobsbawm, *A Era dos Extremos* (São Paulo: Companhia das Letras, 1995); Stephen Gil, "Globalisation, Market Civilisation and Disciplinary Neo-liberalism," *Millennium Journal of International Studies* 24, 3 (1995); Robert Cox, *Production, Power and World Order: Social Forces in the Making of History* (New York: Columbia University Press, 1987); and José Maria Gomez, "Globalização, Estado-Nação e Cidadania," *Contexto Internacional* 20, 1 (January 1998): 7–89.
4. See Joseph Tulchin, "Hemispheric Relations in the 21st Century," *Journal of Interamerican Studies & World Affairs* 39, 1 (Spring 1997): 33–43.
5. The debate about the nature of new democracies such as Brazil points out a dissonance between regimes with economic liberal systems and illiberal democracies in the sense of the authoritative allocation of physical and political resources; see Fareed Zakaria, "The Rise of Illiberal Democracy," *Foreign Affairs* 76, 6 (November/December 1997): 22–43; Adam Przeworski and Fernando

- Limongi, "Modernization: Theories and Facts," *World Politics* 49, 2 (January 1997): 31–52; Joseph Tulchin, ed., *The Consolidation of Democracy in Latin America* (Boulder, Colo.: Lynne Rienner Publishers, 1995).
6. See Hélio Jaguaribe, "A Nova Ordem Mundial," *Política Externa* 1, 1 (June 1992): 5–15; Peter Drucker, "As Mudanças na Economia Mundial," *Política Externa* 1, 3 (December 1992): 17–39; Luciano Martins, "Ordem Internacional, Interdependência Assimétrica e Recursos de Poder," *Política Externa* 1, 1 (December 1992): 62–85.
7. Joseph Nye, "As Transformações no Poder Mundial," *Diálogo* 1, 24 (1991): 2–7.
8. José Alvaro Moisés, ed., *O Futuro do Brasil, a América Latina e o Fim da Guerra Fria* (São Paulo: Paz e Terra, 1992).
9. See Celso Lafer, who was then Minister of Foreign Relations, "Perspectivas e Possibilidades da Inserção Internacional do Brasil," *Política Externa* 1, 3 (December 1992): 100–112.
10. See Paulo Nogueira Bastista, "A Nova Ordem ou Desordem Internacional," *Política Externa* 1, 1 (June 1992): 31.
11. Traditional positions of Brazilian authorities on such issues can be found in Mario Flores (former secretary for strategic affairs), *Bases para uma Política Militar* (Campinas: Editora da Unicamp, 1992); Marçílio Marques Moreira, "O Brasil no Contexto Internacional no Final do Século XX," in José Alvaro Moisés, ed., *O Futuro do Brasil, a América Latina e o Fim da Guerra Fria* (São Paulo: Paz e Terra, 1992): 105–122; and Castrito de Azambuja (as general secretary of the Foreign Relations Ministry), "A Diplomacia Brasileira e a Nova Ordem Internacional," *Gazeta Mercantil*, 2 December 1991, 3. See also Itamar Franco's speech in *Gazeta Mercantil*, 29 December 1992, 3.
12. One of the key debates in congress is about the absence of a cadre of advisers to congressmen and the active participation of pressure groups.
13. The growing influence of congress was seen in the debates on the Quadripartite Agreement. Many senators did not want to accept the full scope of the International Atomic Energy Agency's verification measures. As for controls on the space program coming from the congress, see "Relator decide alterar destinação de verbas para programa espacial," *Gazeta Mercantil*, 23 January 1993, 5.
14. One of the few events to provoke debate in pursuit of a defense policy was a seminar organized by the congressional house of deputies in August 1992.
15. On the military and centralized planning, see Leonardo Trevisan, *Instituição Militar e Estado Brasileiro* (São Paulo: Global, 1987); and Eliezer Oliveira, *As Forças Armadas no Brasil* (Rio de Janeiro: Espaço e Tempo, 1987).
16. On the idea of Brazil's drive to become a major power, see Ronald M. Schneider, *Brazil, the Foreign Policy of a Future World Power* (Boulder, Colo.: Westview Press, 1977); Wayne A. Selcher, ed., *Brazil in the International System: The Rise of a Middle Power* (Boulder, Colo.: Westview Press, 1981).
17. See Thomaz Guedes da Costa, "Percepção de Ameaças do Ponto de Vista dos Militares Brasileiros nas Décadas de 70 e 80," in *Leituras Especiais* (Instituto Rio Branco, 24 December 1992): 8–17.
18. See José Carlos de Souza Braga, "Impasses do Capitalismo Globalizado," *Indicadores IESP* 62 (September/October 1997): 3–5.

19. On issues regarding the Amazon and its security, see Clóvis Brigagão, *Amazônia, Segurança Ecológica* (Rio de Janeiro: Editora Forno, 1995).
20. See George Soros, "Towards a Global Open Society," *Atlantic Monthly*, January 1998, 20–24.
21. Instituto Brasileiro de Economia, National Census of 1991.
22. See IPEA.
23. For a discussion on the matter of science and technology as new assets for change, see Franco Ferrarotti, "The Industrial Revolution and the New Assists of Science, Technology, and Power," in Federico Mayor and Augusto Forti, eds., *Science and Power* (Paris: UNESCO, 1995), 47–69.
24. The purpose and goals of the treaty for integration between Brazil and Argentina (1988) and the Asuncion Treaty of 1991 are to create political commitments for cooperation and provide the framework for a broad spectrum of policy coordination that goes beyond the economic field. On the subject, see José A. Guilhon Albuquerque, "Mercosul: Integração Regional pós-Guerra Fria," *Política Externa* (September 1992): 112–121.
25. For an analysis of the Rio Plata Basin settlement, see Christian G. Caubet, "Diplomacia, Geopolítica e Direito na Bacia do Prata," *Política e Estratégia* II, 2 (April-June 1984): 337–346.
26. See Thomaz G. Costa, "Mixing and Matching Initiatives in Arms Control in South America: The Relationship Between Threat Perception and International Inspections in the Nuclear Field for Brazil," in James Brown, ed., *New Horizons and Challenges in Arms Control and Verification* (Amsterdam: VU University Press, 1994), 235–248.
27. George Lamazière and Roberto Jaguaribe, "Beyond Confidence-Building: Brazilian-Argentine Nuclear Cooperation," in *Disarmament (UNO)* 15, 3 (1992): 102–117.
28. See an interpretation of Brazil's aspiration to hegemony in Paulo Schilling, *O Expansionismo Brasileiro* (Mexico City: El Cid Editor, 1978).
29. See Lamazière and Jaguaribe, 104–110.
30. A similar argument is presented about Europe in Timothy Garton Ash, "A Ordem Liberal Européia em Perigo," *Foreign Affairs* (Brazilian edition) 9 (April 1998): 4–9.
31. CEPAL and the World Bank.
32. Fred C. Bergsten, "Open Regionalism," *Institute for International Economics Working Papers* 3 (1997): 1–18.
33. Instituto Brasileiro de Economia (IBRE/FGV), "Estudo Comparativo mostra vantagens e desvantagens da ALCA," *Gazeta Mercantil* (23 December 1997): A-6.
34. See Felix Peña, "Triangulo natural: Mercosul, Nafta e UE," *Gazeta Mercantil Latino-Americana*, 8 September 1997, 13.
35. This opinion is posed by the Brazilian ambassador to the European Union, Jório Dauster, in "EUA temem parceria do Brasil com europeus," *O Globo*, 14 October 1997, 10.
36. Fernando Henrique Cardoso, "É tempo de ter compreensão da globalidade," *O Globo*, 15 October 1997, 4.
37. Ibid.

38. Brazil's trade with the United States is 17.8 percent (with a growth in 1997 of 1.0 percent); European Community, 27.8 percent (with annual growth of 13.1 percent); Mercosul, 17.1 percent (growth of 23.8 percent); and Asia, 14.6 percent (growth of –1.1 percent). Source: Ministério da Indústria, Comércio e Turismo, Brazil.
39. U.S. Department of Commerce.
40. Steel, orange juice, sugar, tobacco, shoes, and other Brazilian exports suffer losses of \$5 billion per year due to U.S. import barriers.
41. For practical purposes, the AFTA initiative started at the first Summit of the Americas in Miami, 1994.
42. See Melvyn Levitsky, "The New Brazil: A Viable Partner for the United States," *SAIS Review* 28, 1 (Winter/ Spring 1998): 51–71.