

## **Brazilian foreign affairs: social capital and the democratic discourse in South America**

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### **ABSTRACT**

Brazilian elites as well as foreign policy-makers have long shared a common belief that the ideas of democracy and democratization should serve as some "road map" to foreign policy-making. In areas such as security, regional integration, and disarmament, the goal has been to generate a positive social capital as well as to build trusting relations with Brazilian neighbors in South America. Therefore, under the impact of ideas brought about by new world visions, Brazilian foreign policy has changed a domestic policy feature - the democratic rearrangement of the political system - into a condition and resource for foreign policy-making towards South America. The result has been a fine improvement of Brazilian image and credibility in the regional South American scenario. In other words, there has been a significant increment in "trust" towards Brazil. This argument has been developed based on extracts and transcripts from official diplomatic speeches from Brazilian foreign policy-makers as well as a historical reconstruction of Brazil's diplomatic relations with two South American countries. Our study was based on two cases: Brazilian-Venezuelan and Brazilian-Argentine relations in the 80's and the 90's.

**Keywords:** Brazilian foreign affairs; Social capital; Argentina; Venezuela; Self-interest.

### **Introduction**

Can one really speak of social capital in foreign policy? It is well known that the studies that aggregate empirical evidence to the notion of social capital deal with issues of national policy or comparative policy at the very most (Almond & Verba, 1989; Putnam 1993, 1997; Locke, 2001; Fukuyama, 1995). These works have underscored the conditions under which it is possible to generate positive social capital and civic values whilst also emphasizing the study of the process by which social capital can be transformed into political capital, that is, whereby social capital can be institutionalized. Along these lines, Putnam has defined social capital as follows: "characteristics of social organization, such as trust, norms and

systems, that help increase the efficiency of a society by facilitating coordinated action” (1977, p. 177). In Brazil, the concept of social capital has been the guiding principle behind a number of studies, amongst which we could mention Baqueiro (2003), Boschi (1999) and Reis (2003).

Locke (2001) classifies two lines of literature on the generation of trust among agents, one sociological in nature and the other tied in with rationalist economic analyses. In the first camp, key contributions include the work of Putnam, who attributes the greater institutional efficiency in northern and central Italy over the southern region to a higher stock of social capital derived from better developed civic traditions and levels of civic commitment. The second camp includes theorists like North (1990), Gibbons (2001) and Hardin (2001), whose prime source is the famous work of Robert Axelrod (1984), *The Evolution of Cooperation*, which posits the following basic premises: trust is based on long-term self-interest, or “encapsulated interest”, to use Hardin’s term, and the positive expectations derived from cost/benefit calculations among utility maximizing agents. According to this clearly rationalist line, small groups of players find it advantageous to establish cooperative relations if the cooperative interaction between them is repeated and if knowledge of the players’ behavioral track-record is complete.

For Locke, both strands present three basic flaws: 1) they are static, “because they assume that patterns of associativism and/or social capital, which many consider pre-requisites of trust, are fixed in space and time” (2001, p. 256); 2) the majority of the literature is mechanistic “insofar as it treats the pre-requisites of trust – whether institutional or sociological – as binary homogeneous variables [...] in other words, either societies have the ‘right’ institutions or they don’t. They either have enough social capital or too little” (*Idem*, p. 257); and 3) the literature is “largely pessimistic as to the possibilities of creating trust in contexts where the favorable conditions and/or pre-requisites on which they supposedly depend are not given” (*Idem*, p. 156). Thinking in terms of a domestic context, Richard Locke explores the question of generating trust and how this can be done (*Idem*, p.25).

However, can we think in terms of “social capital” and “generation of trust” when it comes to collective actions involving foreign policy between States? And if so, how? It is our understanding that in relation to “cooperation” and “trust” among player states in international politics, while there may be no explicit reference, theories of international relations do present some points of intersection with social capital theory.

The Neo-institutionalist line, also based on Axelrod’s work (1984), finds one of its chief expressions in Robert Keohane’s reciprocity theory. For Keohane, who started from the same logic of self-interest as the primary motivation for cooperation, Axelrod “shows that the rationality of cooperation not only depends on the short-term payoff expected by the players, but also what he calls the “shadow of the future” (1993a, pp. 194-195), in other words, uncertainty. Axelrod understands the dilemma in which agents opt for cooperation or not in their strategic relations as a sequential game of what he

calls specific reciprocity.<sup>1</sup> The specific reciprocity strategy is based on “tit-for-tat”, in which a cooperative first move by player A will be met with a similarly cooperative response by player B, while a defection by player A will trigger a defection by player B. However, defections can make other players feel or fear being compromised, leading to pressure in favor of cooperation. For Keohane:

[...] the additional virtue to specific reciprocity can create incentives that cause interests that would otherwise remain passive in their respective nations to sit up and oppose the unilateral actions taken by their own governments. In 1984, for example, North-American grangers opposed proposed steel quotas for fear of [external] reprisals against their agricultural exports (1993<sup>a</sup>. PP. 197-198).

However, the author does not suggest that self-interest and the perception of common interests are somehow incompatible. As some of the institutionalist literature has shown, the two motivations are compatible, but the problem resides in the conformist characteristics of international anarchy and the obstacles it poses to cooperation (Balwin, 1993).

Another perspective within the sphere of international relations that comes close to the category of social capital is that developed by the post-positivist vein of the constructivist school, especially in the work of Alexander Wendt (1992, 1995). For Wendt, positive or negative identities and/or the interests of the player states are constructions, and “if repeated often enough, these reciprocal operations” generate relatively stable concepts of help. Wendt concludes that “it is this reciprocal interaction that defines our identities and interests” (1992, p. 405). However, as these identities can be constructed and deconstructed in new interactive instances, they are far from static.

In the constructivist camp, “trust” is seen as the basis for the creation of what are called “pluralist security communities, a concept inspired upon the works of Karl Deutsch and others (1957). Constructivism has defined the security community as “a transnational region composed of sovereign states in which the societies can safely expect peaceful change” (Adler and Barnett, 1998a, p. 30). It is interesting to note that the idea of a “security community” presents four of the basic characteristics of the notion core of “social capital”:

1. The agents have common values, identities and meanings.
2. Specific reciprocity, a characteristic that implies some degree of long-term interest, and the generation of a sense of common responsibility and obligation – in other words, values, identities and meanings -, serve as a *sine qua non* for national or international security (*Idem*, 1998b).
3. The building of mutual trust among the states of a given region. This trust nourishes expectations for conflict solutions that dispense with power-based resources. The frontiers of this region may not necessarily coincide with its geographical borders, as the creation of shared values, identities and meanings engenders the notion of cognitive regions. Otherwise put, “the

recognition that communities develop around networks, interactions and face-to-face encounters that do not require geographical co-habitation reconceptualizes the common notion of region” (*Idem*). One clear example of cognitive boundaries is the western alliance NATO, as argued by authors like John Gerard Ruggie (1998).

4. Security communities based on trust between partner states in a given geographically contiguous or cognitive region are not incompatible with the self-interest of the member players. In other words, the concept of the security community follows the same operational logic as Putman (1993) described for social capital, that is, the involvement of individual actions in collective endeavors that generate networks of reciprocal trust whose impacts extend beyond the borders of the community of the agents in question, as such networks enable the construction of civic virtues or a civic culture.

Finally, a third perspective that comes close to the theory of social capital is one conceived of as a ‘third-way’ between the positivistic (realist) analyses and the constructivist approaches. In this category, special mention must be made of the volume organized by Goldstein and Keohane, *Ideas and foreign policy* (1993), a work that envisaged some approximation between external conduct driven by or aligned with ideas, and that moved by interests and power.<sup>2</sup> Drawing up a self-criticism in the name of rationalism in general, and neoliberal institutionalism and neo-realism in particular, the authors recognize the limitations of rationalist theoretical perspectives when it comes to the impact of ideas on governmental policy. By focusing primarily on the variations of the exogenous constraints (power capacities) on the political units, a common point in both schools, neo-realism and neo-liberalism end up committing a dual error – on one hand, they assume that preferences and beliefs are simply given, or can at least be stowed away in the black box of national interests, while, on the other, they relegate ideas and beliefs to mere epiphenomena or to some peripheral role in the name of the players’ interests.

In the field of empirical studies measuring the generation of social capital on the international scene, one of the most striking thinkers of the North-American mainstream in international relations theory is John Ikenberry (2002), who has been working with a line of argument very similar to the seminal studies of Almond and Verba (1989), in which they argue that one of the reasons for the durability of North-American hegemony in the post-Cold War world is that the US managed to construct a transnational civic culture largely based on two sources. Firstly, US power has proved more palatable to the rest of the world because its project is congruent with the deepest-running forces of modernization. The synchrony between the United State’s institution as a global, liberal superpower and the broader imperatives of modernization worldwide created a functional chain-link between this nation and the rest of the world. The promotion of Fordism, an educated workforce, information and technology flows, and progressive and increasingly specialized social and industrial systems of organization are points of congruence between the model offered by the United States and the modernizing needs of its allies and non-allies alike. The second source concerns the existence of a model of North-American political identity based

on a civic and multicultural nationalism that would seem to be extremely important. Effectively, US nationalism is civic rather than ethnic.

In a multicultural society, group identity is predicated upon compliance with the rule of law and a credo of political obligations; in other words, race, religion, language and ethnicity are irrelevant in defining the rights of the citizen or his/her inclusion in the North-American political system. As such, it is a system that rejects any link between the applicability of rights and ethnicity, and this had two important consequences: 1) this civic nationalism projected the United States as a desirable form of society, even as a model of organization for the post-State world; 2) this model readily creates bonds of identity and cooperation with other western states, as common sense tends to favor cohesion and cooperation. As civic nationalism is rooted in democratic ideals and rule of shared and equal rights, it serves as a significant means toward soft hegemony. The multicultural character of the North-American political identity tends to reinforce internationalism, that is, a liberal cosmopolitan and pluralist worldview that translates into an identity that is conducive to the construction of international multilateralism on more pluralist foundations.

Ikenberry's view is very close to that of Thomas Risse (2002), according to whom the stable contemporary order and North-American unipolarity are grounded upon a liberal western security community led by the United States. Three characteristics define that order: 1) shared identities and values; 2) politics and economy based on transnationalism and cultural interdependence; and 3) institutionalized governance.

We do not intend to opt exclusively for one or other of these three perspectives – the neo-institutionalism of Keohane; constructivism; or ideas heaped on interests -, but to draw on some of their efficient elements in a bid to explain and understand the analyzed facts. The aim is to investigate the effects of *democratic ideas* and democratization *on the formation of trust* between South-American nations and Brazil and how these ideas have influenced the generation of reciprocally cooperative movements and helped engender positive images of Brazilian power in among its South-American neighbors. We will argue that democratic discourse has been a primary condition for the generation of trust – despite the social capital deficit left behind by the military dictatorships that preceded the country's democratic re-opening and the “encapsulated interests” implicit to Brazilian foreign policy targets. In order to investigate the effect of democratic ideals and democratization as a means of generating mutual trust with our South-American neighbors we will address the following five categories: (1) shared identities; (2) self-interest or encapsulated interests; (3) shared ideals; (4) a history of positive specific reciprocity; and (5) institutionalization of self-governance norms, such as trust, transparency and monitoring.

This study is divided into four parts: part one maps the conditions that have allowed for the formation of a preference for the democratic agenda as a platform for foreign relations. Part two studies sequential interactions between Brazil and Venezuela and the impact democratic ideas and interests

have had as foreign policy instruments for generating social capital and trust. Part three repeats these same procedures in order to test how social capital and trust can be generated in the sphere of security and disarmament, set against the historical backdrop of Brazilian/Argentine reciprocity over the last thirty years. Finally, part four will provide a panorama demonstrating some of the limitations facing Brazilian foreign policy in the generation of positive social capital in South-America.

### **The formation of the preference for the democratic agenda**

In Brazil there is still a scarcity of works in the area of international politics that map causal relations between the external behavior of states and democracy as a foreign policy tool. Looking at the existing bibliography (cf. Soares de Lima, 2000; Santiso, 2002; Villa, 2003; Câmara, 1998), the body of literature has been oriented toward analyzing important variables, such as the democratic clauses in the inter-American charter and the domestic and systemic determinants that guide the promotion of democracy on the part of Brazilian foreign affairs. As such, our aim is to present some ideas concerning the causal processes at work in the formation of the preference for democracy as a foreign policy resource.

Our point of departure is the presupposition that the formation of a democratic agenda for South America – as a soft option that could weaken other principally power-based alternatives - was the condition for the generation of positive social capital in Brazil and its South-American neighbors. But how did this preference for democracy as an instrument of regional foreign policy come about?

The works of Goldstein and Keohane (1993), Peter Haas (1992) and Adler (1992) sustain that ideas can be powerful maps in times of political uncertainty, guiding the search for new forms of international insertion and of adjustment to emerging conditions, as well as inducing the establishment of new standards of behavior and inter-State relations.

Under the polarized system determined by the Cold War,

[...] from the angle of institutional thought, the arguments concerning Brazil's institutional presence necessarily started from an international system that, being structured along the lines of a global conflict, demanded clear choices: we either took sides, or sought some form of neutrality (Fonseca, 1998, p. 285).

As one of the formulators of Brazilian foreign policy has recognized, as this system of fixed polarities began to weaken, some ideas became instruments for clarifying new choices in such an uncertain and binary context of “risks and possibilities” (Amorim, 1994a). In other words, ideas emerged as a Brazilian foreign policy response to changes in the systemic conditions. From the epistemological perspective, the introduction of the systemic variable and its impact on foreign policy behavior and choices would indeed configure precisely that suggested by neo-realist thought and neoliberal institutionalism

(Balwin, 1993; Grieco, 1993; Keohane, 1993b). However, the ideas would seem to be less structure-dependent variables than expectations endogenous to the agents.

The formulation of a democratic road map was therefore presented as a priority for sectors connected with the international arena: “it is absolutely necessary that we have a map of the deep-set forces that mould the transition and that reveal themselves, sometimes implicitly, sometimes explicitly, in each specific negotiation, bilateral meeting, or multilateral summit” (Lafer and Fonseca, 1994, p. 50). In the light of this type of concern, which betrayed some uncertainty as to which path to follow, the formation of a preference from amongst the array of available ideas became a significant problem for foreign policy-makers:<sup>3</sup> “in order to understand the formation of preferences, we have to first understand the ideas available” (Goldstein & Keohane, 1993, p.13).

It is also necessary to comprehend the conditions in which these available ideas operate. Three systemic conditions helped Brazilian foreign policy-makers identify the range of ideas.

The first is that the end of the Cold War, intrinsically polarized in terms of ideology, significantly reduced the valorative options. The hypothesis put forward by some North-American thinkers - who found in Francis Fukuyama their chief intellectual mentor - as to the universalization of the institutional form of Euro-American representative democracy would seem, in principle, irrefutable. Politics had also globalized under the value of western liberal democracy. In other words, in an ideologically polarized world, like that of the Cold War, the basic political relation is precisely that which Carl Schmitt defined as the friend/enemy dichotomy. However, from the analytical perspective, with the univocal globalization of politics as per a universal belief in western democracy, one side of Schmitt’s metaphorical double (the enemy) tends to disappear.

Despite the criticism leveled against this line of thought – some suspected it was an ideological justification for springing a hegemon on the post-Cold War world (cf. Amorim, 1994b, pp. 133-134) – there was no doubt that the variation of the systemic valorative constraints (a shift from two doctrinarian alternatives to one) served as a cognitive buoy, providing the internal decision-makers with parameters for ascertaining just how much room for maneuver was available to a medium-sized power like Brazil should it try to take a less internationally standard course of action from an ideological point of view. Thus, the weight of the facts in the early 1990s led to the adoption of a diplomatic line that asserted the “ample consensus as to the *superiority of representative democracy*” (Amorim, 1994a, p. 24, our italics).

The second condition concerns the preference for democracy as a foreign policy tool, likewise influenced by the structural processes implemented within the Inter-American system since the latter half of the 1980s and, particularly, since the drafting of the Inter-American democratic charter of the OAS – Organization of American States.<sup>4</sup> In this direction, some studies

have identified the emergence of an international democratic regime within the Inter-American system that guides expectations and creates incentives for cooperation between the players (Goldberg, 2001) and a concept of the *collective defense of democracy* (Farer, 1996). The institutionalization of these two theoretical notions began in the mid-80s when the Protocol of Cartagena de Indias amended the OAS charter by adding the obligation to promote and consolidate representative democracy, with due respect for the principle of nonintervention. A firm step forward was taken in Chile in 1991 with the so-called Santiago Commitment, which produced the Declaration of the Collective Defense of Democracy and Resolution 1080, or the “democratic clause” – normative mechanisms that instructed the suspension of the Inter-American system in countries where there has been a sudden or irregular interruption of the democratic political or constitutional institutional process. Resolution 1080 was applied to four member states during the 1990s: Haiti (1991), Peru (1992), The Dominican Republic (1994) and Paraguay (1996), plus a request for its application during the Peruvian elections of 2002, under the Alberto Fujimori regime. A still more decisive step was the approval of the Democratic Charter for the continent in September 2001.

In addition, the South-American nations reaffirmed the “democratic commitment” in the region’s two integrationist experiments. In the case of the Mercosul, a democratic charter was formalized by the Ushuaia Protocol of June 1998, while in the Andean Community (CAN), it was the Additional Protocol to the Cartagena Agreement, entitled “The Andean Community Commitment to Democracy”.<sup>5</sup>

The third and final systemic condition refers to the normative idea of democracy as the “dominant universal value”, which helped the Brazilian elites to establish consensus concerning the causal connections between democratic identity, regional power and development.<sup>6</sup> This perception is consistent with the hypothesis that causal relations between ideas and facts “derive their authority from the consensus of recognized elites” (Goldstein & Keohane, 1993). This cognitive map was perceived (and recognized) by the Brazilian elites as more coherent with the nation’s tradition of autonomy (whatever qualification happens to be given to that autonomy) and as more politically viable than that proffered by the administration of Collor de Mello (the so-called paradigm of modernization through dependency), which presupposed a return to the Americanist paradigm and a certain degree of concession of national sovereignty (cf. Soares de Lima, 1994).

As such, back in the early 1990s, the selection of democracy as the road map of choice already seemed intimately linked with the belief that it was essential to recognize the “complex interdependency” between ideas and interests. This interdependency suggested a re-reading of the 3Ds proposed by the Ambassador Araújo Castro – originally formulated in the mid-60s – which saw the mission of the United Nations, and Brazil’s mission within the organization, as hinging upon three targets: disarmament, development and decolonization. In the words of the formulators of contemporary foreign policy, the updated version of the 3D thesis stresses the concepts of democracy, development and disarmament “in all their ramifications in the areas of Human Rights, the Environment and International Security”

(Amorim, 1994a, p. 21). It was this set of values and ideas that provided the foreign policy-makers with the regulatory coordinates by which to insert Brazil on the *mapi mundi* of undefined polarities that emerged with the end of the Cold War.

These three systemic factors provide an efficient explanation for the motivations that aggregated around the idea of democracy as a means of tackling foreign affairs and the courses of action to be taken. They also served as illustrative arguments for the choice that had been made. Foreign policy is one of the few political dimensions in which it is often necessary to explain the reasons behind a choice.

In fact, by its very nature, given the importance of symbolic attitudes capable of giving ideological expression to the globality of national interests, foreign policy, perhaps more so than any other aspect of State policy, rests upon explicative procedures (Fonseca, 1998, p. 267).

As such, the idea that there are certain *universal valorative constraints* in place that act as the regulatory measures of a new mainstream in international relations has served as a way of explaining the priority given to this course of action in the face of the “globality of national interests”.

What is the influence of the type of action that favors democratic ideas – in the sense of achieving other goals, such as earning the trust of one’s neighbors – and a positive regional image? Foreign policy action generates ambiguous images when it comes to Brazil’s regional motivations, because some of the negative identities of the past still prevail. Nevertheless, the democratic bedrock that underpins our foreign affairs has proved an important tool in clawing back the social capital deficit that was staple prior to the first democratic governments of the 1980s. Having mapped the conditions in which this preference for a democratic agenda was formed, we need now address how this democratic discourse became operational in the generation of capital, trust and image improvement with our South-American neighbors. Cases of diplomatic relations with Venezuela and Argentina (the latter in relation to security and disarmament policies) will serve to illustrate this issue.

### **Brazilian/Venezuelan relations: from negative images to strategic cooperation**

The case of Venezuela is poignant for various reasons as a demonstration of how social capital can be generated where none previously existed. Brazil and Venezuela share 2,199km of border. Some commentators (Cervo, 2002; Visentini, 1995; Ramos, 1995) argue that the strongest bilateral relationship Brazil maintains with any of its neighbors today is probably with this country. However, during the military regimes, Venezuela, like almost all of its South-American counterparts, harbored a negative image of Brazil. It must be remembered that the geopolitical and military literature of intellectuals like

Couto e Silva (1967), Terezinha de Castro (1976) and Correa Rocha (1965), not to mention “the disastrous speech made by Richard Nixon in Venezuela in 1971 to the effect that wherever Brazil were to lead, the rest of the continent was sure to follow” (Shiguenoli, 1999, p. 85), had such a souring impact on the image and perception other South-American countries had of Brazil that all manner of power-hungry sub-imperialist and expansionist designs were laid the door of Itamarati. In the case of Venezuela, one of these authors (Correa Rocha, 1965) went so far as to conjure the hypothesis of Brazil re-drawing its northern frontier at the Caribbean Sea, to which end he suggested that the Guianas be divided equally with Venezuela. In fact, far from pleasing the Venezuelans, this type of proposal served only to instill more fear than trust in the neighbor’s elites.

Besides the geopolitical distrust, there were also political issues. Venezuela’s use of its oil reserves as the platform for its candidature as regional leader in areas of Latin America, such as the Andean nations, Central America and the Caribbean, is nothing new. This pretension was already glaring during the first government of the social democrat Carlos Andrés Pérez (1974-1979), a period in which oil prices reached unprecedented global highs. The so-called “Brazilian miracle”, along with the pragmatic foreign policy of the Geisel government of diversifying commercial and political relations across the continent regardless of the ideological persuasions of the neighboring countries, also stirred Venezuelan suspicions, as they began to foresee leadership disputes with Brazil in these regions. Finally, a further cause for political unease was that, contrary to Brazil’s stance of political autonomy toward the United States (autonomy through distance, as the guiding paradigm behind Brazilian foreign policy from the early 70s to the late 80s came to be known), the Venezuelan foreign policy strategy throughout almost the entire 20<sup>th</sup> Century had tended to favor a political partnership with the US.

How, then, was it possible to transform such an accumulation of negative social capital into a relationship of trust in the post-re-democratization period? A reconstruction of the historical process of specific reciprocity will enable us to understand how this transpired. In the midst of this quagmire of distrust and negative images, Brazil offered an initial gesture of cooperation by supporting the Venezuelan policy of maintaining high oil prices, which reinforced their diplomatic discourse of valorizing Third World raw materials. In response to this initial act of cooperation, Venezuela signed cooperation agreements with Brazil in April 1978 in the areas of oil, petrochemicals, mining and metallurgy, followed by its acceptance, that same year, that the existence of regional economic accords like the Andean Pact was not incompatible with political agreements on natural resource management, thus clearing the way for the ratification of the Amazonian Cooperation Treaty, a Brazilian initiative.

This tit-for-tat of cooperative action continued in the 1980s, with Brazil responding positively to an old Venezuelan proposal, namely the creation of a Latin-American oil multinational, Petrolatina. This pet-project is thus by no means exclusive to the Venezuelan diplomacy of today<sup>7</sup>. In 1981, Brazil joined Venezuela and Mexico in signing a protocol that was to set the idea in motion. Though the Petrolatina project was left gathering dust in the

respective chancelleries of these nations until it was revived by the Chaves administration, Brazil's diplomatic gesture was nonetheless an important step toward changing the negative view Venezuela harbored of an allegedly sub-imperialist Brazil. In other words, the acts of specific reciprocity during this first phase – especially Brazil's support of Venezuelan regional projects based on its oil power - laid the groundwork for tolerance and the stimulation of regional interests. On the social plane, this type of reciprocity also reinforced the business class, as the approximation between the two countries sought to create conditions for the development of enterprises capable of “strengthening the nuclei of the national economies” (Cervo, 2001, p.9).

As Brazilian re-democratization began to figure during the José Sarney government, a new idea also started to take shape, that competitive global insertion would only be possible through South-American regional integration. This meant that South-American countries would have to stop looking at their development models as feasible within an inward-looking, national/developmentist vision and start coordinating collective and cooperative action on a regional level. A mapping of the diplomatic discourse of foreign policy decision makers since the Sarney government reveals one constant: the perception of South America as Brazil's foreign policy priority (cf. Cardoso, 1993, p. 6; Amorim, 1994a, p. 16; Lafer, 2001b, p. 2; Silva, 2003, or, in the words of Lafer, the perception of a “deep power of Brazilian foreign policy” [2001b, p.2]). The construction of this layer of meaning led some authors to affirm that all throughout its history Brazil had developed a dual identity as *developing country* and *South-American country*. “But the truth is that it was necessary that this dual identity, so obvious today, be constructed in the discourse and self-image of Brazil over the course of the 20<sup>th</sup> Century” (Lamazier, 2001, p. 51). Hence the line taken in contemporary Brazilian foreign policy, especially since the defection of Mexico - once so close – to the side of NAFTA and the United States, has revealed a systematic effort on behalf of Brazilian governments since Itamar Franco to “redefine regional cooperation in terms of South America before tending to any Latin-American identity (Hurrel, 1998, p. 257).

From the Sarney government on, Brazil started investing heavily in a South-American integrationist approach, with Venezuela, at the northern frontier, and Argentina, down south, as the two strategic relationships that needed to be cultivated toward that end. Instances of trusting behavior began to emerge when Sarney managed to convince his Venezuelan peers that the integrationist pathway was the best way toward attaining their three shared goals: national development, the defense of democracy and competitive international insertion. In 1986, still during the Sarney administration, Brazil signed Cooperation Protocols with Argentina, under the administration of Raul Alfonsín (1984-1988), followed a year later by the Caracas Protocol with Venezuela, during the government of the social democrat Jaime Lusinchi (1984-1988). Both bilateral moves sought to trigger integrationist processes in South America.

The normative support that helped shore up the cognitive map behind the Brazilian strategy of approximation with neighbors like Argentina and Venezuela was the argument posited by the foreign policy formulators of the

1990s that Brazil was now politically mature enough to go beyond the “classic frontiers [toward] the modern frontiers of cooperation” (Lafer, 2001b, p.2).<sup>8</sup> At the core of the concept of “frontiers of cooperation” lay, first and foremost, a change in the way the meaning of Brazilian space was produced and represented, now repackaged as something not only instrumental, but also substantial in terms of the regional will-to-integration. Secondly, the concept is consistent with belief in ...

[...] the investment the country made in the soft power of credibility throughout the 1990s in its constructive handling – via participation rather than absence - of the “global themes” then finding their way, in new terms, onto the post-Cold War international agenda (Lafer, 2001b. p. 2).

The point to underscore here is that it was during this phase that the country managed to dismantle the first of the negative reputations that had stood in the way of cooperative action between Brazil and Venezuela, namely the suspicion that Brazil was a nation with sub-imperialist motivations. “The image of an expansionist, hegemonic and domineering Brazil changed drastically [allowing] positive expectations to flourish” (Cervo, 2001 p. 9).

Yet there were still two stigma left to topple: first, the belief that Venezuelan leadership in the Andean regional integration project was incompatible with the South-American integrationist leadership exercised by Brazil; and, second, the idea that Venezuelan foreign policy goals were more compatible with a strategic alliance with the United States than with Brazil, which registered only peripherally on the radar of the Venezuelan elites. Brazilian foreign policy worked tirelessly on these two objectives throughout the 90s, during the government of the Christian democrat Rafael Caldera and into the Hugo Chávez administration. Next we shall see how this diplomatic process unfolded.

It was during the administrations of Itamar Franco in Brazil and Rafael Caldera in Venezuela that some of the groundwork was laid that would ensure compatibility between the Brazilian project of South-American integration and Venezuela’s Andean sub-regional integration and national development plans. This was a tripartite action plan envisaging: border and energy integration; bilateral trade flows; and investment between both countries as a boost to the business sectors and the creation of a South-American free trade zone.

The first panel of this triptych – border integration – began with the reinforcing of settlement policies in states like Amazonas and Roraima, on the Brazilian side, and Amazonas, Delta Amacuro and Bolívar in Venezuela. On both sides of the border, the countries practiced reciprocal and complementary policies. For example, to the Brazilian Calha Norte initiative, Venezuela responded in the mid-90s with the Prodesur program. Both had common goals, such as improving the standard of living of the local populations, environmental protection and the realization of the economic potential of the borderlands. One wide-reaching cooperative endeavor in physical integration occurred during the second mandate of President

Fernando Henrique Cardoso: the re-inauguration of the BR-174 highway, whose Manaus-Santa Helena Uarién stretch (the first town over the Venezuelan border) links Brazil to Caracas. Venezuela had already done its part by inaugurating the BV-8, supplying electricity from the Rio Caroní plants in Venezuela to Boa Vista in Brazil. Brazil's interest in such a mechanism of physical integration is obvious: insertion of Brazilian products on the Venezuelan market and ready access to its Caribbean ports, such as La Guaira and Puerto Cabello, both located on the northern coast. On the other side, the development of an energy integration policy proved extremely assertive in Brazilian/Venezuelan relations. The state-run electricity companies – Eletrobras in Brazil and Edelca in Venezuela – have profited greatly from the fact that some of Venezuela's largest hydroelectric plants are located in the south – near the Brazilian border -, which has enabled them to supply many of Brazil's northern states, such as Roraima, Amazonas and Amapá.

As for the second aspect – bilateral trade flows – the promotion of trade and investment and the purchase of Venezuelan oil have increased significantly since 1995, with Venezuela overtaking Argentina as Brazil's largest Latin-American supplier. Between 1988 and 1995, trade between the two nations grew at a proaverage inter-annual rate of 8.2%, resulting in an inter-annual positive growth rate of 27.4% for Venezuela, and therefore a very healthy trade balance (Cisneros *et al.*, 1998, p. 9). In return, part of the Venezuelan strategy was to bring Brazil on-board as an investment partner in the *Corporação Andina de Fomento* (Andean Development Corporation, the organ responsible for funding the Community of Andean Nations). In the first year of the Lula government, Brazil and Venezuela signed an umbrella agreement that included measures to increase trade flows, investments in the petrochemical sector, the transfer of technology and other transactions. However,...

[...] the umbrella agreement has other implications and derivations. Through the BNDES (Brazilian Development Bank), Brazil will likely increase its share in the *Corporação Andina de Fomento* (CAF), the development bank of the Andean nations, thus attaining an overall 20% share in the largest investment organ in the southern hemisphere. Total Brazilian disbursement over two years: US\$ 400 million. Each member state can borrow up to four times its share for domestic applications; in Brazil's case, US\$ 1.6 billion. If the project in question is bi-national, the application can be multiplied by eight – or US\$ 3.2 billion. For the government, the CAF ensures it can reach its target of US\$25 billion in region-wide investment over the next four years" (*Carta Capital*, 2003, p. 32).

The third element – the creation of a South-American free trade zone – has gathered heavy momentum, particularly since the Hugo Chávez administration, resulting in unprecedented levels of trust between the two countries and working a substantial change in traditional Venezuelan foreign policy strategy. Brazil has become one of the strategic players in Venezuelan foreign affairs; quite a turnaround for a country whose foreign policy had been treated with unwavering suspicion by Venezuela since the 19<sup>th</sup> Century. Indeed, in the 1800s, Brazil did not even feature in Bolívar's projects for the

*Gran Colombia*, and with the onset of the oil boom of the 1920s, the political priority for Venezuela was always the United States.

As such, one of the most significant changes in Brazilian/Venezuelan cooperative relations concerns the place Brazil now occupies in its northern neighbor's foreign policy: Brazil is now strategic to Venezuela's foreign policy planning. The about-turn is largely owing to the possibilities the South-American integration projects represented to Venezuela. Despite its initial suspicions that closer ties with Mercosul would undermine its integrationist attempts in the Andean region, Brazil succeeded in attracting Venezuela to its own South-American projects, engineering for itself a positive redefinition within Venezuelan foreign policy planning in the process.

Venezuelan commercial diplomacy, following a policy of continuity since the second mandate of Rafael Caldera (1994-1998), shifted the integrationist focus to the "Amazonian front", especially when it came to commercial, energy and political ties with Brazil and the Mercosul. "It must be registered that former President Fernando Henrique Cardoso welcomed and furthered Chávez' wish to divert the gaze of the Venezuelan elite: look to the Southern Cross instead of to the Polestar" (*Carta Capital*, 2003)<sup>2</sup>.

Today, the relationship between Brazil and Venezuela is favored by the Chávez administration's eagerness to integrate Mercosul with the Andean Community, as openly recognized in an official statement issued by the Venezuelan Chancellery; "especially for Brazil's strategic significance and [Venezuela's] national aspirations to join the Mercosul" (Ministerio de Relaciones Exteriores de Venezuela, 2005). Following in the footsteps of Bolivia and Peru, at the July 2004 Summit, Venezuela became the third member of the Community of Andean Nations (CAN) to become an associate member of the Mercosul. Venezuela's preference for Brazil was summed up perfectly in a symbolically telling statement by the Venezuelan President: "We keep the best business for our friends. And Brazil is our friend" (*Carta Capital*, 2003, p. 30).

Commenting on the numerous overlaps between the two countries, Amado Luiz Cervo encapsulated the diplomatic relations as follows:

In effect, when it comes to differences of style in foreign affairs, no other South-American country, at the beginning of this Millennium, has so many variables in common with Brazil in terms of worldview and foreign policy as Venezuela. The points of convergence involve the following parameters: a) the concept of asymmetrical globalization as a remedy to the concept of a beneficent globalization; b) their political and strategic concept of South America; c) recognition that a robust national economic nucleus is the condition for global interdependency; d) South-American integration as a pre-condition for hemispheric integration; e) belief in the harm NAFTA would cause in the absence of the above-mentioned conditions and without genuine commercial reciprocity; f) reservations about the military aspect of the Colombia Plan; g) complete rejection of any US military presence in the

Amazon, including flyovers; h) the decision not to privatize the petroleum sector (2001, p.19).

Cervo also adds that during the Caldera, Chávez and Cardoso administrations, from 1994 to the present, “the personal effort of the Heads of State has been the driving force behind this growing cooperation in the spheres of politics and the economy” (2001, p.21).

One fact that without shadow of doubt did much to increase the stock of social capital between the two countries was Brazil’s stance during the Venezuelan political crisis, especially its condemnation of the short-lived coup that ousted Hugo Chávez from power in April 2002 (still during the government of Fernando Henrique Cardoso). The symbolic Friends of Venezuela group created on the initiative of the Lula government sought to preserve a State policy that had been carefully constructed over the course of twenty years and through which Brazilian governments had managed to undo three negative conceptions deeply rooted in the minds of the Venezuelan elites (expansionism, distrust of Brazilian integrationist plans, and a peripheral stigma attributed to Brazil in Venezuelan foreign policy) through positive, concrete actions on all three fronts.

The Venezuelan case is proof that positive social capital can be generated between State players where none previously existed. However, although Brazil had been prioritizing the process of integration in the Southern Cone since the 1990s and that the two countries had enjoyed cooperative relations since the late 80s, their convergence only dates back to the Rafael Caldera administration (1994-1998), but really took hold when Hugo Chávez came to power in 1999. How was it possible to attain such a level of cooperation in such a short span of time, when up to the late 1970s what prevailed between them was a relationship of distrust? We aim to analyze this question with reference to three key elements: identity; encapsulated interests; and shared ideals.

In relation to identity, it must be noted that Brazilian diplomacy, in its strategy of approximation with Venezuela, read well the defining elements of its neighbor’s foreign policy and the need to make that identity congruent with its own. It was this that facilitated a series of cooperative movements that in no way impinged upon “encapsulated interests”. However, scholars of Venezuelan foreign policy highlight two elements that have characterized the country’s foreign policy identity over the last fifty years: insertion in the international oil world and the defense of democracy (Romero, 2002; Villa, 2004).

Brazil deftly conciliated its identities as developing country and South-American nation with the understanding that the time would come when Venezuela would have to defend a policy of high oil prices in virtue of its financial dependence on this resource. This was the line taken by Brazil toward the end of the 1970s, and this was maintained under the Chávez government, which has made recuperating international oil prices its prime external target. In return, Brazil obtained important advantages in physical

integration, energy, trade and investment. Under Chávez, the Venezuelan trade balance with Brazil, which had been negative up to the late 90s, turned positive, and Brazilian companies, such as breweries and developers, now have significant investments there. This clearly demonstrates that the trust generated by specific reciprocity is by no means exempt from the pursuit of interests that lead to mutual gains.

On the level of encapsulated interests, the increase in Venezuelan trust in Brazil and the Mercosul can be credited to strategic “encapsulated” behaviors: Venezuela adopted the strategy of diversifying its exports to different markets in weighted proportions such that it became less dependent on a single market and therefore less vulnerable to contingencies in the United States<sup>10</sup>. As Ramos argues, “one could say that two messages can be drawn from the integration between Brazil and Venezuela, one manifest and the other latent” (1995, pp. 103 e 105). In the manifest message, “the Venezuelan interest appears to be the possibility of resolving internal economic crises and of reducing foreign dependency and debt” (*Idem, ibidem*). In the latent message, Venezuelan integration with Brazil “is steeped in disaggregating potentialities, rekindling vestiges of what Brazil has represented to its neighbors at different points in Latin-American history: a nation with hegemonic pretensions” (*Idem, ibidem*). In return, according to one scholar of Brazilian cultural history, Venezuela would respond positively to “Brazil’s legitimate aspirations, given its sheer dimensions, to occupying a position of influence on the international scene” (Mendible, 1995).

In terms of shared ideals, the close bilateral ties that developed between Venezuela and Brazil during the 1990s largely hinged upon the synoptic view that institutional democratic stability was “an essential condition to the strengthening of regional integration” (Comunicado de Brasília”, 2000, p. 128). This vision is compatible with the second characteristic previously identified in Venezuelan foreign policy – the defense of democracy. We can therefore see that interests were accompanied by shared ideals, specifically about the democratization of power. In this sense, the idea of strengthening institutions aimed toward the dual goal of domestic democratic institutional building and regional democratic institutional building.

One factor that propelled the formation of these convergences between Brazil and Venezuela as a foreign policy resource was the recurrent drive toward democratization in the international system since the end of the military governments, and which happened to coincide with internal desires for democracy. Consistent with its identity as a democratic country, since the 1960s Venezuela has espoused the Betancourt doctrine<sup>11</sup> of not recognizing authoritarian governments, but only those elected in accordance with constitutional norms and the will of the people. On the other hand, democratization in Brazil was calibrated by foreign policy decision makers and the elites as a useful domestic element in securing a more positive identity before its South-American neighbors, and this was important in the case of Venezuela. As Fonseca argues:

Identity is molded historically. Sometimes international transformations coincide with internal changes, as is clearly what happened with democratization. At the same time as the western system was closing its doors upon authoritarianism, internally, social forces were contesting the regime (1998, pp. 275-276).

This convergence of identities was consistent with the idea that a set of universal values, or cognitive map, for conduct in foreign affairs should be adopted as a normative regulatory yardstick against which to measure the achievability of all national development targets. This doctrinarian discourse was amply divulged in diplomacy throughout the 1990s, as affirmed by then-president Cardoso: “The Brazil that enters the 21<sup>st</sup> Century is a country whose priority targets for internal transformation, for development, are in consonance with the values that have diffused and universalized on the international plane” (2000, p.6).

In short, experience of the use of the democratic ideal as a foreign policy tool leads to the conclusion that positive social capital can be created between States when their normative cooperative conceptions of the world are shared by other agent states. This impact on the external behavior of nations can be summed up in Schumpeter’s premise (1984) that analysis of the behaviors and strategies of political agents shows that democracy features as a priority method when the players involved in a conflict want to resolve the problem in such a manner as the positions of both are tolerated and a democratic solution obtained. This would appear to have been the case with Brazil and Venezuela during the years of the former’s re-democratization. This Schumpeterian condition brings to ground the neo-realist notion (Grieco, 1993; Mearsheimer, 2001) that cooperation between states is incompatible with self-interest. In other words, trust and self-interest are compatible so long as they are mediated by cooperative worldviews.

Next we shall look at how social capital can be generated between agent states in the field of armament and security policy, a sphere understood by realist theory as the hard core of State targets. For the realists, it would be extremely difficult to establish cooperative arrangements on disarmament, itself a kind of ‘irresponsible’ behavior on the part of the statesman, as it leaves the nation completely at the mercy of the policies of competitor states. However, in reply to those rationalist perceptions that accentuate distrust between agents, we can recall the successful establishment of a relationship of trust between Brazil and its South-American neighbors on precisely such hardcore issues, particularly regional non-proliferation, military cooperation and security policy.

### **Brazilian/Argentine relations: social capital in democratization**

As demonstrated earlier, Brazil’s South-American neighbors have long viewed it as a country of continental dimensions with sub-imperialistic or expansionist pretensions. In fact, dismantling this reputation and/or negative

social capital on a regional level has not proved an easy task, so deeply rooted had the image become – to borrow Oliveiros Ferreira’s argument – in the Foreign Ministries of the neighboring nations:<sup>12</sup> “on one particular point, it is important to recognize that the foreign policy of yesteryear and that of today have something in common: the concern that Spanish America, our neighbors, might judge the actions of Itamarati as an attempt to establish the nation’s hegemony on the continent” (Ferreira, 2001, pp. 39-40).

The second noteworthy case we shall study in this article is that of Brazilian/Argentine relations, which also shows how it is possible to generate positive social capital even between historically rival states. This particular case is significant for various reasons. As some commentators have noted, theirs is the longest-standing rivalry in South America (Burr, 1955; Mello, 1996), stretching over the entire 19<sup>th</sup> Century, dragging on into the 20<sup>th</sup>, and reaching virulent heights during the military dictatorships of the 60s and 70s. In fact, Brazil and Argentina have disputed regional influence since their very consolidation as autonomous nation states. The language of power prevailed throughout the land disputes of the period 1825-1828 and in their vying for influence over the nascent state of Uruguay from 1840 to 1950. Brazil helped overthrow the Rosas dictatorship in Argentina in 1952 and, during the Baron of Rio Branco’s tenure at the helm of the Ministry of Foreign Affairs in Brazil, there were various moments of tension over arms stockpiling on both sides. This distrust and rivalry grew during the Chaco War (1932-1935), as Brazil was deeply suspicious of the Argentine role in this conflict. Still during the dictatorial period, the imputations reached paroxysm over the construction of the Itaipu Hydroelectrical Plant in the late 80s<sup>13</sup>. The result was an accumulation of vilifying images on both sides, fuelling one’s undisguised suspicions as to the geopolitical intentions of the other.

Despite the negative images and misgivings regarding Brazilian regional intentions, when we look at the fields in which there has been most convergence over the last twenty years, it is surprising to note that, at the beginning of this Millennium, the closest cooperation between these two states has been precisely on issues of nuclear disarmament and military cooperation. The case of Brazilian/Argentine relations on nuclear arms policy puts paid to the neo-realist assertion that States never relinquish their offensive military capabilities (Mearsheimer, 2001). It is worth remembering that “the nuclear policy of each nation envisaged the consolidation of its power and consequent reinforcement of its security” (Vargas, 1997, p.45). How was it possible to take a language and history so firmly predicated upon regional military power and produce social capital and trust between two countries on issues so historically sensitive and laden with the construction of negative identities and geopolitical presuppositions?

As an initial argument, it could be suggested that the existence of negative external images between these regional partners had not always rendered points of cooperation unviable. In fact, a tenuous trust began to emerge during the twilight stages of the military governments. In 1979, Brazil, Argentina and Paraguay signed an agreement that put an end to over thirty years of discord on the construction of the Itaipu hydroelectric plant. The previous year, Brazil and Argentina had shown signs of cooperation by

deploying their armadas on a joint military exercise codenamed "Fraterno" (Fraternal). Following from these cooperative war-games, in May 1980, General Figueiredo became the first Brazilian president to visit Argentina since 1935. During this state visit, agreements were signed on joint arms production and nuclear cooperation and materials transfer. In August of that year, the Argentine military president Jorge Videla returned Figueiredo's diplomatic gesture by visiting Brasília, where a further seven nuclear agreements and protocols were signed. This cooperation was broadened in 1981 with additional accords between the Brazilian nuclear agency (Nuclebrás) and its Argentine counterpart (Narc). Another significant step was certainly taken during the Falklands War, when Brazil supported the Argentine claim and supplied warplanes during the hostilities between Argentina and Britain.

This first phase of approximation was important, as it enabled the decision makers to discern the limits of the conflict between the two countries and to realize that regional competition in the Plata Basin, though historically legitimate, was compatible with cooperation on sensitive issues like security and nuclear weapons development. For the Brazilian part, the government saw that the geopolitical *intelligentzia* during the military regime had been counterproductive, as it fuelled fears and suspicions about the country's chief South-American competitor and that these misgivings now had to be dismantled: "Talk of the emergence of Brazil as a major power and of Golbery's geopolitics had served to worsen Hispano-American fears" (Hurrel, 1998, p. 237).

Cooperative interaction increased during the re-democratization years and the governments of Alfonsín and Sarney. In November 1985, the two presidents signed a nuclear cooperation agreement and opened negotiations on economic integration (which, between 1986 and 1989, included 24 protocols on the Cooperation and Economic Integration Program - Pice), followed by the Cooperation and Integration Program and the Cooperation and Development Treaty. On the tail of these accords, the two governments decided to create working groups on nuclear bureaucracy. Of the 24 Pice Protocols, numbers 11 and 19 deal with the exchange of information in the event of nuclear accidents and the development of joint research, as well as reciprocal technical visits. Another step that revealed a significant increase in cooperative strategy was the transformation of the working groups into the Permanent Commission on Nuclear Issues in 1988.

In this manner, the political and technical conditions were mature enough to consolidate positive specific reciprocity in the sense employed by Axelrod (1984). One sign were the visits Alfonsín and Sarney made to the sites of the nuclear facilities in Brazil and Argentina. "Much more emphatically, trust was obtained through Sarney's visit [to the nuclear installations] in Argentina in 1987 and, in 1988, by Alfonsín's tour of the hitherto officially unknown [Brazilian nuclear facilities] in Aramar" (Hurrel, 1998, p. 241).

Nevertheless, it is important to note certain diplomatic divergences that might eventually impose important limits upon this cooperative tit-for-tat between

Brazil and Argentina and that clearly illustrate the diplomatic dynamic of conflict and cooperation in foreign policy. From the Sarney government (with Abreu Sodré) to the Lula administration (with Celso Amorim), the diplomatic discourse coming from both the presidential cabinet and the chancellors at Itamarati has insisted on the need to establish a strategic alliance with Argentina in order to attain the explicit dual objective of conciliating the economic goals of integration in pursuit of democratic stability for the Mercosul states in particular and South-America in general. Certainly, one of the latent goals in Brazilian foreign policy has been to use regional cooperation to assuage Argentine doubts about Brazil. In this direction, the most senior spokespeople at Itamarati have been reiterating the message that “the strategic partnership between Brazil and Argentina is the cornerstone of policy for South America” (Amorim, 2004).

However, during the mandates of the former Argentine president Carlos Menem (1989-1999), there was a clear asymmetry of perspectives as to the place each country occupied in the other’s foreign policy projects. It must be remembered that, throughout his ten years in power, Menem opted for “peripheral realism”, which, whilst coinciding with the economic targets of integration within Mercosul, also adopted unrestricted political alignment with the United States. Speaking on Menem’s foreign policy, Russel and Tokliatan note:

The place reserved for Brazil in this paradigm [peripheral realism], as logically derived from its premises, was one of simple economic “partner” rather than “strategic ally”. As such, to the considerable advances achieved on the domestic plane, and which increased the interdependency between the two countries, there was no corresponding increment in convergences in the external political field (2003, p. 89).

However, it must be borne in mind that social capital and the generation of positive identities do not have crystallized meanings. As one of those responsible for formulating Brazilian foreign policy during the 1990s, former minister Celso Lafer, recognizes (2003, p.118): “trust as social capital [between nations] can either be a renewable asset or not”. Social capital can be generated positively or negatively, as it results from sequential historical actions in an arena of power in which it is not unusual for territorial neighbors to view each other through the lenses of their own preconceptions. In this sense, negative identities engendered over time serve as an obstacle to cooperation. The position adopted by the Menem government also shows that, while shared identities can certainly give rise to security communities, the depth of divergent (or negative) historical identities can still pose significant impediments to cooperation, as from time to time they can be dusted off and re-used as foreign policy resources.

Nevertheless, with regard to the differences in Brazilian and Argentine foreign policy during the Menem era, the idea of regional integration, with its democratic presuppositions, may have served as a powerful focal point for shared cooperative objectives that permitted the continuity and deepening of cooperative undertakings in the sensitive areas of security and disarmament.

In 1990, during the Collor government (1990-91), the two countries signed the Guadalajara Declaration (or the Declaration on the Exclusively Pacific Use of Nuclear Energy). This declaration served as the basis for the creation of ABACC, the Brazilian/Argentine Agency for Accountability and Control. Non-proliferation was further cemented with the signing of a wider-reaching agreement in December 1991, the Quadripartite Agreement between Brazil, Argentina, the International Atomic Energy Agency (IAEA) and the ABACC, for the creation of a nuclear monitoring and safeguarding system. Alongside the institutionalization of the Mercosul through the Assunção Treaty of 1991, a further significant step was taken by Brazil under the Collor administration, namely the discontinuation of its nuclear arms development program and the closure of the test site at Serra do Cachimbo. These agreements laid the groundwork for the total implementation of the Tlatelolco Treaty on the control of nuclear weapons on the American continent, and for the Mendonça Accord of September 1991, also signed by Chile, which prescribed similar controls for chemical and biological weapons.

Throughout the 1990s, trust-building endeavors continued and deepened between the two countries, boosting positive social capital and assuaging the suspicions one had harbored toward the other in the geopolitical arena during the military regimes. In the mid-90s, Brazil withdrew whole battalions of troops from the southern border and re-deployed them at the northern Amazonian frontier in a clear sign that as far as the Brazilian government and military were concerned, the threat now lay elsewhere. Argentina replied with a reciprocal gesture by abandoning the “empty frontier” policy as a geopolitical approach, under which the border regions with Brazil had been purposely neglected in terms of settlement, economic development and communications infrastructure for fear of Brazilian expansionism. In the interests of the physical integration process stimulated by Mercosul, this Argentine policy has since been revised.

Accentuating the cooperative dynamics set in motion by the Mercosul treaties, a further step was the implementation of the Trust Increment Measures. These measures include symposiums between the armed forces of both countries, military exercises involving troops from all Mercosul member-states, the implementation of the Argentine/Brazilian Aeronautic Cooperation and Integration Program and the co-development of the CBA-1223 airplane by the companies Embraer (Brazil) and Fama (Argentina) (Giaccone, 1994). In April 1996, the signing of a more extensive agreement on nuclear cooperation and space research and Brazil’s ratification of the Nuclear Non-proliferation Treaty in 1998 (Argentina had already signed this treaty in 1995) were crowning moments in cooperation on security and arms control.

How can this positive projection be explained in terms of social capital? In our view, three factors are crucial in this regard: 1) the role of shared ideas and self-interest; 2) a positive history of specific reciprocity; and 3) the creation of norms to ensure transparency and monitoring, generating a system of self-governance principles and trust institutionalized in confidence building mechanisms.

The first factor suggests the impact a shared vision of democracy as a global value had on Brazil and Argentina. On this systemic level, the Brazilian and Argentine visions were consistent with those of their ruling elites. As one of the formulators of this vision has said, such overlapping is perfectly coherent with “the values that have diffused and universalized on the international plane” (Cardoso, 2000, p.60) and envisage the establishment of transnational civic cultural standards in the sense affirmed by Ikenberry (2002) in the case of the United States<sup>14</sup>.

The impact the idea of democracy has had on foreign affairs conduct and its capacity for use as a political tool to attain such goals as security and disarmament can be understood not only by the fact that beliefs are like compasses that guide toward “the achievement of goals”, but also because, as Waltz (2000, PP. 106-108) points out, statesmen, like individuals, tend to select internationally socialized ideas and behaviors that have proved successful. The example of the western European nations, emphasizing the interdependence between democracy and social welfare, the regulation of nationalisms and issues of regional security, perhaps served to warm the Brazilian and Argentine elites, since the governments of Alfonsín and Sarney, respectively, to the objective that, given their condition as developing countries, the efficiency of individual actions that tend to seek solutions to the security problem depend on the assumption of a nucleus of global democratic discourse in the form of “qualified liberalism”. It is clear to the Brazilian elites that draft foreign policy for South America that if the negative stigma of “Brazilian sub-imperialism”, sedimented over a long period of time, but exacerbated during the post-64 military regimes, is to be undone, the nation must follow a course of action that privileges the attenuation of these power-images, substituting them for a repertoire of civic nationalism in the spirit of Ikenberry (2002). In other words, a foreign policy rooted in shared ideas of democracy and rule of law will pave the way toward a softer form of leadership on the regional level by being less redolent of power politics.

The combination of ideas and self-interest around other foreign policy goals is likewise important to explaining the growth of trust between Argentina and Brazil. We may agree with the statements that “self-interest is the foundation of all trustworthy action” (Locke, 2001, p.261) or that “the choice of specific ideas may simply reflect the interests of the agents” (Goldstein and Keohane, 1993, p.11), but when combined with ideas, self-interest can sustain legitimate foreign policy goals. In the Brazilian case, in addition to dispelling concerns among its neighbors as to the country’s allegedly expansionist plans, self-interest also sought to institutionalize regional norms that could establish causal relations between democracy and other foreign policy goals. Chaired by Brazil in 2002, the summit of South-American leaders held in Brasília looked to justify a causal connection between disarmament, development and democracy.

Recognizing that peace, democracy and integration were essential to guaranteeing the region’s security and development, the presidents underscored the importance of declaring the Mercosul, Bolivia and Chile a WMD-free Peace Zone. Signed in Ushuaia in July 1998, the Andean Peace, Security and Cooperation Commitment, contained in the Galapagos

Declaration of December 1998, saw the presidents agree to establish the South-American Peace Zone ("Comunicado de Brasília", 2000, p. 126).

In relation to the history of positive specific reciprocity, the combination of ideas and self-interest of the agents is also important in explaining why Brazilian foreign policy throughout the 1990s always stressed the incompatibility between democratization and nuclear development for military purposes:

[...] I am quite certain the reasoning behind the willingness to accept the renunciation of nuclear missile research concealed the veiled conviction that any greater effort towards this goal would be useless, as the economic crisis was sure to force cuts on military spending – as well as the other conviction, as argued by chancellor Lampreia, that *re-democratization rendered unviable any proposal to modernize the armed forces* (Ferreira, 2001, p. 27, our italics).

Certainly, to think about the impact re-democratization had on the generation of trust is not incompatible with recognition of the importance of the systemic factors or domestic institutional factors that also pressed for approximation between Brazil and Argentina as a necessary regional diplomatic initiative. From a neo-realist perspective, systemic constraints, such as external pressures from the International Atomic Energy Agency and the United States, could suggest that both nations were trying to create a cooperative agenda during the Cold War. Or, from an institutional point of view, the decision to abandon the nuclear weapons projects or develop nuclear technology could perhaps be explained by the domestic fact that the powerful foreign ministries (Itamarati in Brazil and San Martín in Argentina) had shared views on sub-regional integration on democratic foundations and mutually favorable views on weapons control policy. This shared vision of the policy corps would have wielded huge influence over the technical working groups charged with drafting the arms control and disarmament plans during re-democratization (Hurrel, 1998). However, the counter argument could justifiably be made that the costs of developing nuclear weaponry were simply too high and the choice was made to redirect these funds to other functional aspects of the development targets.

However, without denying the importance of systemic variables, the influence of the foreign policy corps and the financial costs involved, also important was the reason why re-democratization had generated the political conditions between Brazil and Argentina that enabled the institutionalization of norms of cooperation on the disarmament agenda. In other words, the self-interest of the agents was not incompatible with their perception of common interests. And the re-democratization process triggered cognitive perceptions between them that allowed each to understand the interests of the other despite their foreign policy differences. One fundamental aspect was that the democratization process may have provided Argentina and Brazil with a shared view of interests and identities and, above all, made them appreciate the fragility of the re-democratization process and the importance of its joint defense. Hence bilateral cooperation became a kind of shared shield against

internal threats to the process. While these threats were graver in Argentina – where the military “painted faces” movement sought to break democratic institutionality in the late 80s - , the Brazilian government realized that the tempering of re-democratization in Brazil greatly depended on the consolidation of democracy in neighboring Argentina. "Believing in re-democratization was important to the redefinition of interests, identities and a shared sense of purpose” (Hurrel, 1998).

The third factor – self-governance and trust – can be explained by the fact that it was possible to build trust and positive social capital because of the institutionalization of a system of self-governance norms of confidence building on disarmament and security. The creation of trust came from a history of positive specific reciprocity that had been gradually institutionalized since the mid-80s. Without this history of positive reciprocity the generation of trust and its institutionalization would have been very unlikely. As a consequence, what emerged was a successful system of norms for self-governance and monitoring<sup>15</sup> or reciprocal mechanisms for confidence building between the two countries, which permitted the stability and continuity of cooperative undertakings. The confidence building measures aimed to create transparency, monitoring mechanisms for military procedures and operations, and reduce informational asymmetries between the States. In addition to the abovementioned events from the 1990s, the institutionalization of the history of reciprocity and cooperative tit-for-tat also included permanent exchanges between the staffs of the largest military states in the two countries and the continuation of the bi-national nuclear working groups. These norms of confidence building also encompassed the institutionalization of communication channels between the two presidents and senior staffs (following the European model in the second post-Cold War), consultations on participation in peacekeeping forces and the establishment of triple frontier cooperation (Argentina/Brazil/Paraguay) to combat drug trafficking, contraband and terrorism. In this manner, Brazil and Argentina created institutional conditions of self-governance through a normative framework of trust in the areas of security and disarmament. These conditions allowed for 1) measures of nuclear policy coordination and monitoring; 2) “new communication habits, incentives for a change of attitude and perception, and new standards for strategic interaction”; 3) a consensus of interests to be achieved through cooperation, even when dealing with sensitive aspects of national security, such as nuclear energy.

Analytically, we can affirm that it was through these historical developments that Argentina and Brazil established the bases for the formation of a loosely coupled security community in the sense described by some theorists when they say that such societies “can safely expect peaceful change” (Adler & Barnett, 1998a, p. 30). The two countries share a minimum of values, identities and meanings; practice specific reciprocity, which indicates a certain degree of long-term interest; have generated a shared sense of responsibility and obligation; and, can safely expect to be able to resolve conflicts without taking recourse to power-based alternatives.

However, if the Brazilian procedure for explaining its foreign policy has never been particularly elucidative on these matters<sup>16</sup> from a conceptual point

of view, it must be recognized that the choice of the democratic road map paves the way to resolving the dilemma of how to further its aspirations toward regional leadership without this appearing to harbor expansionist pretensions. As sectors connected with the diplomatic corps recognize, the democratic pathway amounts to the soft power of credibility in foreign affairs (cf. Lafer, 2003), thus dissolving any fears that the government may some day opt for a power-based approach. We are not saying that democracy and pacifist doctrinarian declarations are the only way of explaining these foreign policy choices, but that they are important in the context of the post-Cold War in terms of explicative procedures for foreign policy, especially for those agents looking to justify that action or choice to the domestic public. These explicative procedures become symbolic attitudes that aim to legitimize and facilitate the globality of national interests from an ideological perspective, as noted by Fonseca (1998).

Among these symbolic attitudes, there is no way of denying the bridge that joins credibility, trust and external image to the adoption of non-proliferation regimes. This is even truer in relation to sensitive themes, where international security norms, based as they are on confidence building, require transparency and monitoring; fundamental reasons why democracies are, in principle, more willing and better able to adhere. In summary, in relation to asymmetries in foreign policy and abiding negative images constructed over time, democratization certainly led to a significant revision of the content of both variables, thus enabling the generation of positive social capital between Argentina and Brazil. By this we mean that the stigmas and distrust lessened and that the divergences that exist today concern the best economic means to take and most suitable alliances to form in pursuit of insertion in the globalized world.

In fact, the pathway suggested by democracy as the tool by which to generate positive social capital may well help resolve two dilemmas of collective action that have faced Brazilian foreign policy. By assuming that South-American systems can be organized in various ways under the banner of “qualified political liberalism”<sup>17</sup>, Brazil erected a platform from which to promote democratic stability as a useful tool for South-American regional cooperation without being construed by its neighbors as a nation exporting homogenizing democratic values that ignore national specificities. On the other hand, “qualified political liberalism” ensured a certain ideological coherency between western political values and a margin of autonomy before the United States, whilst at the same time alerting its South-American neighbors to the same possibility of choice, without there being any rigid notion of globalized democracy, as the “the end-of-ideology” theorists would have us believe. Secondly, it also helped clarify to the Brazilian elites the political nature of the politico-institutional conditions in which it is possible to seek regional political and economic interests more efficiently whilst remaining ideologically true to the global liberal normativity, that is, without opening lacunas between the liberal economy and the nature of the domestic political system.<sup>18</sup>

## Final Considerations

What do the cases studied have in common? They share the recognition that self-interest is compatible with reciprocal satisfaction, which suggests that the generation of social capital between states is more than a rationalist stalemate, but actually serves to dismantle negative images. Another common point is a significant aspect mostly ignored by the international relations mainstream, namely that the generation of trust between agent states is possible despite the anarchic nature of the international system. Finally, the cases analyzed here also show that there are two pre-conditions to the generation of trust: 1) a history of positive specific reciprocity; and 2) shared normative, cooperative worldviews, without which, in the hypothesis of reciprocally negative views, the goal of generating trust would be practically impossible. As for the shared normative visions in the two cases, the possibility of a democratic agenda as a foreign policy resource presents itself as the main alternative. On this point, the democratic discourse of Brazilian foreign policy has been the most important tool in transforming distrust into trust among the country's South-American neighbors.

Is it viable to think of the democratic agenda in terms of social capital? The affirmation of advantages in the implementation of a democratic agenda in South America does not mean that we should take the existence of the conditions for its generation as a given. This would seem to be the most vulnerable point in Brazilian foreign policy, which is based upon the consolidation of institutional democracy in South America. The fragility of the implementation of a democratic agenda on the continent with a view to strengthening the project of regional integration and mutual trust does not so much stem from its capacity for action and political incentive – which truly does exist, as can be seen in foreign policy from the coup against Fujimori in 1992 to the Bolivian crises in 2003 and 2005. Rather, the main limitation would appear to come from the political conditions under which regional democracies, or delegative democracies, as they have been called by some<sup>19</sup>, actually develop. The low level of continuity and institutionalization of the so-called rules of the game in various countries throughout the region, but specifically the Andean nations, scuppers the minimum of congruence between formal rationality (as expressed judicially in constitutions, charters and decrees) and the effective practice of democracy.

The negative identities of the past are another obstacle to the implementation of a democratic agenda for South America. Despite Brazil's best efforts to improve its image, and its obligation to the principle of non-intervention, various recent examples, such as events in Bolivia<sup>20</sup>, show that the elites of these countries continue to be highly sensitive to past discourses and images of Brazil's allegedly expansionist intentions. In other words, the democratization discourse in the region and the stability of the constitutional rules espoused by Brazilian foreign policy still do not satisfactorily resolve the problem of the real intentions of Brazilian foreign policy in the eyes of some of its neighbors.

It is also true that it is not enough that the democratic path be institutionalized in each country. An important requisite is that the established targets be couched in “a set of shared beliefs” (Goldstein and Keohane, 1993) concerning the unrivalled quality of the map by which they guide their actions<sup>21</sup>. This credo may be emerging, but do we have any empirical evidence to support that hypothesis? Firstly, bilateral cooperative relations with Venezuela, which date to long before Chávez arrived on the scene, show that it is possible to build a relationship of trust if continuity is given to the cooperative relations in the form of sequential concrete actions. Secondly, collective action requires a bare minimum of coordination. In this sense, in relation to Brazil, if the heads do suggest some form of substantial collective action, the South-American Presidential Summit held in Brasília in 2000 underlined representative democracy as the “foundation of the legitimacy of political systems” and an interconnection between “peace, stability and development throughout the region” (“Comunicado de Brasília”, 2000, p. 128). Though we may recognize that these empirical parameters are still insufficiently strong evidence to serve as response to the problem of collective action based on shared ideas, there is at least one important element to be drawn from it: “international relations theory suggests that it is necessary to have a basic agreement between agents if a policy is to be taken forward, or the existence of some player with enough leverage to do so” (Vigevani, 2000, p. 3). Brazil’s greatest capacity in regional terms is not merely geographic, but also political. Hence its ability to engender a worldview that can be perceived by the regional agents as a public regional asset in the making, capable of generating trust between States on the basis of reciprocal expectations as to the advantages of regional democratization as a key element of the diplomatic relationship.

Nevertheless, caution must be urged regarding hypotheses that deal with the democratic pre-condition as the final goal of Brazilian foreign policy in the South-American region. Perhaps the best summary of this caution, and which best expresses the fragile equilibrium between ideas and interests, is the contemporary diplomatic discourse of “non-intervention, but not indifference either” being touted by contemporary foreign policymakers (Amorim, 2004), an assertion that clearly delineates the possible limits of principle-based action.

However, the norm-based explicative methodology of foreign policy plays a pivotal role in justifying democracy as an instrument of soft power in South America, as the region is defined as one of the formative elements of Brazil’s external identity. The normative tradition, regardless of whether “Grocian” would be the best term to express the doctrinarian content that buoys external action, has done exceedingly well in fulfilling this role. The appeal to normative tradition or the Grocian doctrine has done reasonably well in fulfilling the function of satisfying the internal public whenever the latter fails to understand how the action underway serves the national interest, as often occurs with principle-based external agendas. Likewise, the reasons presented from a normative template serve to satisfy the external public, which shows less resistance to the idea of exported democratic stability as a regional public asset than it would to the perceived Brazilian imperialism so deep-set in the minds of its South-American neighbors during the military regime.

One considerable advantage to the formulators of Brazilian foreign policy in consolidating the democratic agenda is the successful democratic transition that occurred here, the crowning moment of which was the passing of the mantle from Fernando Henrique Cardoso to Luis Inácio Lula da Silva. This smooth transition can be drawn upon as a tool in foreign policy, that is, as a benchmark for the region, and will certainly help add credence to the beneficent rather than predatory intentions of Brazilian foreign policy.

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## Notes

1 Specific reciprocity is distinguished from diffuse reciprocity. In the latter, one of the parties may not receive direct payoff, but will profit from the "general, satisfactory results for the group of which it is a part [...] [such that] a model of diffuse reciprocity can only be maintained through an ample sense of obligation" (Keohane, 1993, p.209)

2 Goldstein and Keohane explain that: "when we refer to ideas in this volume, we mean beliefs – shared by a large number of people – about the nature of the world and the implications this has for human action. These beliefs encompass everything from general moral principles to agreements on the application of specific scientific knowledge" (1993, p.7)

3 In this context, we may recall the meeting held in Rio de Janeiro in April 1992 entitled "Agenda for the Conference on the New International Order", organized by the National Institute for Superior Studies/National Forum and coordinated by Luciano Martins and João Paulo Reis Velloso. Participants at the meetings included Helmut Schmidt (former German Chancellor) and Robert McNamara, former US Defense Secretary, as well as countless distinguished intellectuals from the academic milieu and the International Relations world, such as Robert Gilpin (Martins, 1992).

4 One note of discord on this consensus came in the form of an official note from the Venezuelan government of Hugo Chávez: "President Chavez' reservations concern the two paragraphs of the text drafted by the government representatives that include the term "representative democracy", to which the Head of State is openly opposed, as it this so-called representative democracy is a trap that led the Venezuelan people to violence. The Venezuelan Mandatary believes in the concept of participative democracy, which complements, reinforces and broadens representative democracy on the basis of political pluralism; in the alternating exercise of sovereignty by the people; in a regime of party political pluralism; in respect for human rights and the fundamental freedoms" Ministerio de Relaciones Exteriores [Caracas], "Inserción protagónica de Venezuela", document available at: <http://www.mre.gov.ve>, as of 30/6/2005). However, the OAS not only rejected the notion of participative democracy but unequivocally embraced the concept of representative democracy.

5 The "Comunicado de Brasília" issued at the Summit of South-American leaders expressed this concern by asserting a willingness to "make political

consultations in the hypothesis of a threatened rupture of the democratic order in South America”.

6 According to a survey by the University of São Paulo’s International Relations Research Centre (NUPRI) on the perceptions of the Brazilian elites in relation to Mercosul and Brazilian foreign policy, more than 57% of those interviewed said they believed that “Brazilian efforts in foreign affairs [especially in South America] aimed to ensure internal prosperity” (Albuquerque, 1997).

7 The Chávez administration has resurrected the idea under the name of Petrosul.

8 Celso Lafer attributes the “frontiers of cooperation” concept to the ambassador Luiz Felipe de Seixas Correia.

9 According to the source, up to 2002, Venezuela represented US\$1.5 billion (or 6% of Brazilian trade), very little compared with Argentina, which accounted for US\$9 billion (*Carta Capital*, 2003, p. 30).

10 On the other hand, the possibility of such an interest goes some way to explaining the intense diplomatic activity in relation to China that has been underway since 2001, including reciprocal visits by Chávez and Jian Zeming and the signing of the “China-Venezuela Strategic Energy Plan, 2001-2011”, which envisages the supply of energy to this country and an eventual incursion into the rest of the Asian market.” (cf. Ministerio de Relaciones Exteriores, 2002).

11 Thus named after its formulator, Rómulo Betancourt, the first president of the Venezuelan democratic era, which began in 1959.

12 This image of Brazil is utterly incompatible with the thinking of the Brazilian elites. According to a survey conducted by the International Relations Research Center at USP, 91% of those interviewed disagreed with the statement that “Brazil was aiming for hegemony” in South America (Albuquerque, 1997).

13 In the conspiracy-tainted vision of the Argentine military, it was not unusual to hear that the Brazilians were only building the dam so they could use it in the future as a water bomb (cf. Shiguenoli, 1999).

14 See the first pages of this article.

15 The concept of self-governance and monitoring comes from Locke (2003, p. 261).

16 In our view, Oliveiros Ferreira was right when he said that “this [relationship between leadership and hegemony] may not even be academic. Diplomatically, it puts neighboring governments in an embarrassing situation, as they have to summon their PhDs to have them explain how a country is to

consider itself a leader without appearing to have hegemonic pretensions. Gramsci may be useful as a theme for academic theses, but absolutely not for cementing diplomatic actions” (2001, p. 39).

17 The perspective of qualified liberalism adopted implies that both the values and institutional organization of democratic societies do not need to readjust to suit the US or western European models. There are possible variations of institutional organization that express grades of functioning of liberal democracy in accordance with national or regional specificities.

18 According to a survey by the University of São Paulo’s International Relations Research Centre (NUPRI), the attitude of the elites consulted is that Brazilian regional leadership is perfectly congruent with peaceful co-existence with its South-American neighbors. While 92.3% of the elites see Brazil as the regional leader, almost the same percentage (91.6%) believes that the country “is looking to cooperate toward a peaceful co-existence” (Albuquerque, 1997).

19 Guillermo O’Donnell defined “delegative democracy” as that which corresponds to a more realist model of democracy: low levels of definition and institutionalization of democratic processes and little transparency in the exercising of the rules of the electoral game. Another notable element in this democratic arrangement is the myth that the president, once elected by the majority, can act as he pleases on the weight of vote-share alone. Also part of this more realist model are the absence of a vertical and horizontal mechanism of accountability (among public powers) and the unilateral setting of the agenda by the President of the Republic and his key advisors without due consideration of the voice of stakeholder groups and other political segments, such as the political parties and Congress. In addition to this, we also have the constant exchange of accusations between the president and Congress as to who is responsible for this or that crisis. Taken together, what these political elements amount to is an immense solitude of power on the part of the President of the Republic, which could indeed become a power void, stripping the figure of legitimacy sometimes only half-way through a mandate. “How does one institutionalize a democracy that does the exact opposite of what it promised?” (O’Donnell, 1991).

20 Echoes of a sub-imperialist Brazil began to re-emerge among more nationalist segments in Bolivia as a result of heavy and aggressive investments made in gas and oil by the Brazilian state-run oil company, Petrobrás.

21 With the exception of the Venezuela of Hugo Chávez, the rest of the South-American nations, and all the member states of the Organization of American States (OAS), officially uphold the concept of “representative democracy”.

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