

THE UNION OF SOUTH AMERICAN NATIONS (“UNASUR”):
CHALLENGES AND OPPORTUNITIES FOR STATES PURSUING
REGIONAL INTEGRATION

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Abstract of Thesis

The Union of South American Nations (“UNASUR”): Challenges and Opportunities for States Pursuing Regional Integration

One of the more recent manifestations of the regional process of institutionalization is the Union of South American Nations (“UNASUR” in Spanish or “UNASUL” in Portuguese). This thesis explores how the latest attempt at sweeping regional integration through UNASUR evidences the deeper political considerations of dominant and secondary states within South America, specifically, Brazil, Venezuela and Argentina. In the competition for regional prominence, Brazil and Venezuela attempt to gain the followership of regional middle powers (such as Argentina) for their political regional projects by either granting material incentives (in the case of Venezuela) or political/ideational incentives (in the case of Brazil). The competition for leadership between Brazil and Venezuela also provides the opportunity for regional middle powers (such as Argentina) to utilize the institutionalized bipolar regional environment to expand their own interests.

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Introduction: Ideas Driving Regional Integration

One of the more recent manifestations of the regional process of institutionalization is the Union of South American Nations (“UNASUR” in Spanish or “UNASUL” in Portuguese). This thesis explores how the latest attempt at sweeping regional integration through UNASUR evidences the deeper political considerations of dominant and secondary states within South America, specifically, Brazil, Venezuela and Argentina. This paper further analyzes how the ideological tensions evidenced through UNASUR, indicative of the competition between Brazil and Venezuela for the organization of a South American place, are playing out in the geopolitical space of South America.

In the competition for regional prominence, Brazil and Venezuela attempt to gain the followership of regional middle powers (such as Argentina) for their political regional projects by either granting material incentives (in the case of Venezuela) or political/ideational incentives (in the case of Brazil). The competition for leadership between Brazil and Venezuela provides the opportunity for regional middle powers (such as Argentina) to utilize the institutionalized bipolar regional environment to expand their own interests. Institutions such as UNASUR provide secondary regional powers like Argentina a “voice opportunity” to maintain a degree of political or economic influence in the region even when their own relative power has declined or, in the case of Argentina, has been “eclipsed” by former rival Brazil.

The shifting political and economic dynamics of the South American space influence the fate of UNASUR, which remains uncertain at present. Undertaking an analysis of the dual priorities of the dominant regional state, Brazil, is particularly salient

in analyzing the possibilities for UNASUR's future. I suggest that UNASUR will likely stay organizationally weak and shallow in the future, because this type of institution serves Brazil's dual intentions of regional and global prominence, serving Brazilian national, rather than regional, goals. I also posit that UNASUR is utilized as a political project to assert regional autonomy from the U.S. and to attain further attention for South America in the global arena.

Methodology

In writing this thesis, I relied on scholarly research from various academic journals, books and newspapers both in the U.S. and South America. To gain a more personal perspective of the incentives leading dominant and middle states to regional integration, I also conducted a series of interviews with professionals and professors specializing in a variety of South American affairs, such as regional security, political institutions, and Brazilian diplomacy.

Incentives Leading Brazil to Engage in Regional Institutionalization

Brazil carries the most weight in South America because of its significant share of resources, including population, military capacity, territory, and gross domestic product ("GDP"). Foreign Affairs Advisor Marcel Biato notes that Brazil's critical role in South America stems from its "political perspectives and economic reach that give it the clout"ⁱ to bridge gaps between nations in the region. Being a regional power, however, depends not only upon the material possessions of a state, but also upon the perceptions of that country by neighbors and the global community. Although disagreement remains regarding how to define a regional power, certain scholars argue that regional great powers are potential candidates for the status of middle powers in the international

system.ⁱⁱ This is the nexus at which we locate Brazil – the intersection of the South American space and the global arena. Given Brazil’s unique location at the crossroads between regional dominance and emergence into the international arena, what drives regional power such as Brazil to engage in the construction of a South American project?

In order to address this question, we must look at broader geopolitical trends that frame Brazilian foreign policy objectives since the presidency of Fernando Henrique Cardoso. Former President Cardoso initiated the construction of a South American project, but the arrival of current President Luiz Inácio Lula da Silva (“Lula”) to office has deepened Brazil’s involvement in South America. This heightened involvement in the region is evidenced by incidents such as the nation’s activism in mitigating the damage of the 2002 coup attempt against Chávez, and more recently by Brazil’s attempts to resolve the Honduran political and electoral crisis. Therefore, Brazil’s regional focus has shifted from economic and trade-based priorities under Cardoso to a political and strategic foreign policy agenda under Lula, with the goal of attaining a position of greater power in the international arena.

In this context, we find that Brazil moves toward regional integration as a means to pursue its own national interests in South America, but more significantly, on a global scale. For stronger states, regional institutions are a cost-effective way of asserting subtle dominance.ⁱⁱⁱ Regional integration schemes such as UNASUR are a low-cost means by which dominant regional nations like Brazil can influence the South American political and economic space to benefit its own national interest, as well as garner increasing international attention. To manipulate the regional arena to fit its regional and international priorities, however, Brazil must strengthen its relationships with regional

middle powers. Regional middle powers serve as “...pivotal actors for the construction and maintenance of regional governance structures in the framework of cooperative regional hegemony.”^{iv} Secondary power nations are key players in the construction and maintenance of the South American project, and dominant powers like Brazil need the “buy-in” and cooperation of these middle nations to achieve its own regional and global objectives.

Brazil’s Regional Focus: The Creation of a South American Space

Brazil’s greater focus on regional institutionalization in South America is a relatively recent phenomenon. Traditionally, Brazil was an introspective nation, focused on protecting national sovereignty and the containment of its vast territorial expanse and abundant natural resources. Following the nation’s return to liberal democratic and economic principles in the mid 1980s, Brazil has accumulated the political will and economic stability to increasingly prioritize its regional context. Brazil’s pursuit of deeper political and economic ties in South America is generally dated back to the presidency of Cardoso and the first summit of the heads of state of South America in Brasília in 2000, when regional institutions such as the predecessor to UNASUR, the Community of South American Nations (“CASA”) was initiated.

Brazil’s shift toward the creation of a more explicit South American identity under Cardoso can be partially understood in light of changes taking place in the global economy in the late 1990s and early 2000s. Former U.S. President Bill Clinton pursued the creation of a Free Trade Agreement of the Americas (“FTAA”), which polarized the hemisphere into two groups: the nations who believed pursuing greater economic ties with Washington was the key to greater success in a globalized world; and those who

desired an alternate route that allowed for greater distance from the economic and political weight of the U.S. While Mexico and various Central American nations chose to pursue economic ties with the U.S. (namely through bilateral free trade agreements (“FTAs”), Brazilian policymakers considered that the creation of a unique South-American identity might be useful to differentiate the region from Central and North America, which they perceived to be U.S.-dominated because of the presence of FTAs. This line of thinking gained traction within Brasília, leading to the belief that the nation should “decouple” from the broader concept of Latin America.^v Brazil was successful in gathering support to oppose the FTAA proposal of the U.S. and to create a Southern Cone economic bloc instead. The creation of the Common Market of the South (“MERCOSUR”), with Brazil and Argentina as the core nations of the structure, can be seen as a response to the FTAA process initiated by the U.S. and Brazil’s attempt to avoid adherence to either the U.S. or "third-worldism," and to avoid being marginalized in the new global economy.^{vi} As central regional structures, MERCOSUR and UNASUR both specifically exclude Mexico, who is geopolitically powerful because of its ties and geographical proximity to the U.S. Brazil has also sought to use the South American regional dimension as a test case for economic insertion into the global arena and to economically counteract the growing influence of China, India and Mexico.

Another impetus driving Brazil’s policy of integration in South America is the transnational nature of certain regional issues. Precarious economic situations in many countries, the presence of drug trafficking and guerrilla activity, the sensitivity of the expansive Amazon, as well as the political shift toward populism, engender a degree of intra-state conflict and instability in the region that Brazil has sought to mitigate through

institutionalization. Recent blackouts in Brazil and energy rationing in Venezuela further illustrate the vulnerability of South America and the presence of issues that must be confronted in a multilateral manner. The physical interconnectedness of the region that leads to energy and security challenges, coupled with the expansion of Brazil's desired political and economic role in the global arena, has led the nation to shift its foreign policy agenda to highlight new regional and international goals.

Although the nation remains subject to energy vulnerabilities, the discovery of the Tupi oil fields off the coast of Brazil in 2006 launched the country in the ranks of the top ten countries with the largest oil reserves, and strengthens the nation's regional and global bid. In spite of the time and effort extraction will require (given the depth of the reserves), the discovery of the field was politically and economically critical in strengthening Brazil's regional and global weight, even leading Dilma Rousseff, Senior Minister to Lula, to state that "God is Brazilian."^{vii} The Tupi oil fields further challenge the regional project promoted by Venezuelan president Hugo Chávez, who has utilized oil diplomacy as a means of exerting influence over South America. The global financial crisis also highlights Brazil's regional and international prestige, as the nation's healthy macroeconomic indicators stand in contrast with the declining financial context of its neighbors. The fact that Brazil was able to escape relatively unscathed from the economic downturn strengthens its bid for South American leadership, particularly in light of a Venezuela facing slow oil production, energy shortages, and rising inflation. Biato argues that the crisis has "...underscored the regionalizing dimension to globalization and therefore the importance of regional strategies,"^{viii} lending credibility to Brazil's strategy of regional engagement.

The U.S. in South America: Increasing Space for Brazil to Exert Regional Influence

Hurrell notes that “Challenges to the legitimacy of the international order have rarely resulted from the protests of the weak; they have come more often from those states of peoples with the capacity and political organization to demand a revision of the established order...”^{ix} Those who contest the current international order are assisted by a shift in the global arena that de-emphasizes military power, particularly after the unilateral decision of the U.S. to invade Iraq in 2003, and highlights economic and “soft” power components. This process has led to the increasing relevance of international actors, such as non-governmental organizations and global institutions, as well as a greater emphasis on promoting shared values and norms (such as democracy, human rights, and environmental protection) internationally – issues which an emerging nation like Brazil can utilize to gain greater traction in international fora.

Brazil gains access to increasing political and economic space in South America and the global arena not only because of broader shifts in the concept of power, but also due to the fact that the U.S. has taken its hemispheric “backyard” for granted for many years (a scenario particularly heightened under the George W. Bush administration). Washington’s perceived inattention to its hemispheric neighbors has engendered a decline in the nation’s prominence in South America, and has opened political and economic space for Brazil to obtain more regional power and international prominence. While Brazil was a “follower” of the U.S. during the pre-1945 period, beginning under Cardoso and deepening under Lula, the nation has chosen to increasingly assert its autonomy from the U.S. UNASUR is situated in this context of greater South American autonomy and can be seen primarily as a political project aimed at demonstrating South

American solidarity in response to traditional U.S. hegemony in the Western Hemisphere. Under the Obama administration, Brazil/U.S. relations remain tenuous, and Lula has accused Obama of lacking follow-up on his promises made during the Summit of the Americas in early 2009 to actively engage the region. Yet the U.S. does appear to recognize Brazil's importance in the region, as illustrated by the fact that Lula was the first Latin American leader to visit the White House following Obama's inauguration. Moreover, the U.S. seeks Brazil's support on issues such as the Honduran governability crisis or sanctions toward Iran, thereby recognizing the significance of the nation in the hemisphere. Brazil refuses to allow Washington's attention to corner the nation into adhering to U.S. desires, however, and the country continues to assert its autonomy, albeit cautiously. The two nations continually waver between cooperation and conflict.

Facing U.S. preponderance in the international arena, emerging nations like Brazil seek to invest in regional and global institutions in order to constrain U.S. power. Nolte describes how regional powers must carefully mediate between pressures or constraints from global powers and their own interests in a regional order, further complicated by the need to carefully calibrate the reactions of neighboring nations to their dual aspirations.^x Brazil seeks to limit U.S. presence in the region through the creation of regional institutions that specifically excludes the hemispheric hegemon. UNASUR's creation can therefore be seen as a South American response to traditional U.S.-centric structures, such as the Organization of American States ("OAS"), and a means by which Brazil can assert its own autonomy through institutionalization. While Brazil utilizes structures such as UNASUR to promote its independence from the U.S., the nation understands that it is not in its best interest to overtly provoke Washington. Therefore, Brazil seeks to find

some commonalities with the U.S. while concomitantly challenging the country on other issues. Lima and Hirst note that the U.S. and Brazil now attempt to achieve “prudent coexistence”^{xi} and avoid overt conflict by collaborating on certain themes (such as alternative energy), but also recognize tensions lying beneath the surface of this relationship. It is not in Brazil’s greatest interest to overturn the international system (nor would it likely be able to), but rather, the country’s strategy is to utilize regional and international institutions in a way that promotes its own interests and deflects the power of the U.S. Brazil’s institutional strategy for gaining international power is also useful because it does not present a direct threat to Washington, and therefore limits how the U.S. can retaliate.

Tension remains between how the U.S. envisions Brazil’s protagonism in the region and the role Brazil wishes to play in South America. Given that regional powers are seen as possessing a unique responsibility of maintaining regional security and order,^{xii} the U.S. wants Brazil to act as the safe keeper of the region, assuming political and economic costs the U.S. seeks to avoid given its preoccupation in the Middle East. The U.S. has hoped that Lula’s pragmatism would stabilize the region and act as a moderating force in light of the resurgence of populist movements led by Venezuela’s Hugo Chávez. The U.S. increasingly views Chávez as a security threat, an authoritarian leader gaining arms and promoting populist rhetoric that is perceived as dangerous for the region. While the U.S. views Brazil as a potential moderating force in the South America, Washington shows dissatisfaction with certain actions Brazil has taken, especially its growing ties to Venezuela, Russia and Iran. Lula was the first in the Western hemisphere to recognize the Iranian elections of June 2009, in spite of

allegations of electoral fraud. There has also been conflict between the U.S. and Brazil with regard to the political crisis in Honduras and the coup against former President Manuel Zelaya. Lula's Foreign Affairs advisor, Marco Aurélio Garcia, characterized U.S./Brazilian relations as poor in an article in *O Estado de São Paulo*^{xiii} and accused the U.S. of attempting to "clean up a coup" in Honduras.^{xiv} Brazil's initial refusal to recognize the Honduran elections was likely a play to Chávez, who supported ousted president Zelaya and his *Chavista*-like attempts to call a constitutional referendum in the country. Brazil further expressed frustration toward Republican senators in the U.S. who delayed the confirmation of chief Latin American policy appointees to the Obama administration because of the Honduran coup issue and Brazil's failure to fall in line with U.S. desires.

The Honduran elections illustrate the difficult balance Brazil has to strike between isolating the leftist leaders of the region, particularly Chávez, and working with the U.S. to achieve a pragmatic solution to hemispheric crisis. Several additional incidents manifest the careful line Brazil walks between asserting autonomy from the U.S. on certain issues while concomitantly cooperating on other matters to avoid alienating its powerful northern neighbor. The new U.S. Assistant Secretary of State for the Western Hemisphere, Arturo Valenzuela, has sought to strengthen the relationship between Brazil and U.S. after the Honduran elections, with some success in assuaging tensions. Secretary of State Hilary Clinton's visit to Brazil in early March 2010, however, again demonstrated the precarious relationship between Brazil and the U.S., illustrating that while Brazil was willing to engage with the U.S. on difficult subjects, such as nuclear sanctions against Iran, the country would not automatically conform to U.S. wishes.

While the Honduran crisis and nuclear sanctions against Iran demonstrate the disagreement between the U.S. and Brazil with regard to addressing regional and global issues, in other areas the nations have arrived at surprising new agreement. The primary example of recent U.S./Brazil cooperation is the signing of a defense agreement between the two nations on April 12, 2010, the first pact of its kind since 1977.

The role the U.S. wants Brazil to play in the regional and international system and the positions Brazil seeks to occupy are often conflictive. The U.S. wants Brazil to ensure the stability of South America without demonstrating a willingness to grant the nation the higher international prestige it so desires. This is a recurrent theme in U.S./Brazil relations – the U.S. attempting to rely on the nation as a regional stabilizer while Washington remains unwilling to recognize Brazil’s desire to enter into a more prominent position in the global arena. Hurrell terms this tension as a sense of “mutual frustration”^{xv} between the two nations. Yet the recent defense agreement between the U.S. and Brazil signals that the two nations recognize the need to work together on certain issues. This agreement illustrates the importance that Washington affords Brazil within South America, as well as the fact that Brazil, while asserting its autonomy on certain issues, understands that it cannot afford complete isolation from the U.S.

Brazil’s Strategy for Regional Engagement

Adler and Crawford note that the creation of a region is based upon social, political, cultural and economic interactions between states, leading to the conceptualization of a space.^{xvi} Brazil seeks to reinforce a distinct South American territory by framing a regional integration scheme in terms favorable to its neighbors, with the intention of drawing regional middle powers to “bandwagon” with Brazil

through a strategy of cooperative, or consensual, hegemony. Brazil offers a means of conceptualizing political, social and economic relations within South America that allows other states to “buy in” to and internalize this structure, which Burges calls an “ideational approach.”^{xvii} By spearheading discussions, formulating opinions, and managing the creation of a South American space, Brazil engages neighboring nations in the formation of a regional identity and regional institutions, and then leads neighbors to adopt these structures as their own.

Brazil consistently frames the debate about the institutionalization of South America in a manner that leads other states to internalize and accept the nation’s regional project. Pedersen notes that regional hegemons must grant secondary powers real influence over the politics of the dominant state, because without such a “voice opportunity,” secondary states would be unlikely to buy into the regional project.^{xviii} Through institutionalization, Brazil grants regional middle powers a voice in South American affairs while concomitantly constraining their actions within regional structures. Brazilian leadership of South America is only possible if the country’s neighbors consent to its authority and grant the nation the power to project leadership in the regional and global context. Consensual hegemony is an effective strategy in this sense because it is not coercive or overt. In contrast, it is subtly powerful because it allows a regional power to assert influence over other regional actors without eliciting a backlash from neighboring nations. Because of the subtlety of the consensual hegemony approach, Brazil can influence the regional space without eliciting power balancing maneuvers from its neighbors in opposition to the nation’s perceived dominance. In the words of Brazilian Minister of Defense Nelson Jobim, “We should only have one voice

in South America, but no country has the power to speak for itself or for the region.”^{xxix}

Brazil has been careful in its statements to avoid overtly asserting regional dominance or attempting to speak as the regional representative of South America. By framing regional integration as inclusionary and for the common benefit of all South American nations, while also avoiding the portrayal of a dominant role of the regional space, Brazil is able to lead the project of integration and garner the support of nations that would perhaps otherwise seek to balance out the regional powerhouse. Consensual hegemony is a low-cost, inclusive means of asserting regional dominance, and is viewed as less threatening, more legitimate and therefore, more acceptable, by middle regional powers. The strategy is still effective for the dominant state, however, because behind the constructed regional order is the dominant state’s own national goal, framed as general or shared regional interests.

The strategy of consensual hegemony is also effective for a regional power like Brazil because it does not necessitate extreme military dominance or the provision of extensive economic resources. Pederson notes that regionally dominant states that lack military power may maximize their influence on the region by utilizing cooperative hegemony within multilateral organizations,^{xx} such as UNASUR. Burges also posits that by pursuing a strategy of consensual hegemony, Brazil can gather the support of other regional actors without necessarily requiring economic or military dominance.^{xxi} The construction of a regional identity through consensual hegemony can also achieve the goal of the dominant state to deter the intrusion of extra-hemispheric actors in regional affairs. Pedersen notes the “...existence of external threats is another factor affecting power aggregation capacity.”^{xxii} External threats can be key in mobilizing nations to

band together in institutionalization against extra regional actors. Brazil has been able to accrue some degree of regional influence and power due to the fear of neighboring nations of the increasing U.S. presence in the region. The looming threat of increased U.S. involvement and interference in South America may lead smaller regional actors to “...rationally choose to share power with its neighbors as part of, or as a price for, a power aggregation strategy.”^{xxiii} In a climate still characterized by a powerful U.S. who has made recent attempts to move into the South American space, by increased instability in Andean nations due to crime and drug trafficking, as well as by political polarization in the region, Brazil capitalizes on common regional concerns to promote mutual cooperation and action through regional institutionalization. Brazil has taken advantage of regional weaknesses and preoccupations regarding the U.S. and has framed the South American ideational project in a way that promises, at least in theory, to redress these issues in a multilateral way that respects each country’s autonomy. Brazil extended concerns about sovereignty and autonomy to the general South American space, creating a continental project of protection. This is a powerful idea that spurs other nations to buy into the regional project, given each nation’s concern about these issues.

Brazil’s strategy of what Flesher calls “latent multilateralism” is also preferable to the nation because it “...guarantees a maximum on national sovereignty, flexibility and independence to Brazilian foreign policy makers.”^{xxiv} The lack of vertical depth in Brazil’s regional integration scheme is partially due to the fact that it is not in the nation’s best interests or strategic plan (“grand strategy”) to deepen these structures. Not only is the Brazilian state unwilling to cede national sovereignty to regional institutions, but the country must also demonstrate a commitment to protecting a state’s autonomy in order to

attract the support and followership of neighboring nations, also concerned about conserving their own national sovereignty. Unless Brazil offers a form of regional integration that appears better than not having one at all, or superior to an alternative vision being offered, Brazil will be unable to lead. Brazil has also led other nations to “buy-in” to its South American project while simultaneously protecting its own sovereignty by promoting weakly institutionalized organizations that are not supranational. In addition, these structures do not carry an explicit leadership role for Brazil, therefore avoiding an adverse response from other countries toward Brazil’s bid for regional leadership. Although the strategy of cooperative hegemony brings costs to the dominant regional state because this state must share power with smaller nations within regional structures, in the case of Brazil, it can be argued that these costs are not very great because regional institutions such as UNASUR lack significant power.

Brazil’s Dual Intentions: Regional and Global Aspirations

Brazil pursues regional integration through UNASUR not only to influence the regional space, but also to gain further credibility in the global arena. Hurrell notes that there is “...something intuitively logical about the idea that regional preponderance should represent an important element of any claim to major power status.”^{xxv} Marcel Biato suggests that the creation of UNASUR is consistent with Brazil’s foreign policy focus of utilizing regional integration as an “indispensable platform for the country to project itself more effectively onto the global theatre.”^{xxvi} Battaglino also notes that UNASUR is a platform for the international projection of the region, but for this projection to be credible, Brazil must demonstrate its ability to moderate and resolve conflicts in the region through this organism.^{xxvii} In the context of the international

system, Brazil is often classified as a middle power, meaning that it does not possess great power status but it does have some degree of global influence. Others have classified Brazil as an emerging power in the international system. Regardless of the definition, what remains clear is that Brazil is positioned in a unique location between the center and periphery of the international system and at the intersection of the global and regional system.

Given the nation's distinct position, Burges posits that consensual hegemony helps explain regionalism and emerging market power foreign policy, and specifically how a regionally significant, yet not dominant, state might try to shape or influence the international system.^{xxviii} Therefore, behind the push toward a distinct South American space is the desire to use the region as a catalyst for attaining a more prominent position on the international stage and for utilizing global structures to promote Brazilian national interests. Hirst notes that Brazil's South American foreign policy has three central elements: ensuring Brazil's dominant position in South America, utilizing the region as an instrument in the projection of the nation to the global arena, and granting highest priority to a strategic alliance with Argentina.^{xxix} The promotion of these three tenets of Brazilian foreign policy highlight the use of relations with its South American neighbors to achieve the nation's broader international goals. Examples of Brazil's global aspirations are namely the attainment of a position in international forums where its voice can be heard and it can have a hand in decision-making, through positions in the World Trade Organization ("WTO") or the United Nations Security Council ("UNSC").

Hirst and Soares note that Brazil's attempts to achieve international recognition, conserve levels of autonomy with regard to Washington, and accentuate its membership

in international institutions despite its lack of economic or military power have been in place since the beginning of the 20th century.^{xxx} Brazil utilizes middlepowership in the international arena because its economic and military power is not adequate to make it a great power, so it seeks to restrain dominant international powers through the use of multilateral institutions and engagement. In fact, Hurrell notes that Brazil and other emerging nations possess a sense of entitlement to more prominent positions in the global arena.^{xxxi} Therefore, naturally the policies of these emerging states would have an inevitable duality between regional and global goals. In the case of Brazil, the nation promotes regional integration through institutions such as UNASUR, attempting to use the region as a “test case” and a positive indicator of the nation’s readiness to assume heavier positions in international institutions.

The Effects of Brazil’s Dual Intentions on Regional Institutions

Brazil has dual intentions in promoting regional integration, the first being to support a level of stability and cooperation in South America, and the second objective being to use the regional component as a way to “launch” Brazil into the global arena. The presence of dual intentions on the part of Brazil engenders certain consequences for the nature of regional institutions in South America. As we will see in the case of UNASUR, Brazil’s dual intentions limit the scope of the organization. Rather than pursuing the creation of supranational structures like the European Union, Brazil has actually reinforced South American national sovereignty through its unwillingness to cede authority to any of its regional institutions and by not requiring its followers to do so either. The failure to provide material concessions and exercise political will to create binding regional institutions that are supranational in nature is intentional on the part of

Brazil, because the nation seeks to maintain independence and preserve its diplomatic space to maneuver in the global arena without being subject to constraints from binding regional institutions. The maintenance of autonomy and national sovereignty is critical to Brazil's foreign policy makers, and this is achieved through the creation of institutionally weak regional structures.

Although concerns about national sovereignty inherently limit the scope of the South American regional project, another major restraint to Brazil's regional and global role is the animosity created by the nation's dual intentions, most visibly seen in the nation's relationship with Argentina. The duality of Brazil's regional intentions is not lost on the country's neighbors, who are reluctant for the nation to climb to the throes of international organizations in any kind of "representative role" of the region. Brazil's neighbors do not want the country to pursue this position, and Brazil is very careful to avoid making outright statements that seem to suggest the nation seeks a representative role. Flesher and Cohen note that case studies confirm that there is less acceptance of a regional power's leadership in neighboring states than globally.^{xxxii} The lack of support of Brazil's neighbors does not bring a positive perception of the nation in the global arena. The concern on the part of Brazil's neighbors to the nation's global aspirations is clearly evidenced by the lack of support of neighbors to Brazil's bid for a permanent seat on the UNSC, particularly Mexico and Argentina. Hirst and Lima note that Brazil's "often ambivalent commitment and continuity with regard to regional cooperation...made Argentina uncomfortable with the idea of 'following' in security matters,"^{xxxiii} such as the UNSC and Brazil's bid to place a Brazilian diplomat as the general secretariat at the WTO in 2005. Bernal-Meza notes that the Brazilian aspiration to gain a permanent seat

in the UNSC has restrained the deepening of a strategic relationship between Kirchner and Lula.^{xxxiv}

The wary view Brazil's neighbors possess of the country's regional and global intentions are reinforced by a perceived lack of monetary commitment on the part of Brazil for regional integration initiatives in South America. This is witnessed through complaints by various countries about restrictions to Brazilian markets and the reluctance of Brazil to provide funds for infrastructure projects. Neighboring Southern Cone nations also note the failure of MERCOSUR to deepen institutionally, based upon their perception that the customs union did not alleviate the deep asymmetries between Brazil and the other nations (Argentina, Uruguay and Paraguay) within the bloc. Member nations have also complained of Brazil's lack of monetary assistance for development and investment in their nations through MERCOSUR. While offering the ideational ideas noted by Burges to neighboring nations, Brazil has not seemed willing to commit the monetary resources necessary to engender "bandwagoning" behavior by these countries.

Brazil's national development bank, O Banco Nacional do Desenvolvimento ("BNDES"), has in fact supported infrastructure projects in the region. For example, BNDES was the primary financier of projects of the Iniciativa para la Integración de la Infraestructura Regional Suramericana ("IIRSA"), including the construction of 300 highways, bridges, and hydroelectric power states, as well as gas pipelines, that totaled over \$50 billion in a decade, leading some to call BNDES the "Bolivarian sword" of Lula.^{xxxv} In addition, Brazil has also provided loans ranging from \$150 million to \$1 billion to its neighbors through BDNES for the purpose of infrastructure development.

However, these projects drew criticism because they contained specific contracts requiring the use of Brazilian companies, labor forces and materials for the construction of these projects. The requirement that countries utilize Brazilian resources alone limits the gains of receiving countries in terms of employment generation and business development. Flemes notes “Brazil’s regional economic, energy and infrastructure policies are aimed primarily at maximizing national benefits with a minimum of costs and investments.”^{xxxvi} The basic geography of South America means that Brazil, even if under the name of regional integration, would be the “hub” of transport and energy networks, leading some states to look skeptically on the fact that many of the benefits of infrastructure integration efforts would primarily accrue to Brazil. This is not lost on Brazil’s neighbors, who view the nation’s economic commitments to the region as subpar.

The disappointment of Brazil’s neighbors toward the country’s regional financial commitments limits support for the nation’s leadership bid both within South America and on the international stage. Brazil’s bid for a weightier role in the global arena further hinges upon maintaining the perception that its neighborhood is stable and secure. This is not only because Brazil shares multiple borders and a large Amazon territory that leaves the nation vulnerable to realities like drug trafficking, immigration and guerrilla activity, but also because failing to adequately protect the region could and has elicited U.S. intervention in the region. The reluctance of Brazil to commit greater energy and resources toward the drug trafficking and guerrilla movement in Colombia has contributed to growing U.S. presence in the region through initiatives such as Plan Colombia, a renewal of a lease on Colombian air bases, and even the reactivation of the

U.S. Fourth Fleet. Brazil's neighbors are therefore not only aware of the country's lack of significant monetary commitments to regional integration, but also the failure of Brazil to fully engage on common issues of South American security.

The Polarization of the Foreign Policy Debate in Brazilian Society

Beyond the hesitation of Brazil's neighbors to its regional and global ascendancy, domestic factions have contested the nation's movement toward regional integration through structures such as UNASUR. Brazil's deepening involvement in South America has engendered an increased polarization of foreign policy in Brazil between domestic factions supporting greater South-South ties and those who view deeper integration with neighboring nations as unstable. Ricupero notes the problem with the integration project in general is the fact that it inevitably creates vulnerabilities because it generates dependency in relations with another nation.^{xxxvii} There is a significant sector of the domestic population that does not agree with the increasing regional integration deepened under the presidency of Lula. Hirst describes this as an "...ideological confrontation between important sectors of the Brazilian elite and a questioning of the methodology and content of the regional leadership and integration project of Lula."^{xxxviii} The presence of these domestic factions limits the ability of Brazil to shoulder significant material costs or deepen integration in South America and makes the ambivalence of Lula's South American policy more understandable, given the fact that domestic political constraints inevitably make this policy nebulous or nuanced. President Lula is constricted by domestic factions that limit his ability to promote a regional project founded on leftist ideology. Historically, Brazil's isolationism has fostered a fierce protection of national sovereignty and led to a resistance on the part of Brazilian elites toward entanglements in

a region they largely view as unstable and dangerous. These sectors feel that the foreign policy priorities of the Lula administration have sacrificed the nation's economic and political interests to focus on solidarity with like-minded ideological partners.^{xxxix}

Brazil's response to certain events in South America has furthered the frustration felt in elite circles toward the nation's increasing entanglement in regional affairs, coined by some to be a "diplomacy of generosity," that has garnered much controversy within the nation. In certain domestic Brazilian sectors, various incidents arising from increased trade and energy linkages between Brazil and other South American nations illustrate the problems inherent in deepening relations with third-world countries. Brazil's expanding economic links in South America through the national oil company *Petróleo Brasileiro S.A.* ("Petrobras") and BNDES are controversial and there are numerous coalitions in Brazil that seek to block or hinder Brazil's investment or ties in South America. In particular, the conciliatory nature of the Lula administration's response to the nationalization of Petrobras assets by Bolivia in 2006 drew strong criticism from Brazilian business sectors. Pedersen also notes "...a globalized economy doesn't have the same incentive to commit itself to a long-term regional scheme as does a strongly regionalized economy."^{xl} As Brazil's agribusiness sector grows in coming years, South America may lose importance as a market to the nation while international trade gains greater prominence in the nation's economic agenda. Brazil move toward greater international trade linkages then limits the political incentives to deepen institutionalization through regional entities such as MERCOSUR or UNASUR.

The failure of MERCOSUR to institutionally deepen and the tensions evident within this structure between Brazil and Argentina reinforce the impression in certain

sectors of Brazilian society that the country must not overly integrate with South America. Moreover, the integration of a politically volatile Venezuela into MERCOSUR has only generated increasing controversy within business, political and academic sectors of Brazilian society. The invitation of Venezuela into the MERCOSUR bloc and the support Chávez gave Bolivia in the nationalization of Petrobras assets highlight Lula's sacrifice of national interest for political motives from the perspective of domestic dissidents of Lula's South American policy. After the nationalization of Petrobras by Bolivia, for example, Brazil now pays more for Venezuelan gas. Another noted situation in which Brazil's South American policy has generated greater economic costs for the nation is in negotiations with Paraguay for the rents of the Itaipu dam, in which Brazil agreed to pay a higher price for electricity despite the continuance of blackouts and energy vulnerability.

Brazil's dual intentions put the nation in an uncomfortable position between the desire for greater prominence in the global arena and the traditional internal focus of some of the country's powerful elites that focus primarily on national issues and goals. Although Brazil's elite classes feel that the nation's regional focus is misguided, there is little reflection in these sectors about how precisely to articulate Brazil's regional role. A task force created by the Brazilian Center for International Relations ("CEBRI") notes that, even if it would be beneficial, most public policy sectors do not consider the regional dimension in constructing policy.^{xli} These elite classes believe that Brazil would have perhaps been more successful in pursuing closer ties with the U.S. rather than engaging in South-South connections. Therefore, they feel that Brazil precariously attempts to "ride the fence" between pursuing political solidarity with leftist governments

in countries like Venezuela with the goal to attain greater global status – even though, in their opinion, these goals may be mutually exclusive.

The president has made concessions to his left-wing supporters through the appointment of special foreign policy advisor Marco Aurélio Garcia, a prominent member of Lula's Partido de Trabalhadores (Worker's Party). Conservative sectors of Brazilian society, however, say Garcia's appointment has limited Brazil's ability to work with the U.S., which some view as the only plausible way to attain greater international prestige. Under Cardoso, Brazil primarily focused on economic integration in the region after the failure of the FTAA process with the U.S., but the Lula administration has shifted the nation's regional agenda to increasingly focus on political goals and the acquisition of greater autonomy from the U.S. Although Cardoso did not accept Washington's FTAA proposal, he did foster closer ties with the U.S. and cultivated personal ties with President Bill Clinton. Therefore, many domestic critics in Brazil view Lula's move away from Washington and toward greater South-South relations as contrary to the nation's goals of regional and international prominence. With regard to the creation of the South American Defense Council ("CSD") within UNASUR, for example, Cardoso has overtly criticized the purpose of the entity, asking, "To defend against what?"^{xlii} The presence of domestic resistance to Lula's foreign policy agenda restrains the administration because the president must act carefully and pragmatically to balance his leftist sentiments with caution in terms of how he engages the U.S.

In response to some of the complications arising from Lula's regional policy, such as the nationalization of Petrobras assets, economic and political stagnation in MERCOSUR, and the increasing vulnerability of relations engendered by its neighbors,

the policy of the Lula administration toward regional institutionalization has become more pragmatic and less concrete during his second term in office. The relative weakness of UNASUR and Brazil's lack of specific commitments to deepen the structure makes sense in light of the broader shift in the nation's regional agenda toward less binding integration that could engender political and, particularly economic, negative repercussions for Brazil. However, Biato clarifies "There is little room for major reversals in foreign policy as concerns regional integration. Not even the most isolationist of Brazilian politicians would find it politically feasible or economically expedient to see Brazil renounce a major leadership role in South America."^{xliii}

Therefore, the regional dimension to Brazil's foreign policy trajectory appears here to stay, even if restrained in Lula's second term. In addition, there are positive aspects to the domestic restraints placed upon Brazil because, to a certain extent, they grant the nation legitimacy in the region. The presence of domestic factors prevent against presidential overreach in the region, and this stands in stark contrast to Chávez, who is increasingly unrestrained in his political power to maneuver in South America. Lula's success at finding a middle ground that combines leftist ideology with economic and foreign policy pragmatism may be reassuring to other regional middle powers attempting to walk this line.

The CEBRI task force notes the "lack of reflectance" from Brazilian society with regard to the relationship between the nation and South America,^{xliv} which must be addressed for regional integration to deepen under Brazilian leadership. Part of the reason for a lack of depth in regional structures and institutions such as UNASUR, therefore, stems from Brazil's internal ambiguity. Consensus or clear vision is lacking

among the nation's society in terms of how to institutionalize South America or whether deeper ties are even desirable. As a regional dominant power and emerging global power, Brazil occupies a unique position that demands greater reflection from various sectors of society about how to move forward regionally and globally.

Venezuela's Competing Vision for South American Integration

Brazil's vision for the construction of the South American space is challenged not only by domestic opposition, but also by the competing regional project of Venezuelan president Hugo Chávez, who seeks South American leadership based upon his distinct economic, social and political vision for the hemisphere that clashes with that of the U.S. Chávez concedes "Without a doubt, Brazil exercised important leadership" but clarifies that this "...doesn't mean there is a leader in the region. There is an assembly of leaders."^{xliv} Foreign Policy Advisor Garcia stated there was a "cold war"^{xlvi} in South America due to tensions between Cuban President Fidel Castro, Chávez and Bolivian president Evo Morales against Washington. Moisés Naim coins the tension between these leftist leaders and the more pragmatic road of Lula as a choice between the "axis of Lula" versus the "axis of Hugo," noting that middle nations in the region must chose which leader to follow.^{xlvii}

The presence of Venezuela's rival bid for regional leadership grants middle powers the opportunity to take advantage of the competition between the nation and Brazil. Smaller regional powers are torn between an alliance with Chávez based on monetary support (needed by most smaller nations), or closer ties with Brazil (who might have actual influence in global forums in the future, yet who offers fewer tangible material benefits at present). Burges notes that there is "...an emerging

Brazilian/Venezuelan tension that will mark inter-American affairs over the coming years.”^{xlviii} Although the rivalry for regional leadership may not be overt, there is evidence of a subtle competition between the two countries for political, economic and social space in South America. Smaller and middle nations are the battleground in which the rivalry between Brazil and Venezuela is evident. Chávez’s decisive influence in the decision of Bolivian president Evo Morales to nationalize Petrobras assets in May 2006 is one illustration of this competition. This incident threatens the viability of UNASUR’s economic integration, given the two competing visions for economic policy that clash within the region.

Chávez vies for a regional counterweight position to Brazil’s significant economic and political weight in the region, and the Venezuelan leader views his “Bolivarian revolution” and “Socialism of the 21st century” as the vanguard of projects leading to South American integration, centered on the rejection of neoliberal principles dominant in the region during the 1990s. Chávez has espoused regional integration as the forum through which to adjust for inequities in the global system and has committed financial resources to the region as a means of buying political support. Chávez’s Bolivarian revolution is based upon historical principles of South American independence leader Simon Bolívar and holds an important ideological component that attempts to attract followers by claiming his legitimacy as a representative of indigenous populations of the region previously excluded from political power. Ricupero notes that leaders such as Chávez have installed semi revolutionary constitutional processes, backed up by plebiscites or referendums, that seek to reform traditional constitutions in favor of reforms that take electoral, judicial and legislative power out of the hands of the

oligarchy and into the hands of the population.^{xlix} The motor behind Chávez's regional and global projection is petroleum. Venezuela leads the region in terms of oil production and utilizes petrodollars to finance its regional and global foreign policy, and its regional projection is relatively strong given its energy card.

Venezuela exerts the strongest influence on some of the most impoverished nations of Latin America and the Caribbean, such as Bolivia, Cuba, Nicaragua, Saint Vincent and the Grenadines, Dominica, Ecuador, Antigua and Barbuda – all members of the Bolivarian Alliance for the Americas (“ALBA”). ALBA is the core manifestation of Chávez's socialist and anti-neoliberal economic principles, coined an “alternative integration” scheme. The project is maintained through petro assistance and leftist political solidarity with its primary associates, specifically by the provision of material incentives in exchange for bandwagoning with Chávez. ALBA is Chávez's pet project and the core of the nation's regionalism agenda, launched in 2004 in response to the U.S. bid for a hemispheric-wide free trade agreement. Initially, the agreement centered on the exchange of Venezuelan oil for Cuban doctors and teachers, but its membership expanded with the addition of Bolivia in 2006, Ecuador in 2007, Dominica in 2008 and the Grenadines and Saint Vincent in 2009. Honduras was a member of the block for a period of time in 2008 prior to the 2009 coup d'état, but its membership was withdrawn in 2010 after the change of leadership in the nation. The bloc is currently attempting to approve use of a common currency, the *sucre*, for electronic transactions between member nations. This would preclude the necessity of utilizing the U.S. dollar as a trade currency, consistent with the Venezuelan leader's assertion of autonomy from Washington.

The distinction between the approaches of Venezuela and Brazil toward consolidating regional hegemony is evidenced in the commitment of financial resources to the South American regional integration project. Chávez utilizes petrodollars to attempt to buy the political support of South American nations. While Brazil has offered concessions to Argentina, Paraguay and Uruguay in the past to assist MERCOSUR, the nation is extremely careful to avoid economic entanglements and monetary commitments in the region due to lack of political will. This is largely because a perceived over-extension of financial commitments would, and has, elicited a negative reaction from the nation's powerful elite who restrain Lula's range of action in the region. This restraint is far weaker in Venezuela, thereby allowing Chávez to utilize the nation's oil wealth to purchase political support from less powerful regional nations.

Chávez has particularly invested significant time and money in an attempt to bring Argentina and Ecuador into ALBA, which would grant the bloc greater weight and significance in terms of population and GDP. The Venezuelan leader bought approximately \$1 billion in bonds after former Argentine president Nestor Kirchner took office in order to free the nation from ties with the neoliberal International Monetary Fund ("IMF"). Brazil has not engaged in these kinds of buy-outs. Chávez has also attempted to woo current Argentine President Cristina Fernández de Kirchner into a "Caracas-Buenos Aires axis" based upon alternatives to the neoliberal project. Most salient to this strategy for alignment is Venezuela's purchase of over \$8 billion in Argentine bonds since 2005¹ as well as assistance in preventing energy shortages in the nation. Despite Chávez's attempts to court regional middle powers such as Argentina, these countries understand the delicate balance required to utilize the Brazil/Venezuela

competition to their benefit. They walk the fine line between accepting financial assistance from Chávez, while concomitantly avoiding getting too close to the Venezuelan leader for risk of alienating themselves from other hemispheric actors. The admission to ALBA would perhaps send political signals against their interests, and this explains their reluctance to commit to the bloc.

Rather than overtly bandwagon with Chávez and join ALBA, regional middle nations such as Argentina choose more general means of alignment and multilateralism through broader forums such as UNASUR, rather than ALBA, because the gains of an open, inclusive structure containing both Brazil and Venezuela are more beneficial to their goals. Fernández de Kirchner has also signaled that she does not plan on having Venezuela purchase any more of the nation's debt, which was granted at a relatively high exchange rate, signaling the limitations of Venezuelan influence over the nation. Moreover, although Venezuela bought up significant Argentine debt, the interest rates charged by Chávez on this debt are relatively high. The relationship between Chávez and Ecuadorian President Rafael Correa is another salient example of the limited success of Chávez's strategy to buy political support with petrodollars. Correa is a leftist leader who has banded with Chávez against neoliberalism, but who has not chosen to entirely forgo capitalist policies. The resistance of regional middle powers to fully internalize Chávez's 21st century socialism is a critical hindrance to Venezuela's bid for regional leadership. Moreover, the governability of Venezuela remains in question, particularly following the 2002 coup attempt, and political instability limits the perceived reliability of the nation as a leader of the regional space.

In response to Venezuela's competing bid for regional influence and the petrodollars that support Chávez's diplomacy, Burges notes that Brazil seeks leadership status in South America to ensure that the Venezuelan president cannot block access to regional energy sources, prohibit access to markets in neighboring nations, or taint international perceptions of the region that would hinder foreign investment.^{li} The rivalry between Brazil and Venezuela is further evidenced by competition between the oil companies of each respective nation – Petrocaribe, Petroandina, and Petrosur for Venezuela and Petrobras for Brazil – for investment opportunities in the region. Yet the long-term sustainability of the Venezuelan national oil company, *Petróleos de Venezuela, S.A. (PDVSA)*, has become increasingly precarious since the company's nationalization in December 2002, when its management was replaced with new, pro-Chávez executives and production subsequently declined. Although Chávez is starkly anti-U.S. in his rhetoric, the economic reality remains that he cannot entirely separate Venezuela from the global economic system because of the nation's role as an oil exporter (with a large percentage of the country's oil going to the U.S.) Although Chávez has traditionally utilized its energy card to boost its regional influence, the discovery of the Tupi oil fields off the coast of Brazil seemed to shake the Venezuelan leader. Brazil's oil reserves may limit the scope of Venezuela's oil diplomacy in the region in the future.

Continuing with the nation's strategy of consensual or cooperative hegemony, Lula has sought to constrain Chávez subtly and diplomatically. His outward appearance has suggested support of the Venezuelan leader, and the Lula administration was responsive in condemning the 2002 coup attempt against Chávez, creating the Group of Friends of Venezuela, and also offering petroleum assistance to the nation during the

PDVSA strike of 2002 to 2003. While appearing to support the leader's initiatives, however, Brazil subtly engages its strategy of consensual hegemony by drawing Venezuela into line with Brazilian interests through regional integration structures that limit Chávez's scope of action. One example of this strategy is the invitation for Venezuelans to join MERCOSUR. Fletes notes Venezuela's entrance into the bloc "...weakens the economic significance and strengthens the strategic significance of MERCOSUR,"^{lii} by which Brazil can exert influence over Chávez. In addition, the creation of the UNASUR security council weakens the potential of ALBA, and has prevented Chávez from, at this point at least, creating an ALBA army.

Brazil's success in gaining the support of regional middle powers over the competing project of Venezuela may be, however, the nation's ability to find a balance between polar regional economic positions in South America – one side represented by nations such as Colombia and Peru who have chosen to align with the U.S. through FTAs, and the other pole being Chávez's 21st century socialism. Yet the mere existence of these disparate visions for economic insertion into the globalized world within the region, with Chávez promoting a nationalist, state run view and Brazil promoting a type of neostructuralist interpretation of liberal economic principles,^{liii} hinders the degree of regional integration that can occur through structures such as UNASUR. The presence of the Brazilian/Venezuelan competition breeds polarity in the region and impedes further integration as Chávez seeks to brand policies with its own socialist rhetoric and regional agenda. Even beyond economic principles, competing paths to international prestige are present in Brazil and Venezuela. The goals of each nation are not necessarily distinct; both nations feel that international institutions should be revised to make a more

equitable and less U.S.-centric global system. The manner in which each country undertakes this revision is distinct, however, with Lula employing pragmatism and restraining his rhetoric to be less inflammatory than that of Chávez. Like Brazil, Chávez looks beyond the region to pursue a greater international role for Venezuela, as evidenced through developing linkages with non-traditional partners such as Iran, Russia, and China. In contrast to Lula, however, the Venezuelan leader engages these nations with a rhetoric that is flagrantly anti-American. The limitations of employing this rhetoric are evident given that Chávez is not taken seriously in important regional forums, one example being the nation's failure to win a temporary seat on the UNSC in 2006.

The long-term sustainability of Venezuela's regional and global vision is unlikely, given inevitable fluctuations in the international market price of petroleum that make Chávez's oil diplomacy vulnerable and volatile. Domestic conflicts in Venezuela and most recently, electricity rationing and growing inflation, highlight the internal issues that Chávez faces, which cannot merely be solved by flaunting petrodollars. In addition, Venezuela has become increasingly dependent on Brazil as food shortages force the nation to import more Brazilian food products. Brazilian companies like Odebrecht are also gaining traction in Venezuela by winning contracts to expand Caracas's metro system and build a bridge over the Orinoco River. These increased linkages evidence the growing ties between the nations that lean toward a *de facto* Brazilian regional leadership.

Incentives Leading Regional Middle Powers Toward Institutionalization

The context of a Brazilian/Venezuelan competition for the attention of regional middle powers grants these less-powerful nations an opportunity to assert their influence

within regional institutions such as UNASUR. Huntington utilizes the phrase “secondary regional powers”^{liv} because these nations rely on the agreement of regional dominant powers to obtain their objectives on the regional and international scale. These states, therefore, are primary associates for dominant regional powers and are critical actors in allowing dominant states to pursue their regional goals. Due to their needed support, regional middle states can exert power over dominant states by requiring that they be consulted prior by dominant states prior to the decision to take regional action. Regional middle powers like Argentina can utilize these multilateral institutions to further their interests because these institutions “...provide political space [...] to build coalitions in order to try and effect emerging norms in ways that are congruent with their interests and to counter-balance or deflect the preferences of the most powerful...”^{lv} Secondary powers are also critical partners within regional institutions that dominant powers must cooperate with in order to create and solidify a regional project. Small powers further utilize international, or in this case, regional, organizations to limit major regional power by institutional constraint. This appears to be a significant goal behind Argentina’s push toward regional integration in South America.

Without regional institutions, it is unlikely that secondary powers would follow the dominant power because it is through institutions that secondary powers can assume influence. Therefore, dominant powers pursue integration as an incentive for followership from secondary powers. For smaller states, Hurrell notes that regional institutions allow for the following: a constraint of the dominant state by binding procedures and rules; the opportunity to voice their concerns in a wider arena and be supported by other middle states; and the opportunity to work with other nations to

establish rules that can promote their interests and restrain the influence of the dominant state.^{lvi} Keohane also posits that small states rationally pursue institutionalization because although they might be able to do little together, they can do virtually nothing separately.^{lvii} Rothstein concludes “Small powers ought to prefer mixed, multilateral alliances” because these alliances “provide the most benefits in terms of security and political influence.”^{lviii} Argentina utilizes regional institutions such as UNASUR and MERCOSUR to gain influence in shaping the South American political space. Argentina also utilizes regional structures to restrain Brazil, in a manner that limits the dominant state’s power by granting Argentina the ability to exercise a degree of power over its neighbor that would be unlikely outside of regional institutions.

Traditionally, Argentina was the “political motor”^{lix} of South America and once boasted the region’s most dynamic and successful economy. Since the early 21st century, Argentina has suffered a decline in economic, political and military terms. By cultivating a special relationship with Brazil through regional institutions, however, the nation has been able to maintain some degree of the political and economic power rather than be relegated to a position of irrelevance. Battaglino posits that Argentina sees UNASUR as an “expression of its historic position with respect to regional relations,”^{lx} and UNASUR also allows Argentina space to illustrate that it continues to be a leading country in South America.^{lxi} Yet domestic political and economic concerns continue to preoccupy the nation, recently illustrated by the controversy surrounding the use of federal reserves for the payment of foreign debt, which Argentina has been unable to escape since the nation’s mammoth sovereign debt default in late 2001. The political, economic and institutional instability of the nation has caused it to be eclipsed by Brazil in recent years.

Given the shift in power from Argentina to Brazil in South America, Argentina's regional strategy seeks to bind Brazil's growing power through multilateral organizations and to ensure a level of Argentine influence over the regional space, in spite of the decline in the nation's economic, political and military power.

As the dominant regional state, Brazil plays into Argentina's self-perception of historical importance to gain the nation's support for its South American project. Calle argues that Brazil's foreign policy strategy attempts to take advantage of the conflicts between the U.S. and Venezuela, and a partner in doing this is Argentina.^{lxii} Hirst notes that both Brazil and Argentina agree that their relationship acts as a critical "anchor of stability" in the region.^{lxiii} Brazil keeps Argentina as its closest institutional partner not only given the close geographical proximity of the countries and the previous rivalry of the nations, but also because Brazil understands that granting Argentina attention and a sense of power can subtly coerce the state into "bandwagoning" with Brazil and supporting the country's regional schemes. Relations between Argentina and Brazil have deepened under the Lula administration and current Argentine President Cristina Fernández de Kirchner, evidenced through agreements in various fields like nuclear power, aerospace cooperation, infrastructure projects, and the adoption of common stances on foreign policy issues. In turn, Argentina has acquired a place of strategic relevance in the regional policy of the Lula administration that it did not possess under former president Cardoso.

The crux of the Brazil/Argentina relationship has traditionally rested in MERCOSUR, which was envisioned as the core of democratic governance and trade in South America, based primarily around the partnership between Brazil and Argentina.

Both nations have utilized MERCOSUR to foster peace and stability in the region, to promote dialogue and cooperation, and to achieve hemispheric political positioning^{lxiv} against the U.S. In particular, Brazil originally sought to make the structure the hub of regional integration. Yet as the nation's foreign policy agenda has broadened in scope to encompass higher global aspirations, the Lula administration has increasingly focused on multiplying, rather than strengthening, South American institutional structures such as MERCOSUR. This stands in contrast to Argentina's regional strategy. Argentine scholars tend to emphasize the significance of deepening MERCOSUR rather than focusing on UNASUR, and Calle notes the necessity of deepening institutions like MERCOSUR as a means to promote stability and integration between Argentina and Brazil and to moderate Chávez and the U.S.^{lxv} Therefore, Argentina looks warily upon Brazil's strategy of maintaining institutionally shallow regional organizations because it considers MERCOSUR to be overlooked by Brazil, and notes the nation's use of less binding structures such as UNASUR as a means to its own global goals rather than for the purpose of deepening economic and political institutionalization in the region. This fundamental tension between Argentina and Brazil in terms of the significance of MERCOSUR has limited the bloc's scope and brought division between the nations. In recent years, and partially due to these tensions engendered in MERCOSUR, we witness Brazil's move toward a greater focus on the broader UNASUR project for the organization of South American space.

Although contesting visions for MERCOSUR has engendered tension in the relationship between Argentina and Brazil, the nations have achieved significant positive attention regionally and internationally in the arena of nuclear cooperation. The

movement from historical military rivalry to nuclear alliance further demonstrates how each nation utilizes institutionalization to achieve its own national objectives. In 2008, Lula and Fernández de Kirchner signed a series of agreements related to infrastructure, energy and defense. The nuclear accord seeks to create a bi-national company to produce the nuclear reactor, utilizing the technology for civil energy purposes and the development of electric units to provide greater energy capacity to cities.

While Argentina was at one time the leader in South American nuclear power, the nation's military capacity has since faded. Therefore, the nation's move to enter a nuclear agreement with Brazil is a strategic maneuver in line with Argentina's search for continued influence. Understanding its own inability to deepen a nuclear program given domestic political and economic restraints, Argentina has sought to not only retain a degree of military power through cooperation with Brazil, but concomitantly limits Brazil's ability to pursue nuclear development unilaterally. Calle notes that Argentina seeks to reinforce measures of cooperation and institutionalization in the region that help to create enforcement measures, even if modest, that can check Brazil's tendencies to act unilaterally or unwisely.^{lxvi} From Brazil's perspective, Argentina is considered a suitable partner because the country possesses previous nuclear knowledge, but lacks a powerful enough position to directly compete with Brazil for military power. The nuclear agreement therefore serves Argentina's goal of maintaining a degree of historical relevance and military prestige. The accord further serves broader Brazilian foreign policy goals of attaining a position of prominence in global fora, because the nuclear agreement adds a degree of transparency to Brazil's nuclear program and makes it less likely to be viewed as a threat in the international arena.

The nuclear agreement between the nations is historic, however, Argentina continues to look with skepticism upon the greater position Brazil seeks to attain internationally. Traditional sectors of Argentine society reject the idea of Brazil as occupying a “representative” role for South America in regional institutions and on the global stage, due to the previous prominence of Argentina that has faded in recent years while Brazil’s degree of regional influence and global significance has risen. The reluctance of Argentina to Brazil’s global rise is illustrated by the nation’s vote against Brazil’s acquisition of a permanent seat on the UNSC. Yet Argentina must attach itself to Brazil for any hope of international relevance because domestic political and economic issues within Argentina have injured the international perception of the nation.

One aspect of the internal issues limiting Argentina’s ability to project power regionally and globally is that Argentine elites have not yet considered a strategy for foreign policy. While Brazil has sought constant international activism, while Argentina’s foreign policy has demonstrated distance and alignment.^{lxvii} Perina notes that the political class in Argentina must either be content with its role as a second rate power *vis-à-vis* Brazil in South America (serving as the “lion’s tail versus the head of the mouse”), or it must deal with internal domestic issues of instability and weak institutionality that must be mitigated before the nation can gain international credibility and influence on its own.^{lxviii} Through inclusion in regional institutions such as UNASUR, and more specifically through a strong bilateral relationship with the dominant regional power, Brazil, Argentina can gain a degree of global credibility that the nation would be unlikely to achieve on its own.

Regional middle powers can also form coalitions with other actors to constrain the power and influence of dominant states, which Argentina has done with Venezuela to counterbalance the weight of Brazil in South America. We see Fernández de Kirchner embracing this strategy by pushing for the acceptance of Venezuela into MERCOSUR during the initial months of her presidency. This move may be supported by other smaller states such as Paraguay and Uruguay, because Venezuela's acceptance, particularly given the nation's energy resources, may constrain Brazil's power in the bloc. Brazil is aware of Chávez's attempts to court Argentina through the provision of material benefits and the fact that this is Venezuela's broader strategy in the region. To counteract Chávez's economic influence, Brazil has to provide Argentina with a degree of political weight in regional institutions in order to secure the nation's support and to prevent a deeper alliance between Argentina and Venezuela. Burges notes "Other Latin American countries are keenly aware of the tension between outcomes sought by Venezuela and Brazil, offering a space for them to play one country off another."^{lxix} There is greater potential for regional political influence and the acquisition of financial benefits if Argentina "walks the line" between the two competing regional powers rather than fully accepting and engaging in the specific regional vision of either. By playing each nation off the other, Argentina can acquire benefits, whether material or ideational, from both countries.

The Creation and Structure of UNASUR

The deeper political considerations of dominant and secondary states in South America, namely Brazil, Venezuela and Argentina, are highlighted within the structure of UNASUR. The organization was created under Brazilian initiative by Cardoso, but

Lula's administration has reframed the argument for South American integration to encompass deeper political and military terms and has achieved the support of its neighbors for the regional project of UNASUR. Beyond Brazil's dominant role in the institution, Flandes notes that there is a more even distribution of material resources within the member nations of UNASUR compared to other regions,^{lxx} therefore, within UNASUR there are several states that could potentially compete for secondary power status, such as Venezuela, Chile and Argentina.

As the dominant state, the creation of UNASUR can be understood within the framework of the Brazilian strategy of consensual hegemony. UNASUR is an institution that preserves a level of autonomy for the Brazilian state while also allows the nation to obtain followership from smaller regional countries. Brazil follows a path that Burns describes as "Leaders inducing followers to act for certain goals that represent values and motivations – the wants and needs, the aspirations and expectations, of both leader and followers."^{lxxi} Marcel Biato notes that the various councils established within the framework of UNASUR provide a "blueprint for joint action" allowing the nation to "forge a regional identity and to face the challenges the continent faces as a whole."^{lxxii} UNASUR seeks to unite the Andean Community and MERCOSUR, as well as create a regional alternative to traditional funding sources like the IMF and the World Bank, aptly named the Bank of the South. Brazil joined with Chávez on the Bank of the South project, because, as suggested by Burges, it sought to block Chávez's Bolivarian intentions for the organism.^{lxxiii} UNASUR centers on creating infrastructure investments through the financing of the Bank of the South and the energy accord, which are more practical steps that take precedent over the union attempted by MERCOSUR.^{lxxiv} Biato

also notes that the different councils within UNASUR allow for “frank and candid debates on previously taboo issues”^{lxxv} including sensitive security issues.

Brazil’s influence is evident in the structure and institutionalization of UNASUR, namely that the organization is sweeping yet weak and does not require states to give up their national sovereignty – a significant historical concern of Brazil. Brazil seeks what Pedersen terms “asymmetrical federation”^{lxxvi} in South America, which places Brazilian interests (however subtly) at the center of the regional agenda and ensures that the benefits of regional institutionalization accrue primarily to Brazil. The nation promotes horizontal rather than vertical depth in its integration schemes for South America, as a type of “open regionalism”^{lxxvii} model that intends for regional structures like UNASUR to be weak and ineffectual. Even in Brazil’s foreign ministry, Itamaraty, Biato notes there are sectors who argue that UNASUR is just one more component of the “alphabet soup” of integration schemes in South America and that the structure is merely a reflection of the failure of MERCOSUR to fully mature.”^{lxxviii} MERCOSUR’s failure to deepen institutionally, and the shifting to create a broader, less binding regional institution is reflective of the larger shift in Brazil’s regional integration from an economic focus with specific measures (which have proved to fail in MERCOSUR) to a more political-ideational integration that engenders fewer material costs for Brazil. It would be politically damaging for Brazil to extricate itself from or replace MERCOSUR because of the negative implications this would elicit in the Brazilian/Argentine relationship, so Brazil has chosen to merely continue a process of horizontal integration by drawing MERCOSUR under the umbrella of UNASUR. This is indicative of Brazil’s

broader foreign policy shift from economic issues in the region to the construction of a regional power base for affecting the newly emerging world order.^{lxxix}

Although the model of the European Union (“EU”) has been suggested as a model framework for UNASUR, the EU’s deep integration was only possible because its member nations intentionally moved toward becoming more homogenous and ceded national power to a supranational organization. However, UNASUR appears posed to serve as an inter-governmental union rather than a supranational structure. While EU members adopted a mutually compatible organization for the political, economic and social integration of its members, this is not the case in South America because states are unwilling to cede their national sovereignty to a regional organization. Moreover, there exists two distinct and competing models for integration (offered by Brazil and Venezuela) rather than a unified vision for organizing and institutionalizing the South American space, further limiting the potential success of a EU-type model.

Brazil has consistently positioned itself at the forefront of implementing regional integration initiatives, not only for the perceived benefit of the region, but due to the nation’s deeper regional leadership aspirations. Burges notes that Brazil has attempted to “...cycle the region-forming process through Brazil and position the country’s propositions and prerogatives as the central unifying factor of a potential South American region.”^{lxxx} Burges notes that the hegemon must work “...to ensure that other actors are included in the project as active participants and assisting in the implementation of the project.”^{lxxxi} Although it is not entirely clear that Brazil’s strategy of consensual hegemony has been a complete success, Burges notes that the attempt alone to formulate a consensual hegemony can allow regional leaders to accrue advantages even if the larger

project fails.^{lxxxii} This reinforces the idea that UNASUR was purposefully created as more of a political statement to its neighbors and to the U.S. than for the purpose of regional integration. Simply the fact that Brazil was able to emerge as the leader of this initiative in the eyes of the global community means that perhaps the organization fulfills some aspect of what Burges states may be the hegemon's goal: to "...at least partially embed the leading state's interests"^{lxxxiii} in the region.

Brazil utilizes UNASUR to institutionalize relations with the middle regional powers in a manner that provides advantages to the dominant state. This intention on the part of Brazil is seen most strongly in relations between Brazil and Argentina, as Brazil has sought to make Argentina its strategic partner in carrying out the hegemonic project. Hirst notes that Argentina and Venezuela are Brazil's primary associates and allies, but for distinct reasons.^{lxxxiv} The relationship with Argentina is important because of the twin process of economic and political liberalization the country has undergone along with Brazil, as well as the historic linkages between the nations in MERCOSUR. Venezuela, on the other hand, is important to Brazil because of its energy card and political solidarity between Lula's political party, the Partido de Trabalhadores ("PT"), and Chávez's bolivarianism. Through UNASUR, Brazil can tend to both of these strategic relationships in a controlled, institutionalized manner while the country subtly seeks to promote its regional and global interests and visions.

UNASUR is comprised of twelve member nations (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela) and two observer nations (Mexico and Panama). The structure aims to serve as the umbrella organization for economic, physical, political and military cooperation in South

America. The official constitution of UNASUR was constructed in Brasília, Brazil in May 23, 2008 and creates an institutional framework comprised of the following: a secretariat General based in Quito, Ecuador; a South American parliament in Cochabamba, Bolivia; and a proposal to create a central bank, common passport and currency, as well as a security council. UNASUR's institutional predecessor was the Community of South American Nations ("CASA"), initiated after the first meeting of the South American heads of state in Brasília in 2000, spearheaded by former Brazilian president Cardoso. Some of the initiatives from CASA now fall under the umbrella of UNASUR, such as IIRSA, which is centered on linking the energy, economic, transportation and communication centers of South America. UNASUR has a rotating presidency, and the first president of UNASUR was former Chilean president Michele Bachelet, holding the office from May 2008 to August 2009. Since this time, Ecuador's Correa has assumed the presidency of UNASUR. In August 2010, a leader from Guyana will assume this position. At the organization's summit in Argentina in early May 2010, former Argentine president Nestor Kirchner was appointed the first secretary-general of UNASUR.

Initial Conflicts within UNASUR

Conflicts arising during the institutionalization of UNASUR illustrate the underlying political tensions among South American nations. The process of determining a secretary-general for the structure is indicative of the lack of political will and coordination among governments of the region. Initially, the ex-president of Ecuador, Rodrigo Borja, was assigned to the position; however, he eventually renounced his nomination because of the refusal of member nations to grant the secretary-general a

more cogent role in the creation and consolidation of the organization. Ecuador, Venezuela, Bolivia and Argentina then sought to replace Borja with the former president of Argentina, Néstor Kirchner, whose nomination can be seen as an attempt by Venezuela and secondary regional powers to counterbalance the heavy weight of Brazil in UNASUR. In particular, Kirchner's nomination was contested by Uruguay, who refused to join UNASUR if the former Argentine's candidacy was confirmed, because of conflicts between the two nations regarding the use of the Uruguayan river for paper pulp mills. The controversy surrounding the confirmation of UNASUR's secretary-general illustrates the political obstacles the institution confronts in engaging the South American region with unity rather than fragmentation.

Despite the initial roadblocks, the position of secretary-general was filled by a unanimous vote for Kirchner during the UNASUR summit in Los Cardales, Argentina in early May 2010. The newfound consensus regarding Kirchner's appointment signals a promising degree of cooperation among the nations of UNASUR, particularly the decision by new Uruguayan president Jose Mujica to put aside disagreements between his nation and Argentina to vote in favor of Kirchner. Although the appointment of the secretary-general is historic, given that the position has remained unfilled since the organization's inception, Kirchner's role in Argentine politics must change in light of his new role in UNASUR. His appointment was a surprise to some, given that it appeared he was preparing to run for the Argentine presidency for a second time after his wife, Cristina Fernández de Kirchner, leaves office in 2011. UNASUR's founding treaty, however, states that the secretary-general must focus on regional (rather than national)

issues, and this would certainly seem to preclude Kirchner's ability to run for the Argentine presidency.

UNASUR Summit Meetings

Undertaking an analysis of the behavior of nations at UNASUR summits allows us to see the strategies of dominant and secondary states in regional organizations and how the countries of South America utilize these structures to achieve their goals. The meetings of UNASUR on August 10th, 2009 in Quito, Ecuador and again on August 28th, in Bariloche, Argentina, debated two contentious issues: the Honduran crisis as well as the U.S./Colombian military agreement. The base deal came after Ecuador failed to resign a lease for the U.S. military base in Manta, Ecuador, citing that U.S. presence at the base threatened Ecuadorian national sovereignty. While Colombian president Álvaro Uribe did not attend the UNASUR summit on August 10th, the leader arrived on August 28th ready to assuage the fears of neighbors with regard to an expansion of the U.S. presence in South America. When Brazil asked for more specific details regarding the base deal, however, Uribe countered by questioning the nation about its own plans to reequip its armed forces. Colombia refused to let its neighbors view the treaty agreement but said it would be willing to guarantee UNASUR that U.S. troops would not act extra-territorially. On November 27, 2009, UNASUR's defense council initiated a last-minute meeting to respond to the publication of the U.S./Colombia base deal, signaling the high degree of concern of the member nations to the agreement. During the event, the council issued a statement obliging member nations to maintain certain agreements involving foreign bases or forces in South America, the use (or the threat of the use of force), and actions toward terrorists.

A day prior to the meeting of UNASUR defense and foreign affairs ministers on November 26, 2009 in Manaus, Brazil, U.S. Secretary of State Hilary Clinton sent a letter to member nations stating that the U.S. bases in Colombia would only be used for internal operations, and reaffirming that the bases would not challenge the sovereignty of Colombia's neighbors. However, UNASUR members continued to look unfavorably upon the agreement, with reactions varying from deep concern (on the part of Brazil) to inflammatory rhetoric (in the case of Venezuela) with regard to expanded U.S. presence in the South American space. The range of responses to the U.S./Colombian base deal illustrates the various positions and alignments of the nations in the region, which are not new. The controversy surrounding the Colombian incursion into Ecuadorian territory in 2008 to raid an encampment of the Colombian guerrilla movement, the Revolutionary Armed Forces of Colombia ("FARC"), previously divided the region between those siding with Ecuador, such as Venezuela and Bolivia, and those taking a more moderate approach, such as Brazil, Argentina and Chile.

At the summit, Lula attempted to tone down aggressions between Uribe and Chávez and avoid a confrontation between the two nations, stating that he hoped for "moderation and dialogue."^{lxxxv} Lula stated he respected Colombia's sovereignty to sign the agreement, but wanted a guarantee that the bases in Colombia would be solely used for internal purposes and not extra-territorially. Lula's response to the U.S./Colombian base deal demonstrates the positive "soft" power of Brazil, in that the president responded to the incident pragmatically and without incendiary denunciations. Brazil expressed concern at the base deal but was cautious in avoiding an outright condemnation of Colombia's decision to sign the agreement. The difficult role of Brazil in maintaining

equilibrium in UNASUR between the disparate visions of the South American space is seen through Lula's statement that UNASUR could "cease to be an integration process, becoming just a group of friends."^{lxxxvi} Brazil is forced to seek a middle ground between the polar paths of Venezuela and the U.S.-allied Colombia, a moderating role that is difficult to fulfill.

Responding to the U.S./Colombia base deal by playing a mediating role between the nations of UNASUR and the U.S. strengthens Brazil's position as the dominant political power in South America and *de facto* leader of the region. Brazil's strategic regional diplomacy and the nation's intention to frame the debate at UNASUR meetings are illustrated by the country's activism in promoting communication prior to the summit. Brazilian Minister of Defense Nelson Jobim met with Colombian Defense Minister Gabriel Silva prior to the summit to clarify the base deal. Brazil also conversed with Argentina's Fernández de Kirchner for each of the ten days prior to the summit. In November 2009, Argentina and Brazil released a joint statement on military cooperation agreements in South America, arguing that they must carry formal guarantees against the use of military forces to challenge the sovereignty of other states. Brazil's initiative in promoting dialogue regarding the base deal is further illustrated by the fact that Lula personally called President Obama to request his presence at the summit to offer further explanation of the base deal to the member nations of UNASUR. This call also highlights the pragmatism of Lula's foreign policy strategy, which seeks greater autonomy from the U.S. but concomitantly recognizes that it must remain open and non-confrontational in its response to the hemispheric hegemon. Although President Obama

did not attend the UNASUR summit, the fact that the leader took the call from Lula reinforces the perception of Brazilian leadership in South America.

Although the U.S./Colombia base agreement highlights continued U.S. military influence in South America, some argue that the agreement is “inadvertently accelerating the growing Brazilian presence in the region”^{lxxxvii} because it adds legitimacy to Brazil’s strategic concerns about increasing U.S. presence in South America. The reactions of extreme discomfort or outright condemnation the base deal elicited from the nations of South America alienates these countries from the U.S. and grants Brazil justification for its increasing arms purchases and the expansion of its military apparatus. By mediating between the U.S. and South American parties with regard to the U.S./Colombia agreement, Brazil places itself in the center of the dialogue regarding military relations in South America.

Unsurprisingly, Chávez, Correa and Morales condemned the base deal most strongly. Ecuador argued for a stronger stance against the agreement, fueled by previous diplomatic tensions between the nation and Colombia. Morales attempted to get UNASUR to demand a U.S. retraction of the base deal, with Chávez leading the dissentious language against the agreement by suggesting the deal was “...part of a global strategy of domination by the U.S.”^{lxxxviii} rather than for the purpose of controlling drug trafficking. The Venezuelan leader further stated that the nation needed to prepare for war to counter the process of the U.S. turning Colombia into a “Yanqui colony.”^{lxxxix} Chávez also responded to the base deal by restricting Colombian imports, freezing diplomatic relations with the nation, and announcing an increase in Venezuelan defense forces on the Venezuelan/Colombian border to combat what he perceives as a “constant

threat of invasion”^{xc} from the U.S. On November 21st, 2009, Chávez also called for more than three hundred armored tanks and vehicles to be ordered from Russia, urging his followers to join “Bolivarian militias” to prepare for defense against an attack of the U.S. and Colombia against the region. In contrast, Chile and Peru backed Colombia, based upon their bilateral FTAs and economic ties to the U.S.

Another point of contention at UNASUR summits is the escalating arms purchases of governments in the region. The increase in military expenditure in South America is indicative of the underlying competition for regional power projection between Brazil and Venezuela, as well as Colombia (with the assistance of the U.S. through Plan Colombia). Venezuela legitimizes its weapons purchases by noting the perceived aggression from the U.S. through encroachment into South American territory. Brazil argues that it is “making up for lost time” and the recent military purchases are part of a strategy to renovate the nation’s obsolete equipment and troop design. Brazil’s heightened military expenditure, however, is likely a response to the increasing intra-state tensions between Andean nations and the expanding presence of the U.S. in the region. Another factor to consider is that Brazil is the major weapons producer of the region, and a goal of the nation is to decrease dependency on the U.S. for military equipment (given that the U.S. has limited Brazil’s access to technology and resources in the past). Brazil, therefore, may further promote the creation of an intra-regional military trade in its quest to gain further autonomy from Washington and promote regional military technological independence. Brazil’s recent equipment purchases may also highlight the country’s attempt to expand military power in order to match its position as an emerging power.^{xcii}

The escalating arms purchases of South American nations illustrate the underlying

competition between Brazil and Venezuela in the region, as well as the reality of continued U.S. military influence in South America through bilateral accords with Colombia.

While Brazil, Venezuela and Colombia increase arms purchases, smaller states employ regional institutions like UNASUR to limit the military capabilities of dominant powers. Regional middle powers utilize organizations as a forum in which to denounce, and thereby attempt to limit or curb, the acquisition of greater military power of stronger regional actors. It comes as no surprise, therefore, that countries that lack the political or economic means to undertake military spending (such as Argentina, Bolivia and Uruguay) have sharply criticized the escalating arms spending by their South American neighbors. Argentina has condemned the increasing equipment purchases in the region, and Paraguay noted how itself and Argentina have invested the least in arms purchases in the last thirty years. These regional secondary nations are concerned that a buildup of military equipment by the leaders of the regional integration project, Brazil and Venezuela, may further tip the balance-of-power scale in the region in the favor of dominant states. Regional middle powers like Argentina thus take advantage of the voice opportunities provided by regional institutions to try and restrain more militarily powerful states because the regional middle states do not have the sufficient economic or political power to bolster their own armed forces.

Intervention in the Bolivian Governability Crisis

Beyond attempts at dialogue and coordination with regard to military and security matters (which remains a significant challenge given the reasons explored above), the UNASUR states have initiated a conflict resolution mechanism within the organization's

structure, first formally put to test in Bolivia. The response of nations in the region to the report issued by UNASUR's conflict resolution mechanism, specifically those countries following the *Chavista* vision for South America, illustrates an underlying ideological tension that precludes a truly united response to regional conflicts and thereby limits the effectiveness of regional institutions such as UNASUR. The organization attempted to respond to the governability crisis in the Andean nation when a UNASUR commission was specifically created to investigate the murders of twenty farmers marching to pressure opposition prefect Leopoldo Fernández in Bolivia's Pando region, allegedly killed by armed groups linked to regional authorities opposing Morales' administration. UNASUR responded to the request of the Morales administration to create a task force investigating the killings, and the intervention was approved at the UNASUR summit in Santiago, Chile in November 2008. UNASUR's leaders, particularly Brazil, were concerned by the incident not only because it highlighted the political fragility of the region, but also because of the importance of Bolivia's natural gas supply to South American nations - chiefly Brazil, but also Argentina and Chile – which could be interrupted if violence spread throughout the nation.

Although UNASUR strove to mediate the conflict and promote dialogue between the Morales supporters and the opposition, the success of the operation was limited and the result of the task force was contested by parties on both sides of the ideological divide in South America. Opposition forces in Bolivia argued that the report was biased and only benefited Morales and his movement toward constitutional reform in Bolivia. On the other hand, Chávez was disappointed that the report did not go far enough because it failed to point out what he perceived as U.S. involvement in supporting the opposition to

Morales. Chávez wanted UNASUR to issue a condemnation of the U.S.' perceived role in the violence, and in expectation of this, he and Morales revoked their ambassadors to the U.S. and expelled U.S. ambassadors from their nations. Although UNASUR's actions in Bolivia are significant in the sense that they signaled a move of the region's nations toward the creation of more autonomous, South-American-centric institutions, the medium- and long-term success of the organization's dispute settlement and conflict resolution mechanism is questionable given its structural weakness and the lack of cohesion among member nations – as demonstrated through the Bolivian crisis.

While the final report issued by UNASUR was weak and contested by both the Bolivian right-wing opposition as well as adherents to Chávez's socialist movement, the Bolivia incident illustrates an attempt by South American nations to move away from traditional structures of conflict resolution in the hemisphere, specifically the Organization of American States ("OAS"). Initially, the task force for the Bolivian crisis planned to combine personnel from the OAS as well as UNASUR, however, at the Santiago summit it was concluded that a UNASUR task force would work independently in the Andean nation. The creation of the UNASUR task force illustrates the desire of regional nations to solve conflicts and deal with crises by their own initiative, without the involvement of traditional hemispheric institutions (such as the OAS) seen as overly U.S.-centric by nations in the region. This leads to the question as to whether or not UNASUR could potentially challenge U.S. involvement in the region by serving as a South American OAS? The answer to this question, for the present at least, appears to be negative. Although UNASUR could potentially reduce tension points in the region by promoting dialogue between member nations, the structure's lack of institutional power

means that the organization is heavy in rhetoric and lacking in action. Although South American nations may demonstrate the desire to resolve regional issues themselves, the OAS remains the primary institutionalized forum for conflict resolution and democracy protection in the region, with a history of hemispheric engagement that UNASUR is too young to possess. Perina also notes that UNASUR has not adequately addressed other significant conflicts arising in South America, such as border conflicts between Andean nations and narco-trafficking,^{xcii} which are specific regional problems that should be addressed for the institution to gain credibility. An additional limiting factor in the case of both UNASUR and the OAS is that these regional organizations preserve the autonomy of their member nations and therefore are not supranational in nature – making these structures inherently limited in how they can respond to regional crises.

The South American Defense Council (“CSD”)

A significant display of the shift away from traditional hemispheric security structures and the desire to circumvent U.S. influence in the region is the creation of the South American Defense Council (“CSD”). The CSD is a central component of the UNASUR integration model, and it is the first regional defense council in South America. The region can be considered a security anomaly given its traditionally low levels of intra-state conflict, supported by the fact that South America has the lowest defense spending in the world, at a mere 1.7% of GDP.^{xciii} The main security problems in the region originate as internal issues, such as drug trafficking and guerrilla movements. Yet these problems inevitably spill across borders, and intrastate conflict has increased in recent years in the region, as evidenced by tensions between Ecuador and Colombia, Colombian and Venezuela, Peru and Chile, etc. The incursion of the Colombian state

into Ecuadorian territory to destroy a FARC encampment and the tensions that arose from this incident in 2008 represent a particular turning point that advanced the creation of the CSD. The U.S./Colombia base deal may also have acted as a catalyst to the defense council's creation. The base agreement, however, could also undermine the CSD by making the council appear ineffectual and weak because it lacks a clear mechanism to monitor the potential expansion of U.S. presence outside of Colombia's sovereign territory. In addition, the document founding the council contains a specific non-intervention clause. Furthermore, there is no binding agreement within UNASUR's charter demanding that member states submit bilateral agreements for consideration to the organization; therefore, UNASUR has no ability to take action against the base deal.

The objectives of the CSD are as follows: to consolidate South America as a zone of peace, a base of democratic stability, and to promote the integral development of the region's cities; to provide a contribution to world peace; and to construct a South American identity in the field of defense, keeping sub-regional and national characteristics in mind, to contribute to the strengthening of unity between Latin America and the Caribbean; and finally to generate consensus in order to strengthen regional cooperation in the field of defense. The CSD is aimed at coordinating military training, defense technology and resources in the region, but has no armed forces. The council serves primarily as a forum to promote dialogue and reduce points of tension and conflict among South American nations, and is therefore, a "soft" rather than "hard" power organization. The CSD cannot physically act to defend democracy in the region, but it can apply political pressure. Battaglino notes it is an important tool in military diplomacy,^{xciiv} particularly significant given the history of rivalry and mistrust among

many nations in the region. For this reason alone, the council's creation is historic in the region because it is the first of its kind.

Like UNASUR in general, the CSD is limited by the presence of conflictive ideas regarding the role and scope of the council, with Colombia on one side, Chávez on the other extreme, and Brazil attempting to mediate between the two polar positions while asserting regional autonomy from the U.S. (albeit far more subtly than Venezuela). Battaglino notes that because of the distinct visions for military and security integration in South America, and the sensitive nature of these issues, there is the possibility that the CSD will be paralyzed when confronted with the difficulties arising from any integration process dealing with national defense.^{xcv} Colombia did not initially plan to join the CSD, based upon its close military relations with the U.S. through Plan Colombia, and this was considered a severe blow to the council. Eventually, however, Colombia joined the CSD as a nod to Brazil, and because the nation realized the structural limitations of the council would likely prevent it from having any real military capacity. Therefore, the structure was weak enough for a U.S.-allied nation such as Colombia to join in order to avoid alienation from its neighboring countries, without causing conflict in Colombia's relationship with Washington. As opposed to Uribe, Chávez wanted the CSD to have actual intervention and military capacities rather than to serve the more political purposes envisioned by Brazil. Venezuela argued strongly for the CSD to be able to take specific action to counter U.S. influence, for example, after the U.S./Colombian base deal. In 2003, Venezuela had promoted the creation of a South American Treaty Organization in response to the U.S.-led North Atlantic Treaty Organization ("NATO"), however, this initiative failed to come to fruition. Venezuela also promotes the practice against a

possible military intervention of the U.S. and the nation's military academies study the principles of asymmetrical warfare in preparation.^{xcvi} The presence of Chávez's strongly anti-U.S. language undermines the legitimacy of the CSD because it points to the disparate visions with regard to South American security that are inherent in the structure and in UNASUR in general. Given the Venezuelan leader's bellicose perspective on how to maintain regional security, Brazil utilizes the CSD to subtly restrain Chávez's incendiary rhetoric and to counter his proposal to create an ALBA army. Brazil's attempt to placate and restrain the Venezuelan leader can be seen since Brazilian Minister of Defense Nelson Jobim spearheaded the creation of the defense council in 2008 by traveling throughout South America to consolidate the support of neighbors for the alliance. Notably, the first country Jobim visited was Venezuela, illustrating Brazil's strategy of utilizing consensual hegemony to bind Chávez through regional institutionalization rather than risking that the leader move forward with the creation of his own military forces in South America.

While institutionalization through the CSD allows the Brazil to harness Venezuela's competing vision for the South American defense project, the council further serves Brazilian regional and global aspirations because it enhances the international military and security profile of the nation. The awareness of this fact is evidenced by a speech in which Lula both proposed the creation of the CSD and promoted Brazil's right to a permanent seat on the UNSC.^{xcvii} The CSD also provides an opportunity for regional middle powers such as Argentina to gain a degree of military power at little political or economic cost. Jorge Battaglino notes "Argentina has much to gain and little to lose in the CSD."^{xcviii} Argentina is a very low military spender, partially because its economy is

too weak to support expenditure in this arena, but also because there is a lack of political payoff to do so. For these reasons, Argentina cannot easily pursue military power, but can utilize its presence in the CSD to acquire a modest level of relevance and input with regard to South American security and defense.

Beyond constraining Chávez's regional military objectives through institutionalization, a major concern of the Brazilian state influencing its desire to create the CSD is the need to protect the Amazon from extra-hemispheric actors, namely the U.S. Through the CSD, Brazil reaffirms the autonomy of national governments in the region and argues against the interference of extra-regional actors in the security affairs of South America. The possibility of a foreign intervention in the Amazon considered a legitimate and serious threat to Brazil, and since the early 1990s the nation has incorporated this possible scenario into their state military training. The vulnerability the Brazilian state feels toward its expansive territory is expressed by Lula's statement that "They [rich countries] think the Amazon is theirs, but that is not the case. It is our problem, and it is us who will have to meet to consider the environmental problems."^{xcix} Brazil looks with concern on the increased conflict in the Andean region, which hits Brazil's northern border, as an excuse for heightened U.S. interference in the region.

Brazil's fear regarding the vulnerability of the Amazon and U.S. encroachment into South American territory is reinforced by incidents such as the reactivation of the U.S. Navy's Fourth Fleet off the coast of South America. Shortly after the announcement of the creation of the CSD in 2008, the U.S. reactivated the Fourth Fleet, which had not operated since the end of World War II and which assumes responsibility for the waters off Central America and South America. The reactivation of the fleet may represent a

“political statement that Washington is capable of projecting its authority throughout the hemisphere.”^c Although Washington posits that the reactivation is a form of fulfilling its promise to improve maritime missions and relations with regional partners, the nations of the region have expressed their concern and disagreement with the decision.^{ci} Calle notes that the reactivation of the fleet is indicative of a larger shift in U.S. security strategy to include actively protecting against the deterioration of democracy and in response to national resource competition, which has required an amplification of the functions and organizational structure of Southern Command.^{cii}

While Brazil has appeared apprehensive of the expanding U.S. presence in South America, evidenced through the country’s reaction to the U.S./Colombia base deal and the reactivation of the Fourth Fleet, Brazil moved to sign a new military pact with the U.S. in mid April. This is the first bilateral defense agreement between the nations since 1977, when Brazil withdrew from a previous accord in created in 1952. The agreement promotes cooperation between the U.S. and Brazil in areas such as military training, research and development, information exchanges, and defense-related commercial initiatives. Initial reports that the agreement would establish a multinational base in Rio de Janeiro elicited heavy criticism from Chávez and his Bolivarian allies, particularly in light of the controversy surrounding the military base accord signed by Colombia and the U.S. in 2009. Allegations surrounding the potential Rio base, however, were quickly dispelled as false rumors by Assistant U.S. Secretary of State for Western Hemisphere Affairs Valenzuela, who assured South American nations that the new accord was merely a reflection of broader agreements the U.S. is seeking with various nations around the world. He also stated that the idea for the pact was based primarily upon the cooperation

the U.S. and Brazil have achieved through the U.N. peacekeeping mission in Haiti, MINUSTAH. Brazil has also been careful to clearly demonstrate the distinction between the new pact and the base deal signed by the U.S. and Colombia, highlighting the fact that all UNASUR member nations had been informed about the new U.S./Brazil accord and that the pact contains explicit guarantees ensuring respect for the territorial sovereignty of other states.

Despite the assurances provided by Brazil and the U.S. to assuage the fears of South American neighbors, the new agreement is a surprising move on the part of Brazil not only because it inherently evokes controversy within the regional space, but also because recent tensions over issues such as the Honduran elections and sanctions against Iran appeared to significantly cool the U.S./Brazilian relationship. Brazil's decision to sign the agreement with the U.S., however, point to the nation's global objectives of gaining greater prestige on the international stage. Therefore, Brazil may consider an alliance with the world's prominent military power a gain for Brazil's global aspirations despite the tension such a pact evokes within the regional space.

Beyond the recent defense cooperation agreement with the U.S., Brazil employs the CSD as part of its overall strategy of regional and international insertion.^{ciii} Not only does the CSD represent a significant step in consolidating the region as a zone of peace, but the council grants Brazil greater international protagonism^{civ} with regard to security and defense issues and supports the nation's aspiration to acquire a permanent seat on the UNSC. To the Brazilian state, the CSD garners greater global significance for the region (and, as the dominant power, for Brazil) because it allows for military capacity of scale, fosters confidence-building among the region's armed forces, and improves regional

mediation leading to greater intrastate security.^{cv} Although still in its incipient phase, in the future the CSD could potentially preclude the need for regional nations to make appeals at the OAS-level.

Particularly given concerns regarding rising military spending in South America, the CSD could provide an important forum for nations to promote dialogue and mitigate mistrust and misunderstanding regarding defense expenditures. Battaglino notes that even slight evidence of a potential arms race heightens perceptions of threat in the region, contributing to the construction of a regional security situation defined by conflict that can lead to a self-fulfilling prophecy.^{cvi} Battaglino suggests that while the mere existence of the CSD cannot guarantee the disappearance of uncertainty, the council can still contribute to the development and institutionalization of mechanisms that can increase the confidence between states.^{cvi} This is notable given the traditional lack of communication between South American countries with regard to security and defense issues that led to unrealistic perceptions of military capacity of neighboring nations (particularly heightened during the time of military dictatorships in the region). Repeated and institutionalized interaction through regional institutions like the CSD could potentially mitigate the chances of intra-regional conflict stemming from rising military expenditures in South America.

Conclusion: Regional Institutions in the Shift to Multipolarity

UNASUR represents an unprecedented initiative toward the institutionalization of the South American space. Although the expansive scope of the structure is commendable in theory, in reality the issues preventing deeper integration in the region are numerous, to which UNASUR is not immune. The problems South America

confronts in pursuing regional institutionalization are both intra-state and domestic. Given the struggle to address internal divisions evident in both countries competing for regional leadership, Brazil and Venezuela, it is a legitimate to question whether or not integration is achievable at a domestic, let alone regional, level.

The weakness of regional integration schemes also stems from the two distinct visions offered for the institutional organization of South America – on one hand, the more moderate path promoted by nations pursuing a middle path between free market principles and social democracy, and on the other, countries seeking to expand Chávez’s model of “socialism of the 21st century.” Rubens Ricupero notes that integration should generally be based on the convergence of its members toward common values or end goals.^{cviii} Therefore, the existence of two disparate regional projects inevitably hinders integration in South America because it inherently precludes consensus on how to institutionalize the regional arena. Given this context, a greater dose of realism could prevent the nations of the region from constructing sweeping mandates for institutions like UNASUR, which are unrealistic and heavier on rhetoric than actual mechanisms for action. This broad yet shallow institutional structure is not an accident, however; it reflects the strategy of the dominant regional state, Brazil, in shaping the South American space in a manner best promoting its regional and global interests. Although the achievements of UNASUR may be limited, the institution has served Brazilian purposes thus far in that it has successfully limited the scope of Chávez’s socialist movement in the region, and has allowed Brazil to garner support from middle power nations like Argentina for its regional (but not global) project.

Upcoming political events in numerous South American nations have the ability to alter regional commitment to institutions such as UNASUR and will determine the path of future integration in the region. These changes may present a particular problem to UNASUR, given the tendency of South American nations toward presidentialism that focuses primarily on the personalities, actions and initiatives of the particular leaders currently in office. This penchant toward presidentialism prevents the deepening of the institutional frameworks of regional organizations and hinders their function and long-term sustainability. Without involving other societal actors, UNASUR's effectiveness is solely reliant on the president of a nation, and therefore electoral changes in member nations have the potential to destabilize the commitment to regional institutions. UNASUR's presidents meet together in response to crises, but seem unwilling or unlikely to develop a framework of efficient and strong policies that includes the input and action of other, non-presidential actors. In particular, Lula's strong personality and popularity have bolstered support for the South American integration project both regionally and globally.

Upcoming fall elections in Brazil may lead to a shift in Brazilian foreign policy toward the regional space. While Lula has acted as a restraint to Chávez throughout his time in office, with subtlety and caution, the looming question is what will happen once Lula leaves office in January 2011. Will the incoming president of Brazil be able – or willing – to act as a moderating force to the Venezuelan leader and his competing project for South America? Although Lula's chosen predecessor, PT candidate Dilma Rousseff, will likely follow in the president's foreign policy footsteps if elected, it is likely that Jose Serra of the centrist Partido da Social Democracia Brasileira would suppress the nation's

regional agenda. Serra has already noted his belief that Brazil needs to address domestic issues prior to focusing on external factors and alliances. The political changes taking place in the dominant South American power will certainly reverberate into the region's institutions, although how this will occur remains to be seen.

The presence of restraints to the institutional deepening of regional structures like UNASUR does not require that scholars ignore these entities entirely. Rothstein argues that although the current record of success of regional groups is admittedly limited, this does not preclude their significance and they should not be entirely dismissed.^{ciX} Osgood further argues that in the future, the development of loose regional organizations may provide a new, more coherent framework for the international political system that results in autonomous balance-of-power systems.^{cx} While UNASUR's eventual success is questionable given the political and economic fragmentation stemming from the competing regional projects of Brazil and Venezuela, the fact that the institution excludes the hemispheric hegemon and asserts a distinctly South American space deserves attention. While these structures currently lack the institutional capacity to achieve their lofty goals of political and economic integration, regional institutions like UNASUR may have the potential to alter the regional and global landscape in the future. The mere creation of this regional structure is significant in that it reflects the desire of South American nations to unite in the process of shifting, however subtly, to a multipolar international system in which their voices can be increasingly heard.

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