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Stability with Hegemony: Brazil, Argentina, and Southern Cone Integration

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Stability without Hegemony:
Brazil, Argentina, and Southern Cone Integration

by

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South America's Southern Common Market (Mercosur) issued the Declaration of Ushuaia at the conclusion of its semiannual summit, hosted by the organization's rotational president, Argentina's Carlos Menem, in the continent's southernmost city, Ushuaia, Argentina. The Declaration revealed much, probably more than the participants realized, about the important issues, the actors, and the dynamics of the Southern Cone's twelve-year integration project. Responsible for drafting the first cut of the routine summit communiqué, Menem proposed three new initiatives for the document: 1) to make democracy a requirement for common market membership, 2) to declare Mercosur a zone of peace, and 3) to create a common currency like the European Union's. The presidents concurred on the first two proposals but balked at the third, committing themselves only to a more vague goal of "full economic integration" by 2005. The Summit participants were the same institutional actors that have guided Mercosur's affairs from the beginning, the presidents and foreign ministers of the member states. The dynamics between the national actors also remained consistent with the past, as Argentina's diplomatic initiatives set the agenda, leaving the other countries to respond and compromise with Menem's proposals.

The asymmetry in regional leadership is intuitively and theoretically puzzling. Intuitively one would expect Brazil, the largest, wealthiest, and most powerful country in the region, to set the pace and the direction for integration. Leading scholars concur theoretically that international regimes like Mercosur are unlikely to form without hegemonic leadership, yet the roles in Mercosur have been reversed as Brazil frequently has deferred to Argentine diplomatic initiatives, from the first tentative steps toward regional integration. One answer to the puzzle is
that, while Brazilian presidents have consistently favored integration since the mid-1980s, they rarely were able to build a consensus within their own administrations sufficiently powerful to articulate coherent foreign policy initiatives, due to the country’s fragmented, clientelistic political system. They were able to build a lesser consensus necessary to respond positively to Argentine proposals, however, as Argentine presidents helpfully phrased their initiatives in cooperative terms.

Brazil’s failure to act in accordance with theoretical expectations prompts an analytical shift from international to domestic levels of analysis to determine why some states under-achieve their power capabilities. In this article I explore domestic institutions’ constraining influence on presidential leadership, using a case study of Brazil and Southern Cone integration. Through the integration process, a limited number of bilateral and, in the later phases, multilateral agreements propelled and shaped the region’s relationships, and pin-pointing the source of important initiatives should identify the regional agenda setter. I analyze agreements in two issue areas, macro-economic integration and security cooperation, that state-centered analysis would consider “most likely” to originate as hegemonic initiatives because of their linkage to power relations. In both issue-areas Argentina most often articulated the crucial policy initiatives.

**Conceptual Framework and Previous Research**

**Hegemonic Stability.** Hegemonic stability theory was developed through the work of realists such as Charles Kindleberger (1981) and Stephen Krasner (1976), and by neoliberal institutionalists, most notably Robert Keohane (1980, 1984). It has been one of the most durable explanations for the formation and the nature of international regimes like the economic and security arrangements that have developed in the Southern Cone over the last fifteen years. While each of the three scholars makes a unique theoretical contribution, they share several
assumptions, including: 1) international relations are best understood through system level analysis in which states are the principal actors; 2) states are unitary, rational actors that use power to further their interests; 3) in anarchy, hegemonic leadership is necessary to create and maintain regimes, and 4) hegemonic states tend to create liberal trade and cooperative security regimes within their sphere of influence.

While they agree on the necessity of hegemonic intervention for regime formation, Keohane, Krasner, and Kindleberger differ on how the great powers exercise their roles. Keohane argues that international institutions often survive the decline of the hegemon that created them, because other participating states acquire an interest in the benefits of cooperation. Kindleberger disagrees, arguing that stable economic relations require a stabilizer, represented by the most powerful state, and that fragmented power leads to fragmented regimes. Power asymmetries do not automatically produce cooperative relationships, however, as some potential hegemons choose not to pay the often substantial costs of leadership. Kindleberger concedes that the decision to bear the costs of hegemonic stability is a function of domestic politics rather than systemic variables. Finally, Krasner notes that hegemonic systems tend to produce free trade regimes, as both the smaller members as well as the larger powers benefit from the relationship. Large states’ normally more competitive industries gain market share, but more importantly, the hegemon gains political control of the regional system. The smaller states gain access to the larger market and (often) receive side payments as well. Like Kindleberger, Krasner observes that anomalies sometimes occur in which hegemony did not produce free trade regimes, anomalies that he also explains through domestic politics and the restraining power of entrenched domestic interests. Neither therefore presses a strictly systemic interpretation; instead, each allows for mediating effects from domestic variables, echoing Andrew Moravcsik’s
(1993, p.9) argument that, "domestic politics is an intervening variable that introduces residual variance around the predictions of systemic theory."

**Domestic Politics.** Brazil's relationship with its Southern Cone neighbors is one of the anomalies that hegemonic stability theory does not explain well. Regional trade and security regimes developed after 1985, but following an agenda set by Argentina rather than the natural hegemon, Brazil. Helen Milner (1997) partially explains the puzzle by relaxing the realists' assumptions and by using a domestic level of analysis. Milner's protagonists -- executives, legislatures, and interest groups -- are still unitary, rational actors, but changing the level of analysis has two effects. First, national interest is not a given but is contested, the result of political competition in which domestic actors try to equate the national interest with their policy preferences. Second, the effects of interstate power asymmetries, such as the power differentials in the Southern Cone, are less crucial than they are in state-centered models, as few domestic actors are influenced directly by foreign power.

Milner describes policy making as institutionalized competition between societal actors (interest groups) who seek to maximize income and political actors (executives and legislators) who want to retain public office. With national constituencies, executives are concerned with national programs and overall economic performance, demonstrated by levels of growth, inflation, and employment. Local constituencies focus legislators' attention on local economic factors and the preferences of specific supporters. Borrowing from U.S. trade literature (for examples see Hansen 1990; Bailey, Goldstein, and Weingast 1997), Milner argues that executives normally favor free trade and international cooperation, while legislators tend to be more protectionist and isolationist. Institutions are actors' constitutional roles in the policy process. Executives initiate and implement policies, while legislatures amend, ratify, and/or veto
policy proposals. The key to policy outcomes is the level of unified or divided government. With united government executives command legislative majorities, and their preferences for international cooperation normally prevail; whereas under divided government legislators' parochialism tends to brake cooperative initiatives.

Milner's explanation is useful, but it only partially explains Brazil's behavior in the developing Southern Cone cooperative relationships. As she predicts, presidents since 1985 favored regional cooperation, especially with Argentina (Manzetti 1990, 1993-94; Weyland 1993, 1996, 1997-98; Solingen 1998), and Congress consistently focussed on domestic issues. Rarely commanding a stable majority, most presidents struggled with the legislature to implement their programs (Roett 1992; Lamounier 1996), but contrary to Milner's prediction, Congress ultimately was not a major obstacle to regional integration. Brazil's Congress ratified all of the major agreements submitted by the four presidents since 1985, most of which originated as Argentine initiatives. The inability to articulate Brazilian initiatives was not a function of executive-legislative competition, but rather lay within the executive branch.

Bureaucratic Politics. Barbara Geddes (1994) uses rational choice methodology to explain the failure of Latin American countries, prominently including Brazil, to develop political institutions, such as parties and bureaucracies, capable of effectively articulating and implementing presidential policy preferences. Geddes argues that presidents often face a "politicians' dilemma" when they appoint the cabinet ministers and other officials who direct state policy making and policy implementation. The dilemma is the choice between nominating loyal, competent officials who would likely enhance the president's long-term policy preferences, or securing short-term political support of legislators and other powerful interests by appointing their favorites. Strong presidents have the luxury of choosing competence, while
weaker executives compromise and thereby create a self-perpetuating system of clientelist networks that cut across legislatures, ministries, and government enterprises.

The politician’s dilemma accurately captures the dynamics of Brazilian governments and the difficulty of making coherent public policy since 1985. An important result was to magnify the influence of informal institutions, especially Brazil’s pervasive clientelism, over formal institutions such as the Constitution, the party system, and organized interest groups. Clientelism promoted and sustained an array of autonomous, shifting power centers based on the exchange of patronage. Without the backing of institutionalized parties, presidents bargained political appointments for short-term, often issue specific support, and so perpetuated the patronage system while surrendering control over their own administrations. Despite significant executive powers in the Constitution, competition between patron-client networks linking the bureaucracy to outside interests inhibited presidents’ ability to articulate coherent policy proposals. Brazilian executives’ nevertheless could achieve a lesser consensus needed to respond positively when Argentine counterparts extended diplomatic initiatives that were in line with their own preferences, and over time the two sides developed a strategic executive interaction that frequently resembled Evans’s, Jacobson’s, and Putnam’s (1993) “two-level games” model.

**Cases Compared: Economic Integration and Security Cooperation**

The complementarity of Brazilian and Argentine presidents’ goals after 1985 greatly assisted the process of building economic integration and security cooperation regimes. Democratic consolidation was the highest priority for the transitional presidents Sarney and Alfonsin – both in fact struggled to complete their elected terms – with the economy a strong second priority. Their joint strategy proposed gradual, flexible integration, featuring specific, sector by sector agreements and limited bilateral and multilateral institutions. In a different context, their
successors Collor and Menem gave economic recovery the highest priority. Collor and Menem consciously built on the foundations laid by Alfonsin and Sarney, but they did it in a grand style that featured broad, sweeping agreements, accelerated timeframes, and stronger bilateral institutions. The dramatic new style had two goals, to foster local and foreign investors' confidence in the credibility of the reforms and to cement the process during their tenure in office. Under Franco and Cardoso the two countries consolidated the new economic regimes, incrementally added new agreements, and fortified regional institutions. Because of the complementarity of the presidents' objectives, Argentine proposals were generally acceptable to the Brazilian leaders, and Argentines consciously designed their initiatives to help their colleagues in Brasilia.

**Economic Integration.** The first phase of economic integration under the Sarney administration produced a series of landmark agreements that established and structured the Argentine-Brazilian Economic Integration Pact (ABEIP). An embryonic free trade area, in its first years ABEIP fostered strong, albeit erratic, increases in trade and macroeconomic harmonization that prompted a 1988 pledge to create a common market within ten years. Bilateral pacts in 1985 and 1986 and a trilateral agreement (Uruguay joined the process in 1988) set the institutional structure for ABEIP, each agreement sponsored by Argentina's Alfonsin and following his agenda (Manzetti 1990).

Alfonsin made the first contact immediately after Brazil's 1985 transitional election by visiting President-elect Tancredo Neves in Brasilia to propose a variety of new forms of bilateral cooperation. Neves died just prior to his inauguration, but Argentina continued the diplomatic initiative with his successor, José Sarney. In November 1985, nine months after Sarney's inauguration, the two presidents formally met for the first time and issued the Declaración de
Foz de Iguazu, an executive agreement best known for easing mutual suspicions over potential nuclear weapons programs, but also promising to pursue economic cooperation. Unofficial talks on economic integration began two months later at a private residence in Buenos Aires, leading to the ABEIP treaty in July (CARJ 1998, Lavagna 1998). The treaty reflected Alfonsin’s emphasis on gradual, flexible, sector by sector harmonization, and it created a bilateral commission to review implementation of trade agreements and to negotiate new protocols (LAWR 07-31-86). Informally, the two presidents agreed to remain personally engaged in the process through regular, semi-annual summits (Manzetti 1990).

Sarney and Alfonsin produced the 1985 and 1986 accords during the height of their domestic powers, but they continued to push the process through the disastrous later years of their administrations, producing a final milestone agreement in 1988. Despite 25% growth in bilateral trade during ABEIP’s first year, in Brazil the pact sparked conflicts between competing offices in the bureaucracy and with state and private enterprises, with the sides taking positions based on their gains or losses under integration rules (Manzetti 1990). Economic downturns in both countries after 1986 diminished trade, sharpened domestic conflicts, and led to subsequent political defeats for the incumbents. The weakened presidents nevertheless continued to promote integration and, despite the growing crisis in both countries, in November 1988 signed the Treaty of Integration, Cooperation, and Development with Uruguay. The treaty, including the provision for establishing a common market within ten years, was again largely the product of Argentine initiatives (Manzetti 1990, 1993/94).

Few of the Treaty’s protocols were implemented in the chaos of hyperinflation and polarization that both countries experienced in 1989. In both administrations the officials who were pushing integration became isolated, generally deep within the foreign ministries, as both
presidents struggled to complete their terms (Manzetti 1990, 1993/94; Solingen 1998) (Sarney succeeded; Alfonsin resigned in July, six months prior to the scheduled end of his administration). Two events in August sustained the integration process, however. First, Carlos Menem’s first official visit abroad was to Brasilia, expressly to reinvigorate the process with Sarney, now clearly a lame-duck president. The two concluded fifteen new agreements and pledged to continue working toward a common market (LADB 08-22-89). Second, coincident with Menem’s initiative, both congresses ratified the Treaty of Integration, Cooperation, and Development.

Fernando Collor’s inauguration seven months later lit the fuse for a virtual explosion of cooperative regional and bilateral agreements, with economic integration through Mercosur prominent among a variety of issues. In July 1990 Collor and Menem signed the Acta de Buenos Aires, cutting the 1988 treaty’s ten year timeframe in half by pledging to complete the common market by 1994. A month later the agreement broadened to include Paraguay and Uruguay, and finally on March 26, 1991 the Treaty of Asunción created the institutional framework for Mercosur. Both presidents favored economic liberalization with regional trade as an important component, both were active politicians with a flair for dramatic initiatives, both enjoyed strong election mandates, and Collor began almost immediately a concerted effort to control his cabinet and the bureaucracy, so it is difficult to specify the origin of the agreements in that first year. Several things are suggestive, however. Menem had eight month’s lead in organizing his administration, and his August 1989 visit to Brazil had set the tone for negotiations prior to Collor’s election. The Argentine capital was the venue for the Acta de Buenos Aires which, coming only three months after Collor’s inauguration suggests that he joined, and accelerated, a negotiating process already in progress. His mandate had evaporated
in renewed hyperinflation before the Treaty of Asunción was signed in March 1991, and he was beginning to yield to the politician’s dilemma by making deals with the legislature and his own administration. Coincidentally, that month Carlos Menem became the first rotational president of Mercosur (LADB 03-28-91).

Despite redoubling of regional trade, Mercosur’s impetus stalled in 1992 under dual stress from Argentina’s ballooning trade deficit with Brazil and Collor’s losing struggle to remain in office. It regained momentum in 1994 with a restored trade balance and somewhat more coherence in the Brazilian cabinet, where Fernando Henrique Cardoso ruled as a virtual prime minister (Lamounier 1996, Weyland 1997/98). By 1994 the two most divisive issues were setting the common external tariff (CET) and widening Mercosur to include more countries. Argentina finally got the CET that it wanted despite Brazilian resistance, but Brazil prevailed on enlarging Mercosur, as Bolivia and Chile were allowed in, but potential competitors from North America were excluded (EIU 1994, LADB 03-18-93, Manzetti 1993/94). This determination to build Mercosur as an autonomous block without North American participation is a key component of Cardoso’s foreign policy, and his success in implementing it over Argentine objections represents an unusual and telling assertion of Brazil’s potential influence on a major regional issue.

**Security Cooperation.** Progress on security cooperation had a trajectory similar to economic integration’s, and activity in both spheres frequently coincided. For example, signing the 1988 Treaty on Integration, Cooperation, and Development took place during a visit by Sarney to an Argentine nuclear facility. As with economic matters, progress on security cooperation under Sarney and Alfonsin was gradual and issue specific, while Collor and Menem dramatically concluded a series of sweeping commitments in 1990 and 1991 that had been unthinkable only a
few years before. In the years since, Brazil and Argentina consolidated bilateral and regional
relations while widening the scope of security cooperation through multilateral institutions such
as the Organization of American States and global arms control regimes. Again, as with
economic matters, Argentina normally set the regional agenda with two categories of security
arrangements: arms control and confidence and security building measures (CSBMs).

Arms control dates from the first Sarney-Alfonsin meeting at Iguazú in 1985, when they
agreed to contain the potentially dangerous nuclear programs in each country. That meeting
produced two institutional results: 1) a bilateral working group to monitor and harmonize
nuclear policies, and 2) semi-annual presidential summits (coinciding with the economic talks) at
which they regularly repeated declarations of peaceful intent and cooperation in their nuclear
programs. In 1988 the working group became a Permanent Commission that eventually became
the Argentine-Brazilian Agency for Accountability and Control (ABACC), the unprecedented,
nuclear materials monitoring regime created under Collor and Menem. In 1987 the two began
reciprocal visits to each other’s closely guarded nuclear facilities to publicly demonstrate mutual
trust and transparency. The initiative for each step clearly was Alfonsin’s (who had put
Argentina’s highly centralized nuclear program under civilian control in 1983, while elements of
Brazil’s program remains under the military today), including the concept and agenda of the
initial 1985 meeting, the first visit to a nuclear plant, and institutionalization through the bilateral

Menem took the initiative in security as he had with economic integration, by including
nuclear cooperation in the fifteen protocols signed during his August 1989 visit to Brazil (LADB
08-23-89), but truly remarkable achievements in arms control occurred only after Collor’s
inauguration. Between November 1990 and December 1991 a series of agreements created
ABACC and provided for full-scope nuclear safeguards and reciprocal inspections, under the supervision of the International Atomic Energy Agency. For good measure, in September 1991 they signed the Mendoza Accord with Chile to ban chemical and biological weapons from the region. Finally, all three countries joined the Tlatelolco Treaty, a hemisphere-wide agreement to ban nuclear weapons from Latin America. As with economic integration, it is more difficult to identify the source of security policy initiatives during the Collor-Menem period, but Menem’s early initiative with Sarney, his greater control over the military and nuclear programs, and Chile’s inclusion (Chile had long-running territorial disputes with Argentina but little military relation with Brazil) suggests that Argentina’s leadership during this period was crucial. All three legislatures ratified the treaties, with Brazil’s consistently lagging behind its neighbors (Carasales 1997, Escudé and Fontana 1998, Redick 1994, Solingen 1998).

CSBMs are reciprocal measures including declarations, data exchange, visits, inspections, and other activities, designed to reduce uncertainty and promote cooperation between real or potential rivals. CSBMs have a long history in international relations, but they were applied systematically as foreign policy tools in the Southern Cone only after 1991, when Menem introduced them to demonstrate regional stability for local and foreign business investors. Brazilians tended to resist formal CSBMs from a nationalist perspective, calling them unnecessary and a U.S. imposition, but the divided military structure offered openings in which services saw advantages in specific measures (Escudé and Fontana 1998; Guedes da Costa 1996). Examples include the Navy sharing its aircraft carrier with Argentine aviators in exchange for flight training, the Air Force sharing radar data with Argentine counterparts, and mutual reductions of forces on the border, allowing the Brazilian Army to refocus on Amazonia.
An Argentine political scientist remarked that “We keep making proposals, which annoys the Brazilians sometimes, but they have to respond, and we make progress (interview July 1998).”

The intensity and the intrusiveness of CSBMs increased after Cardoso’s inauguration in 1995 to include joint exercises with ground forces, intelligence sharing, and talks about forming an integrated Mercosur military command. In 1996 the two countries formed a joint working group to integrate regional defenses, plan joint exercises, and promote cooperative military activities, such as UN peacekeeping. Both countries joined international arms control regimes including the Missile Technology Control Regime, the Nuclear Non-proliferation Treaty, and the Chemical Weapons Convention (with congressional ratification), with Brazil’s signing and ratification generally following Argentina by one to three years. There are recent indications, however, that under Cardoso Brazil began to assert more influence in regional security matters, as it did in economic relations (ACDA 1998, Carasales 1997, Escudé and Fontana 1998, The Stimson Center 1997). One example was the 1996 publication of a white paper publicly outlining Brazil’s national defense policy. Each of the Southern Cone countries had committed to make their defense policies public as a CSBM, and Cardoso was the first leader to comply. In a more recent example Brazil and the United States jointly introduced through the OAS a binding resolution on reporting arms levels and military expenditures.

**Institutions and Interests**

**The Constitution.** Despite the considerable fanfare that attended its inauguration, the 1988 Constitution was not a radical change from Brazil’s previous document; instead, the new code made relatively moderate alterations to state structures. In a search for elite consensus, the drafting process comprised a series of compromises that finally produced something for everyone – and thereby thoroughly fragmented state authority (Hunter 1997; Lamounier 1996;
Roett 1992; Weyland 1997/98). Like the prior constitution that the military regime had crafted, the 1988 version retained significant formal presidential powers, but it also strengthened Congress, states and municipalities, and certain interest groups (including the military and the civil service) at the expense of the presidency. Written by politicians who owed their positions to patron-client networks, it did nothing to discourage clientelism. Instead, the new constitution created sheltered pockets of autonomous power within the bureaucracy and in the numerous state enterprises, offering huge rewards to individuals and groups that could capture them.

Specific provisions of the 1988 Constitution divided power between the central and local governments and between different institutions of the central government, while leaving responsibility for large policy areas at the federal level. Important examples included disbursing more than half of federal revenues to state and municipal governments, which tied politicians firmly to local issues while diminishing federal capacity to make and implement coherent programs (Power 1991). Second, guaranteed employment for civil servants, with retirement benefits that could exceed working pay, significantly reduced presidential control of the bureaucracy. Bureaucrats formed close ties with legislators that frustrated later, repeated attempts by presidents to reform the civil service (Weyland 1997/98). Third, the military preserved much of its autonomy under the new Constitution through separate ministries representing each service, the joint staff, and the president’s military household in lieu of a unified, civilian ministry of defense. The military also retained privileged positions in state enterprises and development planning (Conca 1997; Hunter 1997; Solingen 1998). Finally, the design of “provisional measures” (presidential decrees) created an invitation to executive-legislative struggle while increasing legislators’ leverage to extract favors. Under the old Constitution, decrees became law if not overturned by the Congress within thirty days, but under
the new document, provisional measures expired if not specifically enacted by Congress in the same time limit. Lacking partisan support, presidents made frequent use of the decrees — José Sarney produced 142 in his fifteen months under the 1988 Constitution, while Fernando Collor de Mello used 150 in 1990 alone — but making each decree stick cost more favors to key legislators (Power 1991).

**Political Parties.** In addition to dividing power geographically and institutionally, the Constitution helped to retard political institutionalization by fostering an inchoate party system. Scott Mainwaring underlined the remarkable weakness of the party system when he observed that “Brazil may present the most severe case of party underdevelopment of any democratic society in the world” (Power 1991). Two decades of military rule destroyed the parties that existed prior to 1964, and the (many) new ones created after 1985 have been almost without exception small, undisciplined, clientelistic, and regional. Widespread party switching by individuals or groups in Congress — between thirty and forty percent of the deputies changed parties or became independents in the legislative term from 1987 to 1991 — demonstrated the lack of ideological or programmatic cohesion (Power 1991; Hunter 1997). Parties were able nevertheless to leverage congressional votes for positions in ministries and public enterprises that they milked for additional jobs and benefits, so that government officials frequently owed more to their political patrons than to their nominal superiors (Weyland 1997/98).

Three related factors helped to fragment the party system. First, electoral laws fostered competition between candidates within parties, producing uncertainty, personalism, and low party discipline. The absence of minimum vote requirements and free TV time promoted multiple parties, and many were frankly personal election vehicles. Collor’s Partido de Reconstrução Nacional (PRN) was not unusual, forming only months before the 1989 general
election for the sole purpose of promoting Collor’s successful presidential campaign. The party won only a handful of congressional seats, and it soon faded. Second, the lack of cohesion and organization in civil society undercut group identification and linkages between collective interests and parties. Despite significant potential for organizational influence, business and labor remained too divided and institutionally weak to be effective in furthering collective interests (Armijo 1996; Schneider 1997/98; Weyland 1996). Finally, the ubiquitous personalism that overlay the party system strengthened the divisions in civil society and retarded the development of party discipline and programmatic orientation.

**Table 1. Party Composition in the Chamber of Deputies**

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<th>PMDB</th>
<th>PFL</th>
<th>PDS</th>
<th>PDT</th>
<th>PT</th>
<th>PTB</th>
<th>PL</th>
<th>PDC</th>
<th>PRN</th>
<th>PSB</th>
<th>PSDB</th>
<th>PPR</th>
<th>PP</th>
<th>Others</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
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<td>115</td>
<td>36</td>
<td>24</td>
<td>19</td>
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<td>487</td>
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<tr>
<td>1990</td>
<td>109</td>
<td>92</td>
<td>40</td>
<td>46</td>
<td>34</td>
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<td>12</td>
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<tr>
<td>1994</td>
<td>107</td>
<td>88</td>
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<td></td>
<td>513</td>
</tr>
</tbody>
</table>


**The Legislature.** Brazil’s inchoate party system fostered a fractious, multiparty legislature that rarely produced a stable majority coalition, although given the material of personalistic, undisciplined parties the practical benefits of coalition building were questionable. The number of seats in the Chamber of Deputies increased from 487 in 1986 to 503 in 1988, and finally to 513 in 1994. During the same period the number of parties represented increased dramatically, and presidents’ parties commanded a dwindling number of seats (see Table 1). In addition to frequently switching parties, many legislators regarded Congress as a stepping stone to more rewarding careers in state and municipal governments and further diminished the Chamber’s institutional coherence by leaving after one or two terms (Roett 1997). Populated by a growing number of ever-smaller parties and uncommitted legislators, Congress facilitated the operation of
client networks linking congressmen, cabinet ministers, bureaucrats, and local interests—and ultimately fragmenting national policy-making processes and actors.

Despite the difficulty of building partisan or programmatic coalitions, congresses did not always block presidential initiatives. Legislative opposition instead tended to vary by issue area, and most programs passed or failed based on one of three factors: the presidents' current popularity, the relative opportunities to extract patronage, and the issues' importance to specific interests (Lamounier 1996, Roett 1992, Weyland 1997/98). Congress consistently was reluctant to challenge popular presidents, despite their parties' weakness or their coalitions' awkwardness, but challenges rose quickly when the economy stumbled, as it did regularly after 1985. The periods of executive ascendance were brief, limited to the short success of Sarney's Cruzado Plan, Collor's inflation-fighting election mandate, and Cardoso's bigger mandate after he actually did brake inflation. In each period a window opened in which presidential initiatives, routinely couched as provisional decrees, passed quickly into law. More normally, though, struggling presidents paid a price for political support, frequently by appointing legislators' favorites as cabinet ministers and to other government offices (Brandão Lopes 1996, Geddes 1994, Weyland 1997/98).

Although the politicians' dilemma frequently compelled presidents to mortgage their administrations to Congress through political appointments, thereby weakening their ability to formulate and implement coherent policy, there is no clear correlation between congressional ascendance and the progress of regional integration, for several reasons. First, Congress eventually ratified most of the agreements for regional integration that presidents submitted, despite executive weakness. One telling example was the August 1989 ratification of one of the crucial steps leading to Mercosur, the Treaty of Integration, Cooperation, and Development.
Second, while integration advanced most rapidly in key treaties negotiated by strong presidents, it continued during the periods of presidential weakness as well, through executive agreements and, administratively, through a deepening and spreading network of institutionalized regional contacts. The bilateral commissions negotiating new trade and nuclear cooperation accords were at the heart of the process, and they continued their incremental work throughout the period with little public notice. Finally, whether the presidents were strong or weak relative to Congress, most integration proposals originated in Argentina and not in Brazil.

The Executive. In 1993 a trio of Brazilian social scientists wrote with remarkable candor that "Inconsistencies of official statements (under Collor) could almost suggest a lack of unanimity regarding Brazil’s posture toward the outside world" (Seabra de Cruz, Cavalcante, Pedone 1993, 122). Actually, all the administrations since the transition lacked unanimity in domestic as well as foreign policy, and, with tenuous control of the cabinet and the bureaucracy, presidents have struggled to form coherent positions. Ministers and state officials tended to pursue their own separate interests, sheltered from presidential authority by the Constitution and clientelist networks. Further adding to the difficulty of building consensus for regional initiatives, a variety of ministries and state agencies shared responsibility for regional policy (Armijo 1996, Manzetti 1990, Solingen 1998, Weyland 1997/98).

Each president after 1985 made regional economic integration and security cooperation priority issues. There was little constituency, at least initially, for regionalism in either society or the government; rather, the impetus for regional agreements originated with the presidents themselves and a small group of advisors. Presidents put a personal stamp on the drive for integration with regular summits (at least two per year through each administration since 1986) and frequent phone conversations with their colleagues, while working groups centered on the
Ministry of Foreign Affairs (MFA) carried on detailed negotiations between summits. A number of ministries had responsibilities, interests, and expertise in economic and security issues, however, and most effectively guarded their prerogatives (Roett 1992). Moreover, approval of major initiatives typically required a cabinet consensus.

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<tr>
<th></th>
<th>PMDB</th>
<th>PFL</th>
<th>Military</th>
<th>Independent</th>
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<th>PSB</th>
<th>PTB</th>
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<td>Nov '86</td>
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*Presidents’ own parties

Consensus in the increasingly divided and confrontational cabinets was difficult to achieve. Table 2 shows the partisan fragmentation of cabinets in 1986, 1988, and 1993. Ministers owed their positions less to their own expertise or to the president than they did to crosscutting patronage networks, and despite Itamaraty’s central role in negotiations, various ministries had jealously guarded, institutional slices of regional policy. Economic integration responsibilities were divided, *inter alia*, between the MFA, the Ministry of Finance, the Ministry of the Economy, the Ministry of Planning, the Banco Central do Brasil, and the Comisión de Política Aduanera, each with its own interests, responsibilities, and perspectives (Manzetti 1990). Nuclear-related foreign policy was the province of, at a minimum, the different military ministries, the MFA, the state nuclear power company NUCLEBRAS, the Comisión Nacional de Energía Nuclear (CNEN), and the Presidency. The military generally favored regional cooperation, but interservice cleavages increased the complexity of formulating authentic Brazilian initiatives. The civil service might have provided continuity over time and between
ministries, but it too was divided and penetrated by clientelist networks (Armijo 1996, Weyland 1997/98).

Argentine Institutions. Argentina’s relatively high level of political institutionalization was crucial to the progress of regional cooperation. Compared with Brazil, Argentine political structures fostered remarkable stability and coherence in policy-making, which allowed Argentine executives to formulate and extend credible proposals for regional cooperation to their Brazilian counterparts. The sources of difference in the two national systems have historic roots, and the distinct circumstances of their return to civilian government further accentuated the differences. Brazil’s gradual, managed transition left intact powerful interests that had developed and/or expanded over the two decades of military rule, including the military itself, state agencies and enterprises, local governments, and important industrialists and landowners with links to the state. The fragmentation of authority was codified in the 1988 Constitution. In contrast, the dual traumas of the Dirty War and the Malvinas debacle allowed Argentina’s new civilian regime greater latitude to break with the past, to rebuild civilian institutions without automatic vetoes wielded by the military, militant labor, and other entrenched interests, and to formulate new regional policy initiatives.

One of the principal differences with Brazil that fostered more coherent policymaking was the institutionalization of Argentina’s party system. Mainwaring and Scully (1995) compared Latin American party systems using a twelve-point scale based on multiple criteria such as party organization, discipline, electoral volatility, and linkage to society. Argentina scored near the top with a nine, and Brazil was near the bottom with a five; in all of Latin America only Peru’s 4.5 was lower. Strong party systems like Argentina’s perform several functions that potentially contribute to coherent governance (Haggard and Kaufman 1992, Mainwaring and Scully 1995,
Mainwaring and Shugart 1997). First, strong parties link the various institutions of government and, in presidential systems, help to overcome the problem of different executive-legislative constituencies. Second, institutionalized parties diminish the impact of personalism in the executive and in the legislature as well, fostering predictability, consensus, and a more programmatic orientation. Finally, broad-based parties narrow the policy agenda toward the center, thereby facilitating compromise by marginalizing ideological extremes. While real parties do not fulfill these ideal functions equally well, the Argentine party system was close enough that it contributed significantly to governments' ability to articulate national policies.

The Argentine party system was especially influential in presidential-legislative relations and in the internal coherence of the executive branch. From the democratic transition in 1983 Argentine presidents' parties either held a majority in the Chamber of Deputies outright, or they were able to build substantial coalitions, with the exception of the chaotic years from 1987 to 1989 when Alfonsin faced a Peronist majority. Even in the two years of divided government regional cooperation proceeded, albeit more slowly, as the opposition also favored integration generally, and the UCR government was able also to maintain a relatively high degree of internal cohesion, considering the increasing gravity of the crisis as its term ended. Menem's PJ government that took over in the midst of the same crisis managed to produce a even higher level of cohesion.

Executive branch cohesion was not due entirely to party strength, as some of the most important ministers, such as the Ministers of Economy in both governments, were not party members but technocrats. Nevertheless, party ties linked most ministries, promoted remarkable stability in the cabinet, and increased presidential control by reducing the number of independently powerful ministers. Argentina's ten cabinet ministries were less than half the
Brazilian total, and they exercised a more unified, rational division of labor on various issue areas than the Brazilian cabinets did. Argentina’s governmental institutions thus fostered a relative consistency and confidence in policymaking that Brazil generally lacked, at least until the mid-90s when Cardoso achieved greater control over the economy and over his own government than his predecessors had attained.

Conclusions

The Cardoso Reforms. In a number of ways, Fernando Henrique Cardoso’s presidency has been the exception that proves the rule. Elected in the ebullience of his success in finally halting inflation, Cardoso rapidly built a more durable congressional coalition than his predecessors had enjoyed, assembled a talented and program-oriented cabinet, and pushed administrative reforms through Congress that enhanced, at least somewhat, his control of the bureaucracy (Roett 1997). Working from a more solid institutional base, his foreign policy was correspondingly more active than his predecessors’ had been, displaying greater confidence, coherence, and assertiveness in a variety of security and economic issues. The old arrangements did not give way completely, however. Despite unprecedented changes, Brazil’s overall political system retained pervasively local, clientelistic, fragmented characteristics that still constrained the government’s policy-making processes (Fishlow 1997, Roett 1997).

The two Cardoso administrations have been active at multiple levels in international security issues. On a global level, for example, Brazil sought to identify with the First World by embracing a number of cooperative international regimes that previously were unthinkable, such as the Non-Proliferation Treaty and the Missile Technology Control Regime. At the same time it ran a vigorous campaign to be the permanent representative for Latin America on an enlarged United Nations Security Council. At hemispheric and regional levels, Brazil’s Foreign Ministry
(and the President) were at the center of successful multilateral efforts to stop the fighting in Ecuador and Peru's 1995 border war, and to negotiate a final solution to their seemingly intractable conflict. In addition, Brazil has become more active in the regional confidence and security building regimes that have developed over the last several years (ACDA 1998, Hirst 1999).

In economic issues Cardoso has been the most internationally involved Brazilian president in recent times. He made a record number of trips abroad during his first term in search of new markets and capital, while he deftly worked the International Monetary Fund (IMF) and other creditors to manage the impact on Brazil from the Tequilla Crisis in 1995 and Asian Flu in 1998-1999. Regionally, Brazil's influence was more decisive that it had been under previous administrations, although, while it was more influential, Brazil's strategy toward Mercosur was defensive — retrenching rather than innovative. Cardoso successfully resisted efforts to increase the level of institutionalization in Mercosur, and he was able to impose key policies on the other members, such as raising the Common External Tariff (Da Motta 1999, LAWFR 1997). Probably most telling in Brazil's defensive orientation to regional integration was its success in keeping the major North American states at arms length from Mercosur, and in the related campaign to emphasize sub-regional blocs like Mercosur over the U.S.-backed hemispheric free trade area.

At least two interrelated factors contributed to Brazil's increased energy and coherence in foreign policy issues through Cardoso's administrations. First, most Brazilian presidents since the transition were able to implement innovative policies during relatively brief windows when their personal popularity was high. Cardoso differed by keeping the window open, and thus sustaining his popularity and leverage, for a period of years by presiding over an historic period of inflation-free growth. Second, the Cardoso years saw gradual, erratic, but important increases
in the institutionalization of the party system, executive-legislative relations, and the cabinet. Cardoso’s own party, the Brazilian Social Democratic Party (PSDB) grew progressively stronger and increased its representation in the Chamber of Deputies from thirty-seven in 1990 to sixty-four in 1995 to ninety-seven in 1998, while increasing its control of key governorships and municipal offices (EIU 1997). The PSDB formed the nucleus of a six-party coalition that consistently counted over 300 of the Chamber’s 531 seats. The coalition held together throughout the first term, and at the end the three largest parties joined to nominate Cardoso for his second presidential election. The cabinet also maintained unusual stability in the first term, especially in the ministries most directly involved in foreign policy. Cardoso’s popularity overcame the politicians’ dilemma somewhat and allowed him to make crucial appointments based on the nominees’ ability, experience, and loyalty. At the beginning of the second term he finally consolidated the military ministries into a single, civilian-led Ministry of Defense, and in naming the new cabinet, he publicly demanded loyalty to government policy as a condition for remaining in the government (CNN 1998).

While the changes in Brazil’s domestic structures and in its foreign policy have been substantial under Cardoso, his approach has been incremental, certainly more gradually reformist than the rapid changes that Collor tried to implement. The higher levels of institutionalization that have developed over the last several years exist side-by-side with persistent elements of traditional Brazilian politics, characterized by local power bases, clientelism, and patronage. Despite undoubted progress, the traditional elements still constrain the government’s ability to formulate coherent policy. The Cardoso administration cannot count on the votes of any party or individual legislator from the majority coalition in Congress, including his own PSDB, without bargaining with legislators issue by issue and exchanging government favors for votes. Former
President and current Governor Itamar Franco dramatized the enduring power of state and local governments in January of 1999 by defaulting on his state’s debt to Brasilia and so prompting the long-fought devaluation of the Real. Most telling perhaps, is Argentina’s continuing importance as the locus of most fresh ideas and innovative proposals in the Mercosur community. Just as Alfonsín’s 1985 visit to Tancredo Neves began the process of Southern Cone integration, the dynamics of regional politics continued through Menem’s 1998 Mercosur Summit performance at Ushuaia.

Thus despite Brazil’s relatively recent assertiveness under Fernando Henrique Cardoso, Argentine initiatives have set the agenda for regional integration since its inception in 1985. Global developments since the mid-1980s provided incentives for leaders of both countries to adopt cooperative regional relationships, along with others around the world, but the two governments were not equally capable of reacting to similar global incentives. Confounding the predictions of state-centered theory, the smaller power Argentina provided the crucial diplomatic initiatives that set the pace and direction of Southern Cone integration, in both economic and security issues, and Brazilian leaders generally responded positively. The puzzling reversal of expected roles is understandable only by shifting the center of analysis from the international system to each state’s institutional structure. Brazil’s fragmented, clientelistic political system, characterized by an inchoate party system, autonomous local power centers, and an undisciplined bureaucracy, made building a consensus within the government, sufficient to formulate coherent policy positions, too difficult. Instead, a succession of chief executives yielded the initiative to their more institutionally sustained southern counterparts.
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