

7 An emerging security community in South America?

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I

The paucity of major wars in Latin America constitutes a major challenge to international relations theory and provides especially fertile ground for thinking about the nature of security communities. For the first half-century following independence, the region was beset by persistent and widespread wars of state formation and nation building, both internal and external. In this, as in so many other ways, Latin America foreshadowed the pattern of subsequent postcolonial conflicts and, by no stretch of the imagination, could be viewed as constituting a security community. However, since the late nineteenth century both the number and the intensity of interstate wars between Latin American states have been remarkably low – despite the existence of large numbers of protracted and militarized border disputes, many cases of the threatened use of force and of military intervention by outside powers, high levels of domestic violence and political instability, and long periods of authoritarian rule.¹

Explanations follow predictable lines. Realists and neorealists look to geopolitical location, to the varying degree of insulation from extra-regional influences, and to the hegemonic or policing role of, first, Britain and then the United States. Within the region, they highlight the emergence of relatively autonomous regional balances of power (for example between Brazil, Argentina and Chile), as well as other material factors which worked to restrain conflict – the absence of transport links, borders that were geographically removed from centres of political and economic activity, and military technologies that made it extremely difficult to bring power to bear in offensive wars of conquest. Liberals look to shifting patterns of domestic

politics, to the fortunes of democratization within states, to the quality and level of interdependence among states, to the pacifying impact of the region's insertion into the global economy, and to the role of institutions in helping states to maximize common interests. Marxists see the international relations of the region as reflective of developments in global capitalism with first Britain and then the United States intervening and manipulating local relationships in pursuit of their economic interests. Finally, international society theorists and constructivists stress the extent to which a shared cultural and historical experience, particular patterns of state formation and ongoing international interaction all combined to produce a strong regional diplomatic culture – a regional society of states which, although still often in conflict, conceived themselves to be bound by a common set of rules and shared in the workings of common institutions.

Rather than analyze historic patterns of conflict and cooperation across the region as a whole, this chapter concentrates on the southern cone and examines the relationship between Brazil and Argentina – the extent of their historic rivalry, the shift from rivalry to cooperation that developed through the 1980s and 1990s, and the emergence of institutionalized economic and political cooperation in the form of Mercosur (The Southern Common Market). There are two reasons for adopting this approach. The first follows from the idea of a security community – a group of states in which “there is real assurance that the members of that community will not fight each other physically, but will settle their disputes in some other way.”² Within such a community there must be dependable expectations of peaceful change, with military force gradually disappearing as a conceivable instrument of statecraft. A security community, then, necessarily involves the non-expectation of war of a very particular kind. Even if we can identify a zone of relative peace and even if we can see and hear much that suggests the existence of a security community, we need to look beyond positivist correlations across a large number of cases and examine instead the quality and internal constitution of a particular relationship and the causal mechanisms that may explain the emergence of a stable peace.

A meaningful security community cannot rest on the simple inability to fight (because of technology or geography), nor on a stable balance of deterrent threats, nor on coming together in the face of an external threat – all factors typically stressed by neorealists. But nor can it be based solely on instrumental interest-driven cooperative strategies of

the kind analyzed by neoliberal or rationalist institutionalists. Although institutionalists stress the ways in which institutions promote cooperation, institutions remain rooted in the realities of power and interests and the core assumption of states as rational egoists allows only a very limited place for the redefinition of interests and identities. It is precisely the possible emergence of a situation in which cooperation goes beyond instrumental calculation and in which the use of force declines as a tool of statecraft that opens the door to constructivist theories. Building on constructivist insights, this chapter highlights the importance of historically constructed interests and identities, of learning and ideational forces, and of normative and institutional structures within which state interests are constructed and redefined.

Secondly, Brazil/Argentina represents both a very *significant* case because of the size and intrinsic importance of the two states, and a *hard* case because of their long tradition of rivalry and competition. As Robert Burr notes, "The theme of Argentine-Brazilian rivalry and struggle for influence in South America is the oldest of all the Latin American conflicts."³ Rivalry (here in its etymologically purest sense) goes back to the recurrent conflict between the Spanish and Portuguese empires over the east bank of the Rio de la Plata and over control of the river system. Following the Portuguese invasion of the Banda Oriental (later Uruguay) in 1817, the newly independent Brazil and Argentina fought over the territory between 1825 and 1828. There was further protracted competition for influence in Uruguay between 1839 and 1852, culminating in the successful Brazilian military and diplomatic support for the overthrow of the Argentinian dictator Rosas in 1852. Further disputes, war scares and periodic arms races occurred in the period from the Paraguayan War (1864-1870) to the First World War, especially during the tenures as foreign minister of Rio Branco in Brazil and Zeballos in Argentina with tension particularly high in the years 1908-10. Moreover, by the mid-nineteenth century the language of power balancing had become well established as the dominant frame of reference for understanding the relationship.

Although military conflict was avoided, high levels of mutual threat perception continued through the twentieth century and, in stark contrast to the logic of a security community, the possibility of war and the importance of military preparedness were constant themes in strategic and diplomatic discussion.⁴ Brazilian diplomacy and military circles saw a constant Argentinian threat to dominate the Spanish-

speaking buffer states and to encircle and isolate Brazil, perceptions that were exacerbated during the Chaco War (1932-35) and World War II.⁵ Thus, to give one example, Goes Monteiro, minister of war 1945-46 described Perón's Argentina as "the true Nazi menace in the Americas" which was "gearing itself for a military clash with Brazil." And, in the early 1960s, Itamaraty described rivalry with Argentina as the "most powerful and persistent determinant" of foreign policy.⁶

Finally, it is too easy to see Latin America as an area with shared values, language, culture, an explanatory move which underplays the distinctiveness of Brazil: linguistically distinct as a Portuguese-speaking country; culturally distinct as a result of the differing patterns of Portuguese colonialism (and, very importantly, decolonization); racially distinct because of the small size of the Indian population and the large section of the population of African origin; and, until 1889, politically distinct as a monarchy in a continent of republics. For cultural models and for political ideas Brazilian elites looked (and still look) not to their neighbors or indigenous traditions but first to Europe and subsequently to the United States. The separation of Brazil from the rest of the region also resulted from the pattern of economic development established during the colonial period and the extent to which economic ties in both the colonial and postcolonial periods were tied firmly to the core capitalist countries. And finally, from the time of Rio Branco in the early twentieth century down to the 1970s, Brazil looked to the United States as a prime means of balancing the power of Argentina, a tactic which only served to reinforce the distance and difference between Brazil and its neighbours.⁷

And yet by the end of the 1980s a dramatic shift had taken place in the enduring rivalry between Brazil and Argentina. In the economic sphere, moves towards institutionalized economic cooperation gathered pace in the mid-1980s and proved far more resilient and successful than many predicted. These began with a series of bilateral economic agreements between Brazil and Argentina and were taken further by the creation of Mercosur in 1991 and by the successful creation of a common external tariff on January 1, 1995. In the security field, rapprochement involved confidence building measures, arms control agreements with cooperative verification schemes, shifts in military posture towards defensive orientation and declining levels of military spending, as well as a security discourse that avoids the rhetoric of the balance of power and that contrasts sharply with the extreme geopolitical doctrines of the 1960s and 1970s.

There is, then, a good deal of unexpected cooperation that stands in need of explanation and that provides strong *prima facie* grounds for taking the idea of a regional security community seriously. To explore these issues, this chapter addresses three questions. First, how might we explain the end of the enduring rivalry between Brazil and Argentina and the *process* of greater cooperation? Secondly, is it in fact correct to analyze the *character* of relations that had emerged by the mid-1990s in terms of a security community, and, if so, what kind? And finally, what are the *boundaries* to this community and to what extent are the developments between Brazil and Argentina indicative of more general trends within South America?

II

The simplifying rationalist assumptions of both neorealism and institutionalism provide a powerful tool for unravelling the ways in which external constraints and the structure of the international system shape the foreign policy options of all states, but especially of relatively weak states. They are good at explaining the logic of strategic interaction when the identity of the actors and the nature of their interests is known and well understood. Yet such accounts fail to provide sufficient analytical purchase on the sources of state interest, on the critical junctures and break points when actors come to redefine and reinterpret the nature of their relations, and on the role of interaction and institutions in reinforcing these redefinitions. This section presents an alternative, broadly constructivist, account of the three principal stages in the move away from rivalry and competition towards the emergence of loosely knit security community.

Phase I: The easing of rivalry, 1975–1985

Relations in the early 1970s between Brazil and the other major states of the region varied from cool to openly hostile and the idea of a regional security community would have appeared quite absurd. There were three principal areas of discord. Firstly, there was a steady increase in rivalry for influence in the buffer states of Bolivia, Paraguay and, to a lesser extent, Uruguay. The second focus of friction developed over the use of hydroelectric resources of the Paraná river. Argentinian opposition had been growing in the late 1960s but reemerged as a bitter source of discord in mid-1972 and continued to

dominate relations until 1979. Thirdly, the nuclear rivalry between Brazil and Argentina, visible since the Brazilian decision in the late 1960s to move ahead with the acquisition of nuclear technology, grew more intense and was sharpened immensely by the 1975 Brazil–West German nuclear agreement, the largest ever transfer of nuclear technology to a developing country.

These tensions resonated so powerfully because of the long tradition of rivalry, but were fueled by the extremely rapid economic development of the Brazilian “economic miracle” which rekindled historic fears of Brazil’s expansionist and hegemonic ambitions, as well as by the rhetoric of *Brasil potência* that dominated the foreign policy discourse of the Médici government (1969–1974). The image stressed by the Médici government was of a rapidly developing middle power moving towards First World status and having little in common with the other countries of the region. The reassertion of the special relationship between Brazil and the United States that followed the 1964 military coup sharpened the traditional Spanish-American view of Brazil as a trojan horse for US imperialism and it was in this period that the view of Brazil as a “sub-imperialist” power was most prevalent, a perception strengthened by the lack of Brazilian interest in regional economic integration. Indeed, although Brazil continued with rhetoric of the need for Latin American unity, its attitude towards regional organizations was at best ambiguous. On the one hand, multilateral regional organizations could usefully complement Brazil’s economic diplomacy and help prevent the emergence of a united anti-Brazilian grouping. On the other, as an economically more advanced country, it was increasingly wary of any moves towards integration that would involve making concessions to weaker members. Above all, during this period Brazil was reluctant to allow Latin American economic or political solidarity to interfere with its own bilateral relations with the United States.

Finally, rivalry was viewed on both sides through the prism of the geopolitical doctrines that were so influential both within the military establishments and beyond. Thus Spanish-American fears were heightened by the very visible influence within the Brazilian government of geopolitical theories with their starkly Hobbesian view of international life, their talk of “moving frontiers” and “platforms for expansion,” and their assertion of Brazil’s historic mission to regional predominance (its *vocação de grandeza*).⁸ On the other side, Argentinian attitudes to the region were shaped both by equally extreme geopoliti-

tical doctrines, as well as by virulent territorial nationalism and a powerful mythology of territorial dispossession.⁹

It is worth stressing the degree to which tensions between Brazil and Argentina fitted a more general pattern. Indeed, during the 1970s and into the early 1980s the prospects for sustained cooperation and the emergence of a security community in South America appeared extremely poor. Even if the region had been relatively pacific, most commentators were predicting that South America was becoming more conflictual and more like the rest of the developing world. "There are significant reasons to expect more conflict of various kinds between Latin American states."¹⁰ "All this points to a new era of international politics in Latin America: an era characterized by power politics and realism during which the myth of regional unity will be replaced by rivalries among regional powers..."¹¹ Or again:

For many years it was possible to consider South America as a region of peace in comparison to so many other areas of the world. For a number of reasons, this state of affairs began to change markedly in the middle and late 1970s and reached a dramatic and bloody climax in the Anglo-Argentine Falklands/Malvinas conflict of 1982. There are few informed optimists today who would predict that the South Atlantic war was an isolated event that could not be repeated in some other battlefield of the Western Hemisphere.¹²

There was consensus too on the reasons for this pessimism. First, the struggle for natural resources had, it was argued, drastically increased the stakes of many historic border disputes: hydroelectric resources on the River Paraná between Brazil and Argentina, access to off-shore oil, fishing and seabed minerals in the case of Chile and Argentina (and, in many Latin American minds, Britain and Argentina); access to oil once more in the border disputes between Peru and Ecuador, Venezuela and Guyana, and Venezuela and Colombia. Secondly, the reemergence of superpower rivalry in the Third World had increased the stakes and ideological intensity of regional insecurity, above all in Central America. Thirdly, many saw the overall decline of United States hegemony and the virtual death by 1982 of the Inter-American Military System as reducing the ability of Washington to maintain "discipline" within its own sphere of influence. And finally, many noted the continued prevalence of extreme geopolitical thinking amongst the militaries of the Southern Cone and the fact that arms spending and the capabilities of national arms industries appeared to be increasing. Not only was the Falklands/Malvinas War of 1982 a

worrying sign that extreme forms of territorial nationalism had not disappeared, but the debt crisis that broke in 1982 led to the collapse of intraregional trade flows and the further erosion of the already stagnant economic integration schemes inherited from the integrationist wave of the 1960s, such as the Andean Pact, the Central American Common Market (CACM) and LAFTA (replaced by ALADI in 1980).

This pattern of relations between Brazil and its Spanish-speaking neighbours which varied from coolness to outright hostility began to change in the late 1970s. An early sign of change was Brazil's proposal in November 1976 for the creation of an Amazon Pact to assist the joint development of the Amazon Basin. After considerable initial difficulties, Brazil was successful in overcoming the suspicions of the seven other countries involved and the treaty was signed in 1978. Economic relations with Latin America expanded and by 1981 Latin America's share of total Brazilian exports (18.4 percent) surpassed that of the United States for the first time. There was also an important shift in political attitudes and evidence of the growing "latin-americanization" of Brazilian foreign policy could be seen in the unprecedented range and frequency of political contacts between Brazil and other governments in the region.

It was within this context that we can locate the first signs of rapprochement with Argentina. Following a low point when Argentina blocked the transshipment of Brazilian goods to Chile, negotiations over the Itaipu and Corpus dams began again in July 1977 and in October 1979, Brazil signed an agreement with Paraguay and Argentina which effectively ended the thirteen year dispute. A further indication of change was the start in 1978 of the FRATERNO exercises between the two navies. In May 1980 Figueiredo visited Buenos Aires (the first visit by a Brazilian president since 1935) during which a package of ten agreements was signed. These included an agreement on joint arms production and nuclear cooperation, covering joint research and the transfer of some nuclear materials. In August 1980 Videla paid a return visit to Brasilia, during which a further seven protocols and conventions were signed extending the nuclear agreements. In 1981 three additional agreements were signed in the nuclear field between Argentina's NARC and Brazil's Nuclearbras.

After this initial improvement, relations cooled in the early 1980s when Galtieri returned to playing bandwagoning strategy offering

close support to Washington in Central America. Yet during the Falklands/Malvinas war Brazil supported Argentinian claims; supplied some aircraft and permitted some transshipment of Argentinian agricultural produce via Brazilian ports. Indeed, it is significant that even the announcement of Argentina's achievement of a uranium enrichment capacity in 1983 did not affect the process of rapprochement.

How might we explain this period? The most dominant liberal theory, rationalist institutionalism, has very little to say. Institutionalists are concerned with understanding cooperation *after* the parties have come to perceive the possibilities of joint gains. Yet this misses out what is often most puzzling: how historic enemies and rivals come to view each other as legitimate players in a potentially cooperative enterprise or game? Before we get to active *cooperation* we have to explain the joint acceptance of *coexistence* and the willingness of the parties to live together within a framework of agreed legal and political rules. By contrast, neorealism appears to take us a considerable way in understanding how the process of desecuritization gets underway and the initial triggers for change by focusing on the dynamics of a double set of strategic triangles: Argentina, Chile and Brazil on the one hand, and Argentina, Brazil and the USA on the other. For Argentina, the desire for better relations came from recognition by the Videla government of its internal weakness and the country's declining power position *vis-à-vis* Brazil, combined with the marked deterioration in Argentinian-Chilean relations over the Beagle Channel dispute following the 1977 arbitral award in favour of Chile. Tensions over the Beagle Channel brought the two countries to the brink of war in October/December 1978. As Tulchin puts it: "The armed forces were mobilized, coffins were shipped to the south, and the national radio played martial music for long periods."¹³ The seriousness of the threat underlined the logic of rapprochement with the old adversary, Brazil.¹⁴

Equally explicable within a neorealist framework, it had become clear by this time that the special relationship between Washington and Brasilia had unravelled – the most visible signs being the bitter disputes of the Carter years over human rights and nuclear proliferation. When the USA cut off military assistance to Argentina in response to human rights abuses during the dirty war, there was a clear convergence of positions within the second strategic triangle with both countries angrily denouncing US policy and adopting a parallel position in face of breakdown of superpower détente. The old

Argentinian fear of Brazil as a "sub-imperialist" power had therefore become increasingly outdated and irrelevant.

On the Brazilian side, the most important factor was the growing perception that its earlier regional policy had been thoroughly counter-productive. Talk of Brazil's emergence as a great power and Golbery's geopolitics had merely served to exacerbate Spanish-American fears and threatened to create the very situation that Brazil feared, namely the formation of a united anti-Brazilian grouping. Moreover, such a policy had become an obstacle to other more important Brazilian goals, especially the expansion of economic ties and the promotion of Brazilian exports (especially non-traditional and manufacturing exports). Finally, as the relationship with Washington unravelled, so the need for alternative relationships became more pressing. If the central theme of Brazilian policy in the 1970s was to diversify its external relations and to increase the range of its foreign policy options, then it became increasingly illogical to all but exclude Argentina from that process. These changing calculations of interest were reflected in a significant shift in the language used to describe foreign policy. By the mid-1970s the notion of Brazil as an aspiring member of the First World and of a special relationship with Washington (Golbery's "loyal bargain" in which support for Washington would be traded for an acknowledgement of Brazil's special role in their region) had given way to an emphasis on Brazil as a developing country, a member of the Third World and, increasingly, of Latin America.

Finally, rapprochement was assisted by the nature of the issues and the ways in which they played into these broader themes. In the first place the structure of bargaining over Itaipu was altering. Since the late 1960s Brazil's policy had been one of hegemonic unilateralism. "The Itaipu dam was designed to make maximum use of the hydro-electric potential of the Paraná River with no consideration given to the negative externalities on Argentine uses of the river."¹⁵ Moreover, once construction had begun, time worked to Brazil's advantage, especially as Argentina's attempt to internationalize the issue brought so little advantage. However, when in 1976 Argentina decided to go ahead and build its own dam further downstream at Corpus, the situation changed: by altering the height of its dam it could impose some costs and affect the viability of Itaipu; moreover by continuing the dispute it could block Brazil's desire to improve its relations with Latin America.

The late 1970s also saw important shifts in the nuclear field. In Brazil the increasingly evident failures of the official program and of the West German technology on which it was based opened the way to the development of the so-called parallel programs. In developing this parallel program Brazil had much to gain from cooperating with Argentina's more advanced nuclear technology, whilst, on the other side, Argentinian officials had increasingly concluded that a nuclear arms race would be costly and counterproductive. Moreover, whilst both countries continued to see the acquisition of nuclear technology as important to their long-term development (and perhaps, at some later point, military) objectives, both faced increasingly stringent financial constraints, increasingly serious technological problems, and a common interest in resisting attempts by outside powers to limit the proliferation of nuclear technology. There was, then, both an internal technological logic to cooperation and strong external pressures making for this initial move towards cautious cooperation.¹⁶

Although a straightforward interest-based explanation takes us a good way, it is worth pausing here and reflecting on how little this account has said about the kinds of states with which we are dealing and at how historic interaction came to shape both the limits of conflict and possibilities of cooperation. There may be some examples of true Hobbesian conflict (perhaps holy wars, inter-civilizational conflicts, heavily ideologized wars). Yet most protracted conflicts take place against a background of shared understandings and established legal and diplomatic institutions. In the case of Brazil-Argentina, the social character of relations is especially important. What we find is a long history, not of Hobbesian conflict, but rather of recurrent rivalry and conflict, often with military overtones, combined with periods of cooperation within a very "thick" social environment.¹⁷ The language of community and of a common Latin American identity did not therefore suddenly appear in the 1980s, but had deep historical roots. Alongside the recurrent fears and suspicions, the post-war period saw a number of previous moves to cooperation, especially between Vargas and Perón in the early 1950s and between Quadros and Frondizi in 1961.¹⁸

This is in itself something of a puzzle, especially for the neorealist. Why, after all, if states are naturally power seeking has the security dilemma in the region not been more acute? What accounts for the striking gap between the savage rhetoric of the Brazilian geopoliticians and their failure to seek regional hegemony based on active

military power – a move that would surely deepen the security dilemma and precluded the emergence of a security community?

The neorealist stress on geopolitical location is undoubtedly important. At least in this century there has never been a convincing need for a serious defensive capability against extra-regional powers which would have upset the regional balance of power and led to the destructive interaction between regional and extra-regional power balances that has so bedeviled the Middle East or the Indian subcontinent. But beyond this neorealism does not take us very far. Whilst distance, lack of communication may explain the limited contact and conflict with Brazil's other neighbors, the relationship with Argentina had always been close and intense. Moreover, on neorealist logic, as the two states consolidated, modernized and industrialized the chances of confrontation should have increased. Equally, whatever the earlier impact of hegemonic policing by Britain and then the USA, this was less than in the rest of Latin America and declined steadily after 1960. Finally, it is often argued that Brazil was a geopolitically satisfied power, a state that had gained enormous areas of territory from its neighbours through both diplomacy and coercion in the late nineteenth and early twentieth centuries. It therefore had little interest or incentive in hostile relations with Argentina. Yet, in the first place, security dilemmas do not depend on whether states seek only security or wish to maximize power, on whether they are defensive or offensive positionalists. And, secondly, the idea of a "satisfied Brazil" or a "revisionist Argentina" begs many questions about the character and historical construction of states that simply cannot be answered within the intellectually impoverished world of neorealism.¹⁹

It is impossible to give a full alternative account here, but a number of points can be made. First, a constructivist would want to look in far more detail at the patterns of state formation in the region and the emergence of governments and militaries that did not place great emphasis on external power projection. Indeed, a case might be made for a Latin American *via media*: namely that, particularly after the wars of independence and state formation, Latin American states were successful enough to avoid the civil strife, disintegration and secession that characteristic of so many other parts of the postcolonial world; but weak enough to escape the destructive dynamic between state-making and war-making that was such a feature of the European Westphalian order (and which is perhaps visible in the case of Chile).

Secondly, it is important to ask why, after the difficult years of state-building and, in particular, after the Paraguayan War, the two countries in general avoided (or managed to contain) the kinds of intense militarized conflict that, counterfactually, might have seemed probable. An answer might begin by recognizing the degree to which this is a period in Brazil in which domestic political power swings away from the center and towards the regional oligarchies, in which the army is severely weakened (to the point of having great difficulty in suppressing domestic revolts such as Canudos and Contestado), in which the foreign ministry (*Itamaraty*) dominates the management of the countries many border disputes, and in which a pacific diplomatic culture comes to be established and considered "normal." In Argentina, relations were overwhelmingly focused on Europe and the "central objective of its foreign policy was the resolution or diminution of political friction between states in order to permit greater freedom for international commerce."²⁰ On this view, whilst war had been central to the process of state/nation building in Argentina, it ceased to be so. Argentinian leaders may not have liked their neighbors but realised that economic development, immigration and foreign capital all required peace. Moreover, as Tulchin also argues, it was in this period that balance of power and geopolitical thinking was eclipsed by both eurocentric and idealist frames of reference (many of whose themes reappear in the Argentina of the 1990s).

Thirdly, as developmentalism and industrialization develop after 1930 often under authoritarian governments and as the two countries come into ever closer relations and acquire ever greater means of damaging each other, why has the security relationship not been worse? Again, any convincing answer would need to look at the particular role of the military as agents of domestic modernization, at the extent to which military professionalization and modernization was largely inner-directed, responding to domestic failures and aimed at integrating national territory, at upholding domestic order and at promoting economic development. This is especially relevant for understanding why Brazil – unlike, say, India or China – is a country whose governments have not placed a particularly high priority on expanding regional influence, especially in the power political and military arena, even when it has had the capabilities to do so. What becomes such a "natural" and taken-for-granted feature of the regional landscape is in fact the result of a specific set of historical processes.

Phase II: The strengthening of cooperation, 1985–1990

From mid-1980s, the momentum of cooperation picks up. In November 1985 Presidents Sarney and Alfonsín signed an agreement which covered nuclear issues and energy cooperation and which set up a commission to examine economic cooperation.²¹ In July 1986 the signature of the *Ata para a Integração* (Integration Act) established the Economic and Cooperation and Integration Programme (PICE). Under PICE 24 bilateral protocols were signed, followed by the Treaty of Integration and Cooperation in November 1988 and the Treaty of Integration, Cooperation and Development in August 1989. This envisaged the creation of a free-trade area between the two countries within a ten year period.

In addition to the launching of agreements on economic cooperation the second half of the 1980s saw increased stability in the security relationship. The logic of nuclear cooperation visible in the late 1970s reasserted itself and was strengthened by the serious failings of both nuclear programs despite large financial and political investments.²² Cooperation was visible in the various nuclear cooperation agreements signed between 1985 and 1987. Increased mutual confidence on the nuclear question followed from a far greater degree of transparency and the gradual emergence of more explicit confidence building measures: for example Alfonsín's decision to place CNEA under civilian control within the foreign ministry; the creation in 1985 of joint working groups involving members of the nuclear bureaucracies and nuclear industries; the signature under PICE of Protocol 11 on information in the case of nuclear accidents and Protocol 19 on areas for joint research and development; increased technical visits; the prior notice (to Argentina) of Sarney's speech in September 1987 announcing that Brazil had "dominated" the nuclear fuel cycle with the navy's domestically built gas centrifuge enrichment facility; and the transformation of the working groups in 1988 into a formal binational Permanent Committee on Nuclear Affairs. Most visibly, confidence was enhanced by Sarney's visits to Argentina's nuclear facilities in 1987 and 1988, and Alfonsín's visit in 1988 to the hitherto officially unacknowledged Brazilian facility at Aramar.²³

How to explain this period? Again, liberal institutionalism faces serious problems. Institutionalists stress the extent which cooperation is viewed as a functional and self-interested response by states to the problems created by regional interdependence and institutionalists

are keen to stress the extent to which increasing interdependence creates the "demand" for regimes. Yet in this case rapprochement developed against a background of, and as a response to, *declining* regional interdependence. Moreover, this approach stresses the critical role of institutions in fostering and developing regional cohesion. Yet in this case the role of institutions has been limited and has tended to follow from the success of earlier moves to rapprochement.

Some accounts of this period suggest that neorealist theory has nothing useful to say. Philippe Schmitter, for example, argues that: "[F]rom a neorealist perspective ... nothing bodes favorably for an increase in cooperative behaviour within the subregion."²⁴ Such a conclusion however, ignores the extent to which increased cooperation reflected a convergence of foreign policy interests and perspectives, born of common external pressures and of the erosion of alternative policy options. For much of the post-war period, major Latin American states tended towards a policy of constrained balancing: active efforts to diversify away from the USA but falling short of close and direct alignment with major US antagonists (both because of the high direct and indirect costs of such a move and because of the absence of a domestic constituency - except under conditions of social and nationalist radicalization). However the grand (and always excessive) hopes of diversification were already wearing thin by the beginnings of the 1980s and looked still less secure as the decade progressed. Moreover, as the prospects for diversification waned, so the centrality of the United States was reasserted but in ways that provoked or intensified tensions between Washington and the region. Thus, cooperation was based both on the absence of the kinds of alternative options that Brazil and Argentina had sought to develop in the 1970s and on a common rejection of US policy across a number of issues.

In Argentina, foreign policy under Alfonsín was built around the image of Argentina as a Western, non-aligned and developing country. Relations with Washington were strained as a result of the lingering resentment over Washington's support of Britain in 1982 and persistent differences over the Central American crisis, Argentina's strongly non-aligned stance, the management of the debt crisis, and a range of trade and investment issues. In Brazil there was a high level of continuity between the military period and the New Republic, nowhere more so than in the continuation of the frictions that had increasingly come to characterize US-Brazilian relations since the mid-1970s. Under Sarney such friction centred around debt manage-

ment and Brazil's 1987 debt moratorium, trade issues (especially investment access and intellectual property rights in the informatics and pharmaceutical sectors), nuclear policy and arms exports, and environmental questions. Continuity was also visible in the continued importance of national autonomy and the protection of national sovereignty as policy goals. This could be seen in the continuation or expansion of such stereotypical projects as the country's informatics regime, the nuclear program, or the national arms industry. Increased cooperation was therefore born, at least in part, of the need to present a united front against a hostile world. The severity and uniformity of the economic crisis served to underline common interests and common perspectives between the two countries. The negative external environment reemphasised the need to broaden and strengthen the regional market and to institutionalize the economic interdependence that had been growing through the 1970s, but which had fallen back so dramatically in the early 1980s.

Interest-based accounts also draw attention to power political factors within the region. On the one hand, the continued preoccupation of the Argentinian military with Chile and with the Malvinas and South Atlantic. On the other the shift in the concerns and threat perceptions of the Brazilian military, away from Argentina and towards the Amazon region. This reflected fears of subversion seeping down from the Caribbean (Cuba, Grenada, Suriname), a spillover of guerrilla violence from the Andean region and the need to reassert control over the extremely rapid and increasingly disorderly development of the Brazilian Amazon. From the mid-1980s, the Brazilian military laid great emphasis on the Amazon and occupied the major role in the formulation of policy towards the region. This trend continued into the 1990s and discussions of national defense planning and procurement policy have focused less and less on the possibility of inter-state conflict with Argentina and ever more on the need to police borders in the North, to control flows of gold miners, to counter *narcotraficantes*, and to prevent the "internationalization" of the Amazon region.

However, whilst shared foreign policy interests were important, it is impossible to ignore the importance of the transitions to democracy that are occurring in both countries (and throughout the region). In the first place, democratization involved the (albeit incomplete) shift in political and bureaucratic power away from the military, both generally and, very importantly, in the management of regional

foreign policy. Itamaraty and San Martin (the foreign ministries of Brazil and Argentina respectively) became the dominant agencies in the whole process of political cooperation and economic integration and controlled the working groups on technical and nuclear cooperation. Secondly, democratization also laid the political foundation for increased transparency on which more specific confidence building measures were later to be built. This was particularly important in the nuclear field with a series of Brazilian congressional hearings and increased discussion of Brazil's parallel nuclear program in the press and public (for example through the work of the Brazilian Physics Society).

Thirdly, it is very important to note that we are not dealing here with a "democratic peace" between two well-consolidated democracies but rather with contested processes of *democratization*. Particularly in this phase the shared interests and perhaps shared identities came rather from a common sense of vulnerability: the shared conviction that democracy in both countries was extremely fragile and that non-democratic forces were by no means out of the game (witness the military rebellions in Argentina in April 1987, January 1998 and December 1990). This provided a shared sense of common purpose between a limited group of politicians and government officials (rather than between political, let alone public, opinion more generally).

Fourthly, and especially in Argentina, this led to the overt use of foreign policy as a means of protecting fragile and newly established democracies. In part this reflects the close and very concrete link between conflict resolution abroad and democratic consolidation at home – the need to promote regional pacification in order to deprive the nationalists of causes around which to mobilize opinion, to demand a greater political role, or to press for militarization and rearmament. Regional peace therefore becomes central to the maintenance of successful civil-military relations at home. But it also reflected the perceived importance of building up the idea and the rhetoric of external support: the idea of a club of states to which only certain governments are allowed to belong and in which cooperation becomes the international expression and symbol both of new democracies and of the end of old rivalries. Democratization, rather than democracy *per se*, therefore mattered a great deal and this case provides an important counter-example to the argument that democratizing regimes are more aggressive and war-prone than other kinds

of states.²⁵ The leading actors on both sides *believed* democratization to have been very important in redefining the interests of the two states and in reshaping their identities and their sense of common purpose. In so doing, one of Deutsch's essential conditions for a security community, namely the compatibility of major values, becomes reasonably well established.

But democratization, it bears repeating, was not the only factor and does not provide a single magic key to understanding cooperation. A simple Kantian account is difficult to reconcile with the relative pacificism of both civilian and military governments in the region historically and with earlier patterns of conflict and cooperation between Brazil and Argentina. It tells us little about the successful resolution of conflict in the period immediately before the transition to civilian rule in Brazil and Argentina and downplays or ignores the other factors pressing for cooperation, especially from outside the region. Moreover, as the nuclear issue demonstrates, there are many cross-cutting pressures and relationships. The military remain politically significant, especially in Brazil with the persistence of "authoritarian enclaves," a domestic role recognized in the 1988 constitution, the absence of a civilian minister of defense and continued military control over "strategic activities." Although democratic politicians and foreign ministries undoubtedly make the running, the extent of continued military power suggests that rapprochement cannot be seen in terms of a simple struggle between civil and military authorities. Equally, the limits to nuclear cooperation under Sarney and the domestic debates over ratification of the Quadripartite Agreement in the 1993 underscore the extent to which nuclear nationalism was by no means limited to the military.

Phase III: Secure cooperation vs divergent identities, 1990–1996

The inauguration of Carlos Menem in Argentina in July 1989 and Fernando Collor in Brazil in March 1990 witnessed a significant effort to relaunch the somewhat flagging process of economic cooperation. In July 1990 they agreed to establish a full common market by the end of 1994. In March 1991 the Treaty of Asunción creating Mercosur was signed between Brazil, Argentina, Paraguay and Uruguay, entering into force in November 1991. Bureaucratic and political ties and visits become ever denser and the symbolism of integration continues (for

example, Cardoso's first act as president in January 1995 was a meeting with the presidents of Mercosul and of Bolivia and Chile). There was also important progress in the security and arms control field. In September 1990 Collor formally rejected any Brazilian desire to acquire nuclear weapons and, in a symbolic gesture largely intended for US consumption, closed the weapons testing facility at Serra do Cachimbo and included some greater civilian oversight of the continuing nuclear research. The 1990 Joint Declaration on a Common Nuclear Policy created a system of jointly monitored safeguards in the form of the December 1991 agreement between Brazil, Argentina, the IAEA and a newly formed bilateral agency for controlling nuclear materials (ABACC). This opened the way for full implementation of the Tlatelolco Regime. Finally, the Mendonca Agreement (which included Chile) of September 1991 extended arms control to cover chemical and biological weapons.

Two factors stand out in explaining this phase. In the first place, increasingly institutionalized interaction sets up a process of internalization and enmeshment which does not merely alter material incentives but reinforces changes in attitudes. As we have seen, military contacts began in the 1980s as exploratory meetings designed to find out what the other side was doing. By the early 1990s greater confidence and an increased awareness of common interests led to increased institutionalization which in turn provided a framework for new patterns of strategic interaction. In a similar way, this period sees a gradual but steady creation of interest-groups and networks within the state favouring integration. The network of bilateral working groups established under the 1986 agreements and, still more, the intergovernmental structures of Mercosur acquired a degree of bureaucratic autonomy (and insulation from the on-going political and institutional crisis in Brazil). Not only was the habit of consultation growing but a small group of officials was increasingly able to push the integration agenda forward and to work together to try and find solutions to problems. Moreover, the institutionalization of visits, exchanges by presidents and officials was leading to a broader "habit of communication" of the kind that has been so important within Europe. Although the shared sense of vulnerable new democracies is less visible in this phase, the domestic process of democratization remains important. In Argentina, for example, the foreign ministry was able to secure a progressively greater role in "security" affairs and, with the backing of Menem, to force the

military to accept a series of unpalatable decisions on weapons and nuclear policy.

Secondly, as with democratization in the mid-1980s, the definition of interests and understandings of identity shift very significantly in this period, above all because of changes in economic policy and economic thinking. The relaunching of economic integration needs to be understood against a set of shared and widely held perceptions of the external environment: that economic multilateralism was under threat and that a three-bloc world was emerging; that the end of the Cold War was leading to the "marginalization" of the region; that the success of US military power in the Gulf signalled a "unipolar moment" in which there was little choice but to come to terms with the realities of US power; and that economic globalization had undercut the viability of existing economic policies. Partly as a result policy in both countries moves increasingly in parallel directions: questioning of existing economic models based on ISI, high tariffs, and a large role for the state, and moving towards market liberalism, placing greater reliance on market mechanisms, seeking to restructure and reduce the role of the state, and laying greater emphasis on integration in world markets.

This shift towards market liberalism had a profound impact on the way Latin American states define the core goals of foreign policy - military security, economic prosperity and political autonomy - and the range of acceptable trade-offs between them (recall the degree to which state-centred ISI strategies fitted with the military's strategic interests and purposes). It also fed into regional policy in a number of ways. Firstly, its most important impact was to make the region more outward looking and more dependent on the international economy at precisely the time when the overall pattern of international relations was in a state of great flux and uncertainty. It increased Latin American interests in the continued existence of a more or less open, multilateral world economy. But it also altered the options when global multilateralism appeared to be under threat, increasing the importance of regional and sub-regional economic liberalization. Secondly, the fact that the two countries were moving together (if still unequally) towards economic liberalization provided a potentially more promising basis for sub-regional economic cooperation than old-style ECLA prescriptions. As a result, the specific character of integration changes significantly in this phase: away from balanced, sector-specific agreements based on specific reciprocity of the kind that had

dominated the 1986-1989 period (with a heavy focus on the capital goods sector); and towards generalized, linear and automatic reductions in levels of protection. What we see, then, is the idea of Mercosur as a reflection of the need for competitive modernization, as "a platform" or a "regional laboratory" for modernization and competitive insertion in the world economy" - as the new discourse expresses it - and as a way of bringing together the internal and external agendas of economic liberalization.

The reasons for these changes are partly to be found in purely domestic developments: the discredit and failure of previous development policies built around import substitution in which wide-ranging subsidy programs and extensive direct state involvement in industry had played a major role; the increased recognition of the need for effective stabilization; and, most importantly, the analytically distinct but temporally interconnected, fiscal, political and institutional crises of the state. But these changes in economic policy are impossible to understand without reference to the critical impact of structural changes in the global economy: the increased pace of the globalization of markets and production, and the dramatically increased rate of technological change. This led to a powerful Latin American *perception* that dynamic economies are internationalized economies; that growth depends on successful participation in the world economy; that increased foreign investment is central to the effective transfer of modern technology; and that the increased rate of technological change has undermined projects that aim at nationally based and autonomous technological development.

Neorealists (and radical IPE theorists) can certainly point to important political factors that help explain the parallel shift towards market liberalism. They highlight the role of direct external pressure from both states and multilateral agencies and the increasing tendency to make economic assistance conditional upon moves towards economic and political liberalization. Moreover, neorealists can also highlight the continued hegemonic "policing role" of the USA in forcing change in precisely those areas that had been previously been central to Brazilian-Argentinian rivalry. It is difficult, for example, to explain the shifts in nuclear policy, missile technology or arms exports without some reference to the consistent pressure applied by Washington. But neorealism can tell us nothing at all about the ways in which systemic or structural economic factors have interacted with domestic factors to produce new definitions of state interest, sup-

ported by new sets of domestic political coalitions. Its picture of the international system misses out entirely the ways in which both competitive dynamics and the consequent definition of state interests are affected by changes in the global economic system and by the changing character of the "transnational whole" within which states and the state system are embedded. Interests and identities are being reshaped through this period as interaction with the global political and economic system creates a complex process of socialization. It is tempting here to argue that peace follows from the inherently pacific character of democratic liberalizing "trading states." Yet such an explanatory move is difficult to square with similarly democratizing and liberalizing states (such as Colombia, Peru, Venezuela) in parts of the region that very clearly do not comprise a security community (see below). Rather than classic liberalism, one might point to the emergence of broadly liberal developmental states that face a common predicament in adjusting to changes in the global economy and that see regional cooperation as providing both a shelter and a platform, and whose understandings of power, autonomy and independence have been modified (but not transformed) in ways that facilitate cooperation.

III

By the mid-1990s it was clear that a major break had taken place in the historic rivalry between Brazil and Argentina in the sense that previous disputes had been settled; that diplomatic, military and economic resources were no longer committed to opposing the other side; and that the two countries were enmeshed in an increasingly dense process of institutionalized cooperation across a range of issues. As we have seen, neorealist factors and forces certainly played an important role, especially as triggers for change in the first stage of rapprochement. Equally, shifting material incentives have been consistently important and, as the process of cooperation has become denser, institutions have indeed come to provide important functional benefits and helped states capture common gains. But whilst power and interest have been important, it is impossible to produce a credible account without understanding, first, the particular historical construction of the states involved; secondly, the processes by which both interests and identities are created and evolve; and thirdly, the ways in which interaction and enmeshment reinforce these changes.

The change in the overall quality of relations is undoubtedly bigger than the sum of its (often instrumentally driven) parts.

In order to justify the claim that the quality of the relationship has indeed undergone significant change and that a loosely knit security community has emerged, let us look at the evolution of transactions, organizations and institutions, beginning in the all-important military sector. Here there is strong evidence that the two countries no longer fear war or prepare for war against each other. In the first place, borders are no longer actively fortified. On one side, Brazil has increasingly (and unilaterally) redeployed troops away from the South. On the other, Argentina has given up its policy of "empty provinces" under which, until the 1980s, no valued economic activities, and few bridges or transport systems were developed in the northern provinces as part of a geopolitical doctrine of strategic denial in the face of a Brazilian threat. Not only has such thinking disappeared, but increased infrastructural integration has become a central part of the Mercosur project.

Secondly, a successful and well established series of confidence building measures has resolved previous points of dispute, fostering increased trust and establishing more general principles of transparency and cooperation. In addition to the formal arms control regimes discussed above, by the mid-1990s chiefs of staff were meeting twice a year as part of a broadening pattern of interservice contacts. There has also been some examples of more active cooperation – for example the ARES joint exercises between the navies and the training of Argentinian pilots on the Brazilian aircraft carrier; or the September 1996 joint army exercises which were the first time that Brazilian troops have been on Argentinian soil since the Paraguayan War. Although these are mostly symbolic, these may gradually lead to more concrete discussion of shared threats and security challenges (as is already happening between the two navies). Other illustrations of these trends include closer consultation between the militaries on peacekeeping and preparation for peacekeeping operation; the April 1996 agreement between Brazil, Argentina and Paraguay which established a new tripartite body to coordinate security in the frontier area, aimed especially at drugs, contraband and terrorism; and a further agreement, also signed in April 1996, for closer cooperation in the nuclear and space sectors.

Thirdly, there has been gradual civilianization of security issues and more secure civilian control over the military. In Argentina there

has been a steady increase in the effectiveness of civilian control, with a civilian minister of defense, the creation of a unified command structure, civilian control of military enterprises and their subsequent privatization, the absence in the constitution of any domestic political role, and the ending in 1994 of conscription. The military were forced to accept the ending of the Condor II program and Argentina's entry into the MTCR Missile Technology Control Regime. Military spending fell from 4 percent in 1990 to 2 percent of GNP in 1993 and the Argentinian military have moved furthest in developing new roles and attitudes, especially with the increased participation in multilateral peacekeeping operations (to the extent that half of all officers have participated in such operations). In Brazil the military has been more able to maintain its autonomy and its control over strategic programs (and to resist the creation of civilian led ministry of defense). But military spending is low (around 0.8 percent of GNP) and the arms industry that attracted so much attention in the 1970s has unravelled, with the effective bankruptcy of the three largest firms and the cancellation or postponement of ambitious programs to produce a main battle tank, a ground attack aircraft, a satellite launcher and a nuclear submarine. Above all, in both countries the military have accepted the importance of regional cooperation and of maintaining confidence building measures.

This security relationship has been embedded in an increasingly dense process of economic integration and transactions, organizations and institutions in this sector have increased dramatically. Exports within Mercosur have more than doubled as a share of total exports since 1990, with Mercosur absorbing around 30 percent of Argentina's exports and 22 percent of Brazilian exports. Although there were certainly many difficulties in the 1990–1994 period caused most obviously by the divergence of economic policies between the two countries and the differential speed of economic liberalization and tariff reductions, the two countries were able to agree on the implementation of a common external tariff that came into effect on January 1, 1995. Although certainly different from the EU or NAFTA, Mercosur is much more than a trade agreement and the deep integration agenda encompasses investment, dispute settlement, physical integration, labour issues, energy and macro-economic coordination. Although difficulties continue, the security relationship is more firmly rooted in a continuing process of economic integration than had appeared conceivable ten years ago.

Two points can be made about the relationship between economic and political processes. First, politics, economics and security are continually intertwined (in very different ways to the "twin-track" EC/NATO model) and the positive reinforcement between them was particularly important in sustaining the momentum of cooperation. For example, in the late 1980s, security cooperation made much of the running when, despite the flurry of agreements, economic cooperation was slow and erratic. Secondly, economic regionalism has become important to security and political stability, not because the costs of fighting became too high according to some abstract measure; but rather because it has helped to stabilize the redefinitions of interest that occurred in the 1980s and because it promotes an ongoing process of socialization and enmeshment. It has done this through a double process of internalization, the first element of which involves material changes in bureaucratic procedures, domestic legal arrangements, domestic coalitions; and the second subjective element of which involves changes in the way in which politically salient individuals think and act.

As we have seen, the process of increased cooperation has been strongly statist project. The development of transnational social networks has not been significant factors in either the ending of rivalry or the moves towards cooperation and Deutsch's emphasis on social transactions in such fields as trade, migration, tourism, or cultural exchanges does not appear relevant in this case. If we look for evidence of interaction and internalization, then this is mostly to do with changes within the bureaucracies and the growth of institutionalized interaction among an ever broader range of bureaucratic actors. There is, however, evidence that the success of integration is leading to an expansion in the range of actors involved – for example the greater organization of business interests and the creation of more formalized involvement of those regions and provinces most closely affected by integration.²⁶

The increased density of interaction processes and the growth of organizations and institutions in the security, economic and political sectors has had an important impact on both the power structures and cognitive structures. Understandings of the role of power have shifted both within Mercosur and between Mercosur and the rest of the sub-region. Power and relative power still matters, especially to many in Argentina who fear that deep integration with Brazil is bringing excessive dependence, who believe that too much autonomy has been

given up, and who are keen to maintain direct reciprocity, both in terms of economic exchanges and in other areas of cooperation. Yet, as with Germany within the EU, the problem of Brazilian power is no longer understood in military terms and the idea of actively opposing Brazilian power has largely disappeared. The neorealist may be tempted to argue that the objective balance of power has shifted so far against Argentina that conflict has become impossible (as in the case of Mexico and the USA) and that elites in Buenos Aires are merely bowing to the inevitable.²⁷ Yet, first, without examining shifts in identity and conceptions of interest it would be hard to understand how and why Argentinian political and military leaders came to accept this "objective" truth in this period rather than any other – how great does the imbalance of power have to be to produce cooperation? And, secondly, whilst such an approach may help explain why rivalry ended, it is unclear that it could explain Argentinian willingness to embark on both increased security cooperation and deep economic integration with the erstwhile threatening hegemon.

A further important aspect concerns the idea of a powerful core to which outside states no longer respond by balancing behaviour, but rather view as a zone of peace and security in which membership is valued. There are some signs of such a development as Mercosur becomes more firmly established and the process of expansion has moved forward, first with the 1996 agreement on Chilean association and then with the advanced negotiations for Bolivian and Venezuelan association. Here again power considerations do not disappear, in this case the notion that a strong regional grouping will be better able to negotiate with the USA – a belief which explains the Brazilian emphasis on turning Mercosur into a South American grouping. Yet power alone cannot explain the shift in attitudes towards Brazilian power and the growth in the value placed on inclusion within the organization.

Power, then, is a social phenomenon that is inseparable from the cognitive structures and webs of meanings in which it is embedded. Here it is critical to distinguish between the emergence of a genuinely shared collective identity on the one hand (Deutsch's "we-feeling" and mutual loyalty); and shifts in individual identities and interests in ways that facilitate cooperation on the other. As the previous section sought to demonstrate, the move from rivalry to cooperation has had a great deal to do with the separate but parallel shifts in the foreign policies of Brazil and Argentina. As a result of democratization and

economic liberalization, it becomes much easier to speak of a compatibility of major values, shared ways of organizing society domestically, and a shared system of intersubjective meanings.

There is some evidence that shared values have come to play a significant role in the process of cooperation itself. Thus the rhetorical emphasis on democracy was certainly a central feature of the 1985-1990 period: the sharp discursive break in the way in which cooperation is conceived: the constant iteration of a shared Latin American identity; the repeated emphasis that the emerging community was to be a democratic; the way in which the agreements and presidential meetings explicitly sought to provide mutual support for the process of democratic consolidation. This was carried on by both language and symbols (for example, the building of "friendship bridges" or the inclusion of a commitment to Latin American integration in the 1988 Brazilian constitution). It is also worth noting the differential treatment of undemocratic regimes in Paraguay and Chile (their exclusion from economic agreements and, in Brazil's case, the suspension of arms sales to Chile). More recently, there has been a steady move, first towards joint action to maintain the democratic basis of Mercosur (as in the joint Brazilian-Argentinian involvement in the attempted coup in Paraguay in 1996); and the formal enunciation of democratic criteria for the admission of future members (the June 1996 *Declaração Presidencial sobre o Compromisso Democrático no Mercosur*).

Overall, then, there has been a sustained move away from the logic of anarchy and towards the logic of community, to that extent that a loosely-knit security community can be said to exist around Mercosur. Yet, against this, the Deutschian language of "we-feeling" and mutual loyalty risks overstating the strength and density of cooperation, and the limits to the idea of security community have to be acknowledged. In the first place, the successes in the field of cooperative security have mostly been of a negative (but still important) kind: relaxing tension, reducing threat perceptions via confidence building measures and arms control regimes, preventing backsliding and the reappearance of balance of power discourses.²⁸ There has been only rather modest steps towards the more activist components of cooperative security such as agreeing on developing plans for joint action or constructing a collective security system. Whilst Argentina has argued for more elaborate ideas of cooperative security both sub-regionally and within the OAS, Brazil has proved resistant: because of its unwillingness to be constrained by regional multilateral institutions (equally visible in

its dislike of proposals to strengthen the military capabilities of the OAS); because the debate on force restructuring and new professional roles for the armed forces has moved less far than in Argentina. Thus, when Argentina proposed 180 days' notice on military exercises and also advanced notification of arms purchases, Brazil (and Chile) rejected the idea.

A second limitation is the weak level of institutions in the regional governance structure. As outlined above, this is true in the security realm. But it is also true in the economic field with no desire on the part of Brazil to move towards a more institutionalized intergovernmental system, let alone a supranational one. This is the result of both foreign policy divergences (discussed below) but also reflects the interests of the larger partner unwilling to see its scope for unilateral action curtailed (cf the parallel with the USA in NAFTA). The habit of dialogue is certainly well established but forms of management that are not subject to immediate, day-to-day political interference (whether from São Paulo industrialists or regional politicians) are only weakly established. As the arguments over car exports and industrial policy demonstrated, conflict management relies on overtly political bargaining at the highest political, rather through institutionalized dispute settlement procedures. In addition, despite the general moves to liberalization, it is striking just how far the two sides continue to insist on reasonably specific reciprocity, with aspects of the earlier sector-specific concerns still visible. Institutions and procedural rules matter because successful integration inevitably creates instability and a new range of problems that have to be managed - for example the expansion of Mercosur beyond the southern cone opens a range of security issues that are far more serious and threatening than those within the southern cone.

Finally, and most importantly, the successes of cooperation have to be set against both important foreign policy divergences and the conflicting identities that underpin them. During the period from 1993 to 1995 the foreign policy interests of the two countries moved apart and Mercosur's place in the respective foreign policies and "world views" of the two countries became more ambiguous and contested. Argentina came to lay very great stress on improving and intensifying relations with the United States and Western Europe. This involved a policy of grand gestures, sometimes quite extreme and quite remote from immediate interests (such as support for the USA over the Gulf or Haiti, or the country's voting record in the UN), as well as a strong

emphasis on the country's commitment to liberal values. These steps were designed to underline in strong and symbolic terms the extent of the historic shift in the country's international stance and to overcome Argentina's negative and unreliable image. Argentina also played a leading role in giving greater teeth to the OAS's charter commitment to democracy and, in a further striking rejection of earlier thinking, supported the use of coercion to restore democratic regimes. Particular during 1993/94 there was vigorous debate about the relative position of relations with Brazil and Mercosur on the one hand and early membership of NAFTA on the other.

Brazilian policy, by contrast, remained more ambiguous and the elements of continuity remain far more pronounced. Foreign policy speeches lay great emphasis on the idea of "universalism" and of the country as a "global trader" whose fundamental interests lie in global multilateralism and political diversification. Although great efforts have been made to improve relations with Washington, although the costs of previous confrontation have been appreciated, and although fear of exclusion from regional developments forced Brazil to participate even when opposed (eg on the role of the OAS in promoting democracy), Brazilian policy on hemispheric cooperation and integration remained ambivalent and hesitant. This reflected a deep rooted belief that Brazil is different and is powerful enough to stand apart. Thus whilst it is certainly true that Brazil has been unable to resist the need to redefine and improve its relations with Washington, it has also sought to maintain its freedom of action by strengthening the viability of sub-regional options. This logic would explain the Brazilian decision in October 1992 to launch its so-called "Amazonian initiative" and the announcement by President Franco in October 1993 of the proposal to expand Mercosur into a South American Free Trade Area.

It is possible to analyze these differences in narrow instrumental terms, for example to view Argentinian policy in terms of the desire to "trade" political support for concrete economic benefits, especially in the light of the underlying fragility of the Cavallo economic policy and its high dependence on the maintenance of investor confidence. But as Roberto Russell has argued, external incentives did not necessarily lead to the dramatic pro-western policies of the Menem government.²⁹ Rather differences in foreign policy reflect a deeper divergence in the ways in which elites in the two countries conceive of their place in the world and current debates about identity only make

sense when viewed within a longer-term historical context. Thus Argentinian foreign policy under Menem has been built around a conscious rejection of the idea of Argentina as a "third world" country and natural member of the NAM; of a conception of nationalism defined in terms of opposition to the US; and of an "exceptionalist" account of Argentina's place in the world. This has also involved growing doubts about the idea of Latin America as representing any kind of collective identity. Thus di Tella has spoken of the Latin America as a "cartographical illusion." Instead of a common regional identity, we have seen a reversion to an older image of Argentina as an essentially Western and European country that has little in common with the other countries of the region. On this view, cooperation is secure and important, but, as one senior Argentinian diplomat has put it "integration is not identification." In Brazil on the other hand there continues to be a good deal of emphasis on the differences between the country and other parts of the region, and on the need for independence. There has also been a revival of the image of Brazil as a "consensus builder" or "interlocuteur" between North and South (apparent in the 1970s). In response to Mexico's defection, it is also interesting to note the conscious effort to redefine regional cooperation in terms of a "South" rather than "Latin" American identity. Constructivism, then, helps us understand both the ways in which more expansive notions of community may emerge, but also the ways in which historically embedded identities constitute important obstacles to cooperation.

IV

If we can indeed speak of an emerging security community around the Mercosur countries, what are its boundaries? The most immediate issue concerns Chile. The long history of territorial conflict with Argentina and of the shared perception of territorial losses at the other's expense go back to the early days of state formation in the 1820s. In addition Chile has long been part of the balance of power system in the southern cone and balance of power thinking and, later, geopolitical analysis is deeply engrained in the military establishments of the two countries. A protracted arms race and the renewal of conflict over the islands in the Beagle Channel brought the two countries close to war in the 1970s.

Since then, there have been many positive developments. Starting

with the 1984 Treaty of Friendship and Cooperation which settled the Beagle Dispute, twenty-three out of the twenty-four outstanding border disputes have been settled (the twenty-fourth has been agreed by governments but is stuck in congress). Chile has taken part of a number of arms control and confidence building measures (in particular the Mendonca Declaration of 1991 on chemical and biological weapons signed by Brazil, Argentina and Chile). Contacts between the military establishments have grown in frequency and density since 1986 and in November 1995 a memorandum of understanding on security affairs was agreed with Argentina.³⁰ Diplomatic and political exchanges have flourished based on a convergence of market liberal economic policies and undoubtedly assisted by the 1989 presidential elections in Chile. In addition by 1995 Chile had decided to shift to seek closer relations (although not membership) with Mercosur, signing an association agreement in June 1996. Hitherto Chile had been forthright in its prioritization of NAFTA membership. All this can be taken as evidence of Chile's inclusion an expanding security community in the Southern Cone.

On the other hand there remain grounds for hesitancy. Securing domestic political support for the delineation of historically contested boundaries has not been easy.³¹ In 1992, for example, 17 percent of Argentinians and 37 percent of Chileans thought that military threats were likely or very likely. But the more important issue concerns the position of the Chilean military. In part this has to do with the continued political role of the military which is much stronger than in Brazil and which, for example, enjoys continued control over the level and content of defense spending (significantly higher than in Brazil or Argentina). But, more importantly, it has to do with the military's underlying assumptions about their role and the nature of regional international politics. The Chilean military (and especially the army) has shown very little interest in peacekeeping operations and discussion of new security issues and its doctrine, procurement and planning remains focused on the traditional roles of power projection and the protection of borders.

Finally, if there is an emerging loosely coupled security community in the southern cone and a consolidated security community involving Canada, the USA and Mexico, what is the status of the region in between? The first point to make is that the popular idea that this sub-region has become increasingly pacific since the late nineteenth century needs to be treated with considerable caution, especially

when one considers the whole spectrum of armed conflict. Balancing behaviour and balance of power discourse has been extremely common and the possibility of using force as part of foreign policy has been taken for granted by the militaries of many South and Central American states. In this sub-region there have been seven international conflicts in the twentieth century. Military interventions involving the USA have been still more common, as have civil wars and very high levels of social violence. As discussed at the start of this chapter, trends in the 1980s pointed towards increasing conflict with violence between Peru and Ecuador, serious tensions between Argentina and Chile and Venezuela and Colombia, and an internationalized set of civil wars in Central America.

Since then it is possible to highlight positive developments: the success of regional pacification in Central America, involving confidence building measures, regional mediation efforts and an active role for the OAS and UN; the growth in the 1980s of new forms of political concertation in the 1980s; the spread of economic integration and cooperation agreements; and the reinvigoration of the OAS, not least with its new found determination to uphold its Charter commitment to democracy and its actions in Peru, Guatemala and Haiti.³² In addition, Latin American arms imports declined from around 8 percent of the world total in 1981 to 6.5 percent in 1987, to 3.8 percent in 1991. Latin American arms exports declined from 0.46 percent of world total in 1981, to 1.5 percent in 1987, to 0.37 percent in 1991.

Yet there are very serious difficulties with the notion of even a loosely coupled security community in this area, reflecting the increased social and economic heterogeneity of the region as a whole. In the first place, specific border conflicts remain far from settled, most obviously given the war between Peru and Ecuador which flared up in early 1995, but also between Venezuela and Colombia where tensions have been fed by guerrillas, drugs, and illegal immigration and where the two sides mobilized in 1987 and 1993. These conflicts certainly pose problems for liberal approaches that stress the importance of democracy and growing economic interdependence.³³ Secondly, although activity and discussion has certainly increased dramatically, the OAS is very far from providing an effective security system, of either collective or cooperative security.³⁴ Third, and closely related, there is the position of the United States. Historically, the USA has never been consistently opposed to the use of force in the region. On the one hand, it has sometimes chosen to remain disengaged from