

“Small” countries and “large” countries: the case of Uruguay in Mercosur and Unasur

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What does being a “small country” mean in the world today? In recent times, in which such dizzying changes have occurred, how has the traditional subject of the relationship between “small” and “gigantic” been redefined? Uruguay’s self-image has historically been that of “a small country between two giants”; what can this country contribute—in its capacity as a “watchtower”¹—to this ana-

1 Uruguayan essayist Alberto Methol Ferré, an active promoter of an integrationist vision for Latin American countries, used to note in his work that despite its inveterate insular and pro-European mind-set, Uruguay constituted a suitable watchtower from which to interpret the region and the world. In the original version of this paper, in Spanish, the term *atalaya* is used, which is defined in the latest edition of the Royal Spanish Academy dictionary as: “**atalaya**. (Del ár. hisp. *attaláya*, y este del ár. clás. *talā'i*). 1. f. Torre hecha comúnmente en lugar alto, para registrar

lytical perspective? How has the geopolitical balance shifted in the Río de la Plata basin? How has this view been reshaped in a country that for over 21 years has been using as the cornerstone of its strategy for international inclusion that of being a State Party in a regional bloc such as Mercosur (the Southern Common Market), born and still visualized today as an exceptionally asymmetrical integration pact between “two large countries and two small ones”? What does Uruguay’s status, as the southern neighbour of today’s emerging Brazil and being a part of the South American integration process in Unasur (Union of South American Nations), add in this regard? This paper contains some reflections as input for a broader and more current

448 debate on the more general subject of changing standards in the relationship between “small” and “large” in the contemporary world.

1. A reformulation of the subject of “scale” among countries

Over one hundred years ago, a Salesian priest born in France, who had arrived in Uruguay in 1897 and whose name was Gilbert Perret, but who signed his work under the pseudonym H.D. (*Hermano Damasceno*—Brother Dama-

desde ella el campo o el mar y dar aviso de lo que se descubre. **2.** f. Eminencia o altura desde donde se descubre mucho espacio de tierra o mar. **3.** f. Estado o posición desde la que se aprecia bien una verdad.” (1. A tower usually built in a high place, in order to watch over land or sea and report on what is discovered there. 2. A promontory or high place from which a great deal of land or sea can be seen. 3. A state or position from which a truth can be better appreciated.)

sceno), maintained insistently in the most successful of his school books (*Ensayo de historia patria*—An essay on national history) that Uruguayans should rid themselves of the notion that theirs was a “small country.” To this end, he found no better argument than to display the contour of Uruguay enclosing various European countries, as shown in the maps below.

Notwithstanding this unusual approach, H.D.’s suggestion introduced a significant concept: a definition of scale should be based on comparisons and these should be grounded on the widest and most comprehensive perspective. The author also pointed out in his history book (which was written for school children):

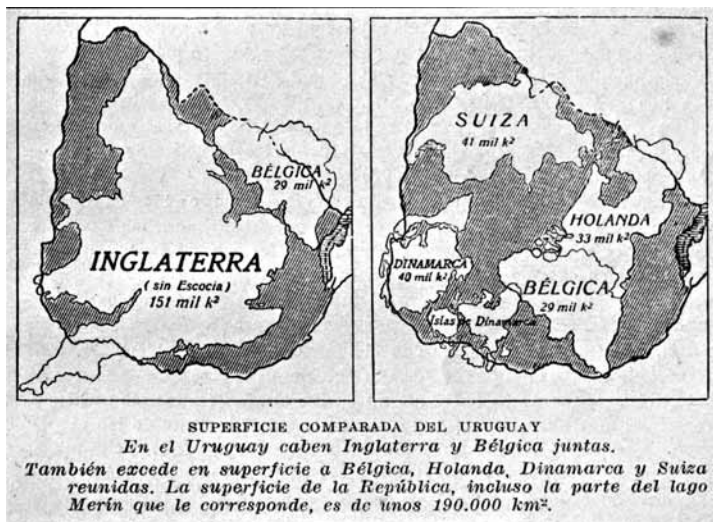
This [Uruguay] is not a small homeland, even in geographical terms: our country covers two hundred thousand square kilometres. This area is two thirds the territory of England and of Italy, almost half of France, of Germany and of Spain; it is six times larger than Belgium, five times larger than Switzerland, three times larger than Greece—this territory is equal to Belgium, Holland, Switzerland, Denmark and Greece put together. This is quite large enough.²

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The comparisons chosen by the Salesian priest revealed the pro-European disposition of the Uruguayan viewpoint. He was well aware that for his Uruguayan readers, even though they were children, any international comparison would only be convincing if European countries were used as a reference. The “American Switzerland,” a term which people within and without the country prided themselves on insistently repeating, saw the world through the prism

2 H. D., *Ensayo de historia patria* [An essay on national history], volume 2, Montevideo, Barreiro y Ramos, 1941, pages 951 and 952.

Map of Uruguay in comparative terms



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Map on left: ENGLAND (without Scotland), 151,000 km² BELGIUM, 29,000 km².

Map on right (clockwise from top): SWITZERLAND 41,000 km²; HOLLAND, 33,000 km²; BELGIUM, 29,000 km²; Danish Islands / DENMARK, 40,000 km².

Comparative size of Uruguay

England and Belgium together fit within the territory of Uruguay.

In addition, Uruguay is larger than Belgium, Holland and Denmark and Switzerland together. The area of the Republic, including the section of Lake Merín which is part of its territory covers some 190,000 km².

Source: H.D., *Ensayo de historia patria* [An essay on national history], Montevideo, Barreiro y Ramos, 1941 (7th edition).

of its “transatlantic borders,” focusing on Europe in the first place and on the United States in the second. All the rest, even the close neighbours on which the country mainly depended, were viewed as “complementary,” or on the margins of this dominant cultural world vision.³

3 As from the 1900s, a vision of itself as a “European island” separate from its Latin American neighbours predominated in the self-perception of Uruguayan society. The most successful syntagma devised in this

For his part, in 1953, Eduardo J. Couture, a noted Uruguayan intellectual, published an emblematic book. Its title, *La comarca y el mundo* [The region and the world], was already outlining a broad interpretative horizon with strong links to some of the reflections contained in this paper.⁴ After describing several of the features which in his view characterized the Uruguayas of his period (among which he highlighted their "confrontational temperament" and, at the same time, their basic agreement regarding "democracy as a superior form of human coexistence"), Couture asked himself how he could discover whether his interpretation was "correct or mistaken." He himself proposed a way to answer this question:

(...) the best way to understand one's own country is by comparison. Uruguayans still use comparison very sparingly. Furthermore, when they do compare, they do so by contrasting reality with ideals. (...) In order to cure oneself of exaggeration it is advisable to take one's distance from time to time. Any distance in time and space is beneficial in order to learn about one's own country (...): the region seen from afar and the world seen in relation to the region.

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Later, Couture recreated a "journey" of reflections based on a number of notes and comments on different places in America and Europe that he had visited. At the conclusion of a lengthy itinerary, the celebrated Uruguayan jurist returned to the beginning of his book, "*recalling*," as he him-

regard was that of the *American Switzerland*, but there were others: the *South American France*, the *Athens of the River Plate*, the *Río de la Plata Antwerp*, etc.

4 Eduardo J. Couture, *La comarca y el mundo* [The region and the world], Montevideo, 1953.

self noted, “the geography of the region.” “Finally,” concluded Couture,

our life is based on a square metre of land. (...) We should form an awareness of the world and work towards it; but we shall never work harder for the world than when we strive to ensure the authenticity of our own small region. (...) the more a man belongs to his own country and time, the more shall he belong to all countries and eras. In the beginning was the region. The world was bestowed in addition.

This was 1953. Although several “cracks in the wall” (as Carlos Real de Azúa put it) were already apparent in their early welfare state, Uruguayans still had reason to dream of the “eternity” of their “American Switzerland” and their “hyperintegrated society.” The stubbornly present “transatlantic borders” continued to cloud the vision of what Luis Alberto de Herrera so rightly called an “international Uruguay.” A growing provincialism was beginning to be felt, with all of its dangers. The world was experiencing profound changes and Uruguayans—with some exceptions—seemed to be unaware of them. In any case, there were still enough inherited features and energy to postpone—if only for a short time—the tragedy which finally overwhelmed the country in the sixties and seventies.

Nearly sixty years later and in view of everything we have experienced since that time, there is no doubt that provincialism is a failing that nobody can afford, either in the region or in the world. And yet this increasingly dangerous trait continues to haunt us, particularly in matters involving foreign affairs and strategies for international inclusion or its political and cultural foundations. How can we fight this provincialism, which is always harmful, but particu-

larly so in this time of renewed and overpowering globalization? There are, in fact, no fixed formulas with which to do so. However, in any case, it appears to be advisable to accumulate comparative knowledge, solidly focused on an effectively global "world," without "short-sightedness" of any kind, with the specific objective of providing greater connectivity for problems and approaches. In this respect, the suggestions of H.D. and Couture may be useful, although it is imperative to endow them with new meaning in order to make them genuinely contemporary. In order to reflect on scale, within and without one's own country, it is still necessary to compare. However, the world has changed, or perhaps the West should make visible some of the "regressions" that its ethnocentric vision has obscured. **453** At the same time, an "awareness of the world" is indispensable in order to situate one's "region" without provincialism and constitutes a starting point which is as essential as the need for "new spectacles."

As a point of departure from which to begin delving into the "Uruguayan case" with regard to the link between "large" and "small" in the world today, the following brief series of demographic, geographic and economic data is provided as a comprehensive update of some of the comparisons suggested one hundred years ago by H.D., in order to acquire a better understanding of Uruguay. Chart 1 shows territorial and population data for the Mercosur countries, as well as for Belgium, Holland and France, to use some of the examples handled by the author of the old school book. Charts 2, 3 and 4 show comparative econom-

ic data (exports, imports and GDP at present rates of exchange) for the same countries.

An overview of these charts calls for some brief remarks:

- i. the geographic and demographic scale of the countries under review displays very considerable asymmetries and contrasts;
- ii. these asymmetries do not relate to their economic performance, particularly with regard to their flow of trade as well as, to a lesser extent, the evolution of their GDP.

454 The following inferences arise from the data presented above and exemplify these two points: with barely one sixth of the territory of Uruguay (the smallest of the Mercosur countries), in 2000, Belgian exports more than doubled the exports of the entire Mercosur, and with the addition of Holland (the surface area of both these countries together is two and a half times less than Uruguay's), this proportion was approximately 4.5 to 1. Ten years later and after the flow of trade increased very significantly in Mercosur, particularly during 2005-2010, Belgian exports are almost the same as the annual exports of the entire Mercosur, whereas if we include Holland, the ratio also decreases, but is still markedly superior, at 2.5 to 1. With regard to the evolution of GDP, despite its variations over the ten-year period under consideration, the relation has remained more or less stable at 2.5 to 1 in favour of Mercosur as a whole. Comparisons could continue to be made, but they would certainly all lead to the need for increased problem-posing efforts in considering the scale of countries and how

Chart 1

Comparative population and territorial data

Territory and population per country/region

Country/Region	Territory (km ²)	Population (*) (millions of inhab.)
Belgium	30 528	10 827
Holland	41 526	16 785
France	674 843	65 821
MERCOSUR		
Argentina	2 766 890	40 091
Brazil	8 514 877	190 732
Paraguay	406 752	6 349
Uruguay	176 215	3 494

Source: <http://www.indexmundi.com/>.

(*) This figure is estimated for 2011 in the case of Belgium and corresponds to 2011 for France. Figures for Holland are estimated for 2008. Figures for Argentina and Brazil are for 2010 and figures for Paraguay and Uruguay are estimated for 2009.

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Chart 2

Comparative economic data (2000)

Exports, imports and GDP per country/region 2000 (billion US dollars)

Country/Region	Exports	Imports	GDP (current rate of exchange)
Belgium	181.4	166	259.2
Holland	210.3	201.2	388.4
France	325	320	1448
MERCOSUR			
Argentina	26.5	25.2	476
Brazil	55.1	55.8	1.130
Paraguay	3.5	3.3	26.2
Uruguay	2.6	3.4	31

Source: <http://www.indexmundi.com/>.

Chart 3

Comparative economic data (2005)

Exports, imports and GDP per country/region 2005 (billion US dollars)

Country/Region	Exports	Imports	GDP (current rate of exchange)
Belgium	255.7	235	322.3
Holland	293.1	252.7	497.9
France	419	419.7	1794
MERCOSUR			
Argentina	33.78	22.06	543.4
Brazil	95	61	1.536
Paraguay	2.94	3.33	29.11
Uruguay	2.2	2.07	33.98

Source: <http://www.indexmundi.com/>.

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Chart 4

Comparative economic data (2010)

Exports, imports and GDP per country/region 2010 (billion US dollars)

Country/Region	Exports	Imports	GDP (current rate of exchange)
Belgium	279.2	281.7	394.3
Holland	451.3	408.4	676.9
France	508.7	577.7	2145
MERCOSUR			
Argentina	68.5	56.44	596
Brazil	199.7	187.7	2.172
Paraguay	7.97	9.57	33.31
Uruguay	6.7	8.3	47.99

Source: <http://www.indexmundi.com/>.

it reflects on the field of economics and development. In the end, and notwithstanding his simplifications, perhaps H.D. was not so far off track in the "calls" to reflection he made a century ago.

2. Patterns in the relationship between "small" Uruguay and its "giant" neighbours: change and permanence in the neighbourhood

In recent decades, the relationship between Argentina and Brazil has changed radically in terms of historical perspective, which has led to the logical consequence of significantly tipping the regional balance in the American Southern Cone. Argentina and Brazil have not yet fully grasped the various implications of their new associational relationship; neither have the remaining "border States" of the region been able to decode these repercussions from their respective viewpoints. Whereas Brazil is becoming an increasingly "global" actor, a trend which at least reshapes the level of its commitments and interests in the region, Argentina does not appear to be able to make the right moves with regard to establishing new levels of contributions and demands in this new bilateral relationship with its former rival. Although a number of different generalizations continue to be made with regard to this point, Mercosur as a whole has also failed to pinpoint accurately the impact of this new "privileged bilateralism" on its regional project. To this we should add that it is not easy to imagine in practice how this preferential Argentine-Brazilian relationship could be specifically deployed without giving rise to exclusions. In any

case, the old equation between two competing “hegemonic States” and three “border States” which are very different, but with fairly similar stop-and-go rationales, is no longer current in the Río de la Plata basin, but it does not appear to have been replaced by any effective alternative new balance.

In the following pages, we shall attempt to contribute some historical input regarding this problematical matter. We shall adopt two perspectives:

- i. in the first we shall provide some more remote background to Mercosur, related to tensions arising from the stimuli of conflict, cooperation and integration in the region;
- 458 ii. in the second, and from a Uruguayan viewpoint, we describe some guidelines for analysis in order to bring into question the currency of the more “enduring” challenges with regard to an “international Uruguay” and its forms of inclusion into the region and the world.

*“Hegemonic States” and “border States”
in the Río de la Plata Basin*

Both in geographic and historical terms, the territory of the Río de la Plata basin presents a bipolar outline with two hegemonic poles—the large states of Argentina and Brazil—and a border area composed of the three “small” remaining countries (Bolivia, Paraguay and Uruguay). The long-standing competition for regional leadership between Argentina and Brazil was undoubtedly the foremost source

of the conflict-based paradigm that prevailed in the region until at least the eighties in the 20th century. For their part, the remaining “border” countries basically oscillated—although in different ways, as we shall see—between the two giants. The isolationist alternative was closed to them definitively after the ominous destruction of “early” Paraguay in the War of the Triple Alliance.

Landlocked since the also reprehensible War of the Pacific, Bolivia as well as Paraguay became, in a way, geopolitical prisoners, with the resulting severe limitations arising from such a situation. Uruguay, on the other hand, given its privileged location at the mouth of the Río de la Plata estuary, was able to enjoy other opportunities for connection beyond the region, and yet its history, as we shall see, cannot be understood other than in close relation to the vicissitudes befalling the region—although with a greater degree of flexibility. Each in its different way, even including belligerent confrontations (Bolivia and Paraguay engaged in the fratricidal Chaco War between 1932 and 1935), the three smaller countries of the basin constituted a border area whose support the two “giants” of the region keenly disputed in their attempt to strengthen their respective projects and aspirations regarding leadership.

In this regard, Paulo R. Schilling has rightly pointed out in one of his works:

The region exhibits the following situation: two large countries, Brazil and Argentina, with unconcealed expansionist tendencies, and three small countries (geographically, demographically or economically small): Uruguay, Bolivia and Paraguay. The last two are landlocked

countries without a coast: “geopolitical prisoners” (...). Their liberation essentially depends on integration. Uruguay, strategically located on the Rio de la Plata basin, between the two large countries and the Atlantic Ocean, with the possibility of building a superport in La Paloma (for the ships of the future), could play a fundamental role in the future of an integrated region.⁵

460 This duality or bipolarity constituted, and still does to a large extent, one of the keys to understanding the political vagaries of the Plata region throughout its history. As we shall see in greater detail below, most of the conflicts arising throughout the history of the region were related to the implications of this duality, particularly to the disputes generated by the struggle for leadership between the two hegemonic States and by the limited action implemented by the three border States in their attempt to seek advantages in the disputes between their two “gigantic” neighbours and thus strengthen their interests and rights—constricted by the obvious asymmetries in the region.

A quick overview of these conflicts shows how their resolution, particularly over long periods when conflict was the prevailing rationale in the region, depended to a large extent on the forms of interrelation which in each case the two poles acquired:

5 Paulo R. Schilling, *El expansionismo brasileño* [Brazilian expansionism], Mexico, El Cid Editor, p. 133. Quotation from Eliana Zugaib, *A hidrovia Paraguai-Paraná e seu significado para a diplomacia sul-americana do Brasil* [The Paraguay-Parana waterway and its significance in Brazil's South American diplomacy], Brasília, Instituto Rio Branco, 2005, p. 42.

- i. free shipping on all inland waterways, confirmed by "fire and sword" after the War of the Triple Alliance (1865-1870);
- ii. the progressive creation of national states in the territory of the Plata basin, with the precarious demarcation of their respective territorial boundaries;⁶
- iii. the determination that lengthwise or cross-cutting axes should predominate, which led to the resolution of the contest regarding whether water sources (favouring Portugal first and Brazil later, after its military successes with its *bandeirantes* or army, from colonial times to the 19th century) or river mouth (favouring Argentina, for obvious geographic reasons) should prevail;
- iv. the long-standing disputes in relation to the use of the hydroelectric potential of the Plata basin;
- v. controversy surrounding how to handle issues such as environmental care or water resources;
- vi. the design of the so-called "exports corridor" and whether the landlocked countries (Bolivia and Paraguay) should face the Atlantic or the Pacific;
- vii. beyond the basin's waterways, overall engineering and their geopolitical orientation between the Atlantic and the Pacific;

6 On this subject, see most particularly, Luis Alberto Moniz Bandeira, *Argentina, Brasil y Estados Unidos. De la Triple Alianza al MERCOSUR* [Argentina, Brazil and the United States. From the Triple Alliance to Mercosur], Buenos Aires, Editorial Norma, 2004; and by the same author, *La formación de los Estados en la Cuenca del Plata. Argentina, Brasil, Uruguay, Paraguay* [The formation of the States of the Plata Basin. Argentina, Brazil, Uruguay, Paraguay], Buenos Aires, Editorial Norma, 2006.

- viii. the most recent controversy regarding the possibility of promoting energy exploitation and connectivity projects through oil and natural gas, as well as involvement (mainly on the part of Brazil) in the generation of biofuel or alternative forms of energy. There are many others that we could mention.

462 Upon close observation, underlying all of these points of conflict is the historical dispute between the supremacist aspirations of Argentina and Brazil (preceded by their colonial predecessors, the American empires of Spain and Portugal). At the same time, however, the resolution of each of these matters also depended on how the “large countries” interacted with the “small countries” of the region. This interaction sometimes took on the belligerent stance of military conquest, as in the War of the Triple Alliance against Paraguay, in which Mitre’s Argentina and Pedro II’s Brazilian Empire acted in unison, with Uruguay playing a bit part, or when Brazil acted on its own with very specific objectives, such as the capture of the sources of the three great rivers (Parana, Paraguay and Uruguay), which constitute the three great waterway systems of the basin. At other times, such as during the 1930-1980 period, which many authors agree in describing as the “geopolitical era,” instruments for action were implemented through diplomatic initiatives or bilateral negotiations, mainly involving the hydroelectric exploitation of the international rivers. During this latter stage, the conflict between the hegemonic states was translated into tension between bilaterality versus multilaterality. For many

reasons, which range from the geographical to the political and historical, Brazil clearly tended to prefer and defend the first strategy, whereas Argentina, much less successfully (as well as with less strategic planning), attempted to resist the encroachments of the northern giant by upholding the principles of a multilateral position. The resolution of this latest cause of tension was also closely linked to the attitude assumed, on the whole separately, despite the ineffective URUPABOL initiative, by the three border states we have mentioned.

The border states, the three "small" states of the Plata basin, did not, however, experience or handle their common situation in the same way. In the first place, it was not possible for them to do so for both geographic and historical reasons. Bolivia, landlocked since 1870, could be considered to be "the least interested country in the Plata basin",⁷ particularly—as we shall shortly see—owing to the lack of attention and to the burdensome alternatives offered to the country by the region's "giants," especially Argentina, with regard to strengthening its interests in the area of the Río de la Plata. For its part, as Bernardo Quagliotti de Bellis rightly pointed out, the "voice of history" imposed on Paraguay and Uruguay

7 Luis Dallanegra Pedraza, *Situación energética argentina y la Cuenca del Plata* [The Energy Situation in Argentina and the Plata Basin], in Luis Dallanegra Pedraza (coord. and comp.), *Los países del Atlántico Sur. Geopolítica de la Cuenca del Plata* [The countries of the South Atlantic. The geopolitics of the Plata Basin], Buenos Aires, Editorial Pleamar, 1983, p. 20.

very different—almost antagonistic—forms of acting in their nature as border countries.

Different structures and historical functions would consolidate in Paraguay its condition as a “march” area, a besieged and upright bastion of closed borders, and, in Uruguay, the natural extension of the Banda, land of its own land, a dynamic world of relationships in the gaucho area, an open border.⁸

In addition, these different forms of living and acting based on their status as border states were also related to their structural as well as circumstantial positioning with regard to Argentina and Brazil, which without a doubt was a highly conditioning factor in their initiatives and projects. In this respect and in relation to the Montevideo he well knew, Juan Bautista Alberdi had said prophetically in the first half of the 20th century:

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Montevideo’s geographical location leads to a twofold sin, which is to be necessary to the integrity of Brazil and the integrity of Argentina. Both states need it in order to complement themselves. Why is this? Because on the shores of the tributaries of the Río de la Plata, to which Uruguay is the principal key, are located the most beautiful of the Argentine provinces. As a result, Brazil cannot govern its own river provinces without the *Banda Oriental*; nor can Buenos Aires rule over the Argentine river provinces without the cooperation of that same *Banda Oriental*.⁹

This latter element of community and diversity makes it necessary to examine the political trends which each of the three border states developed separately in geopoliti-

8 Bernardo Quagliotti de Bellis, *Uruguay en la Cuenca del Plata* [Uruguay in the Plata Basin], in Luis Dallanegra Pedraza (coord. and comp.), *Los países del Atlántico Sur...* etc., *op. cit.*, p. 175.

9 *Ibid.*, p. 179.

cal terms. In the case of Paraguay, as Eliana Zugaib rightly notes, after the disastrous War of the Triple Alliance, and once the country was able to recover slightly, it sought to alternate between Brazil and Argentina in search of better conditions for the development of its national interests. In geopolitical terms, Paraguay was particularly significant for Argentina, as the country was in possession of the key to the consolidation of the basin's longitudinal north-south axis. However, owing to various circumstances, among which the absence of specific policies and plans on the part of Argentina's rulers should be underscored, Paraguay eventually opted to throw in its lot with Brazil.

In the case of Bolivia, after its defeat in the Pacific War in 1870, in which Chile wrested from Bolivia its access to the sea, and beyond the fact that this core historical claim became henceforth the principal focus of its foreign policy, it also incorporated on several occasions a fluctuating rationale, which, however, differed from that implemented by Paraguay. Bolivia did not—as Paraguay did—enjoy the status of key country and final decision-maker with regard to which axis (north-south or east-west) would prevail in the Southern Cone region, and at the same time, lacked the hydroelectric resources that allowed Paraguay to negotiate—in very limited terms, it is true—with regard to the vast works it shares with the “greats” of the region. All of this made Bolivia extremely dependent on Brazil and Argentina. Brazil held the key to the high reaches of the Paraguay River, through which Paraguay could project its pro-

duction towards the Parana-Plata system. The northern giant continued to have the final say, with regard not only to the high plateau country (Bolivia), but also to Paraguay, as it held sway over the access of both countries to these river courses. A further alternative for Bolivia to gain access to the Atlantic was through the Santos-Arica railway, which reinforced Brazil's power. Other ways out to the Atlantic through Argentine territory were very expensive and Argentina failed to adopt a generous stance in this respect, limiting itself to granting Bolivia merely two free-trade zones in its ports.

466 In the case of Uruguay, it should be said, first of all, that throughout its history, its most significant feature has been precisely that of being a border country. The circumstances that led to its territory becoming first a boundary area between Portuguese and Spanish dominions in the region and then a "buffer state" ("a piece of cotton-wool between two pieces of glass," as it has more than once been described) between the "two greats," persistently imposed upon the country an oscillating role. However, very quickly, as we shall see, by virtue of its privileged geographic location at the mouth of the Río de la Plata and despite the prolonged absence of an oceanic port on the coast of Rocha (which for 150 years has been referred to as a strategic key), which without a doubt would have given Uruguay many more geopolitical and commercial alternatives with which to confront Brazil, the country was often able to fulfil a central role as a factor in the regional balance. As Luis Dallanegra Pedraza rightly indicates:

The role of Uruguay comes across as that of an essential area with which to maintain the "balance" of the harmonious integration of the Plata basin. To this end, the first step should tend towards the organization of its internal areas, according to established priorities and in keeping with its possibilities and socio-political and economic interests. Plans for Uruguayan reality should be based on the geopolitical possibilities of its space, seeking coincidences with other external processes of socio-economic transformation; this will provide the country with strategic security. Uruguay is obliged to implement its calling for a dynamic international policy in the region, and, internally, to achieve a coherent territorial structure with planned socio-economic development.¹⁰

In short, despite persisting, and in some cases, irreversible asymmetries between the hegemonic poles of the South American "giants" and the "small" countries of the Plata basin border areas, these smaller countries have played, and continue to play, an essential role in the destiny of the region. With them or against them, even in unison, historical perspective appears to indicate that the two "greats" cannot resolve their conflicts and much less provide the region with governance, with the many implications this involves.

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An "international Uruguay" as an historical challenge

We can state, without fear of contradiction or exaggeration, that Uruguay is a country that has been obsessed with the "outside" world and region throughout its history. It will be difficult to contradict this perception if we observe the course taken by its social history, if we note the

10 Luis Dallanegra Pedraza, *Situación energética argentina y la Cuenca del Plata* [The energy situation in Argentina and the Plata Basin], in Luis Dallanegra Pedraza (coord. and comp.), *Los países del Atlántico Sur...* etc., *op. cit.*, p. 9.

evolution of its demographic organization in the process of constructing its culture, in its collective forms of addressing politics or debates taking place in the world. As Francisco Panizza has said, the “outside” world has always embodied, for Uruguayans, an “integral image” and a “constituent regard.” The world and the region, in fact, have repeatedly represented a comparative point of reference, but have also been conceived and perceived collectively as a place from which we are “regarded” and therefore, from which we are “constituted.” As it has so often and rightly been said, Uruguay is international or it fails to be; its incorporation into the world and the region is an essential part of its national identity.¹¹

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In short, historically speaking, Uruguayans’ “inside” has been very much infiltrated by the outside, a situation in which boundaries between one dimension and the other have often been blurred. Between the last colonial period and the wars of independence, Uruguayan territory experienced a great deal of tension involving the dilemmas of autonomization or integration with regard to the region. The outcome of the revolution, whereby Uruguay became an independent state, failed to resolve this tension, a fact which was fully confirmed over subsequent decades.

This conflict, which could be described as an integral part of the collective adventure of Uruguayans, has launched and continues to launch a variety of dilemmas

11 Dr. Luis Alberto de Herrera referred to this concept in the title of one of his most influential doctrinal works. Cf. Luis Alberto de Herrera, *El Uruguay internacional* [International Uruguay], Paris, Bernard Grasset, Éditeur, 1912.

and discussions, which constitute the origin of a number of hypotheses that have given rise to principles regulating national foreign policy throughout the country's history. The first of these is related to the close link between the assertion of national independence and the unrestricted defence of International Law, as a standard of coexistence between states. In 1863, Juan José de Herrera, who was at the time minister for foreign affairs in the government of Bernardo Berro, stated firmly in the instructions he gave to Octavio Lapido for his mission as minister plenipotentiary to Paraguay, on the eve of a particularly ominous occasion:

International Law, under the safeguard (...) of which resides the sovereignty and independence of Paraguay and Uruguay, authorizes and legitimizes a mutually protective association between nations which makes up for the weakness of each in isolation. (...) The balance of power preserves the peace because it inspires the fear of war. Uruguay and Paraguay should seek this. (...) Peace is the lifeblood of the republic; domestic peace, external peace; but for the republic, peace is freedom, independence, the fullness of its sovereignty (...).¹²

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Barely two years later, and with the fratricidal war already installed in the region, in his Inaugural Address to the International Law Class at the University of the Republic, Alejandro Magariños Cervantes felt able to confirm this critical definition even more forcefully:

As weak as we are, we have no other stronghold than international law; might may decimate us with impunity, bombs may devastate our cities, extortion may exhaust our treasury; but if reason is on our side,

12 Quotation from Héctor Gros Espiell, *Uruguay: el equilibrio en las relaciones internacionales* [Uruguay: the balance in international relations], Montevideo, Instituto Manuel Oribe-Ediciones de la Banda Oriental, 1995, p. 56 and ff.

if we can confront the abuse of strength with a principle of international law which has been infringed, the honour of the nation will remain intact and righteous history will take it upon itself to mark upon the forehead of the aggressor, however powerful, the enduring seal of infamy. For this reason, the weak should not prevail upon their feebleness in order to commit acts that natural law condemns, nor should the strong violate the rights of those who cannot resist them.¹³

470 However, in its practical rendition in the direction of the country's foreign policy, this standard, which we of necessity share, regarding the urge to seek a prudent balance and unrestricted adherence to the regulations of International Law, gave rise to heated debate between the political parties. The *Colorado* [Red] party in general and *Batllismo* (the political followers of José Batlle y Ordóñez) in particular preferred to defend (and even protagonistically promote) universal values and principles pertaining to a new cosmopolitan order, based on a firmly Western and Pan-American conception. For its part, most of the *Nacional* or *Blanco* [White] party¹⁴ and *Herrerismo* (the political followers of Luis Alberto de Herrera) in particular opted instead for a more nationalistic and Latin American viewpoint, looking askance at any notion related to "supra-national" regulation and direct involvement with the struggle for leadership of the world's most powerful countries. As a noted example of the first position, we could refer to

13 Inaugural Address by Alejandro Magariños Cervantes to his International Law Class, in 1865, *Revista Nacional*, n. 57, July 1938, p. 123 and ff.

14 "Independent nationalism," strongly antagonistic to Herrera's movement on many issues, was often closer to Batlle's ideas in subjects related to international policy. The so-called "Rodríguez Larreta Doctrine" constitutes a paradigmatic example in this regard.

the proposal upheld by José Batlle y Ordóñez on the occasion of the 2nd International Hague Peace Conference held in 1907, which enshrined the mandatory and unrestricted nature of arbitration for the peaceful resolution of international differences; a truly radical formula that even provided for the use of force in order to compel heedless states. With regard to the second alternative, paradigmatic examples are the militant positions adopted by Luis Alberto de Herrera and Eduardo Víctor Haedo in 1940 and in 1944, against the proposed installation of North American military bases on Uruguayan soil, as well as their repeated appeals to the unrenounceable defence of the principles of self-determination and non-intervention, in the face of the frequent abuses, interference and invasions conducted by the great powers, particularly the USA in Latin America.

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However, beyond the radical nature of these discrepancies in relation to foreign policy, even at times based on these very differences and on their echoing and conflictive dynamics, the country gradually began to shape the need to achieve—not always successfully—a “state policy,” or at least a “national convergence” in this decisive area. This implied negotiations for joint action, or at least coordinated action in relation to the key challenges of international inclusion, in the face of which a country such as Uruguay needed to put firm and cohesive initiatives in place. Between Herrera’s persistent conviction regarding the imperative need for Uruguay to avoid being the “Gibraltar of the Río de la Plata” and Luis Batlle’s proud claim of selling “everything except our souls” to the People’s Republic of Chi-

na, during the Cold War's McCarthy era of the fifties, the direction was fixed for the affirmation of this new principle of foreign policy. It was not by chance that it was possible to fully achieve the positioning of this principle at the auspicious time of democratic recovery, after the opprobrium of the civic-military dictatorship (1973-1985)—which had its own special chapter in the area of foreign policy. Enrique Iglesias, foreign minister at the time, in a speech addressing all of the ministry's officials on 25 March 1985, said that,

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(...) we should resolve to achieve a genuine national policy as our main objective: the country should have, in its foreign relationships, a "national foreign policy." I believe that this is important for countries of our size; small countries such as ours should seek to maintain a foreign policy which is shared as far as possible by public opinion and the political powers. (...) When we are here, we are Foreign Service officers representing the Uruguayan nation: we are neither "blancos" nor "colorados," nor "frenteampelistas," nor "cívicos" [political parties]. We are citizens who must defend the country's prestige (...).¹⁵

A further key focal point in the international projection of Uruguayan identity is related to the priority destinations and trajectories of the country's fundamental stimulus in terms of foreign inclusion. In this context, and in relation to this point, a debate has emerged more than once—often not very well presented in simplistic terms involving a dilemma—regarding the privileged association with our

15 Enrique Iglesias, "La Cancillería y el perfil internacional de la República" [The ministry of foreign affairs and the Republic's international profile], in *Política exterior del Uruguay. Marzo de 1985-abril de 1986. Discursos pronunciados por el señor Ministro de Relaciones Exteriores Dn. Enrique V. Iglesias* [Uruguay's foreign policy. March 1985 — April 1986. The speeches of Enrique V. Iglesias, Minister of Foreign Affairs], Montevideo, MRREE-IASE, 1986.

neighbours in the region, or the preferred connection with the more developed nations of the north-western world. As Alberto Methol Ferré would say, the controversy between the "*continental borders*" and the "transatlantic borders." In this respect, the concept of "entering the world by disregarding our neighbours" has been proposed (and is still proposed) more than once in the history of several of the countries in the region. The belief that it would be more expedient for our countries to have "rich and distant friends rather than poor siblings close at hand" has constituted a formula that has found a significant number of supporters in various countries and moments in regional history.

The reduced and therefore insufficient domestic market reinforces a further premise with which to consider the problem of economic and commercial integration with the region and the world: Uruguay is forced to aim its economy in the primary—but not exclusive—direction of exports, depending increasingly on its competitive inclusion in regional and global markets. In economic terms, the "inside" cannot become a dominant factor in the dynamization of the economy; necessary communication with the "outside" also becomes inevitable in this area. According to the same perspective, Uruguay's integrationist disposition cannot be harmonized with an integrationist philosophy that conceives the bloc as an isolated and "self-sufficient zone" (neither can that of Paraguay or Bolivia). In the models it uses for the commercialization of its products, Uruguay has always aimed at "open regionalism," conceived as an instrument with which to fight as a bloc with its neighbours in search of more and better markets. This proposition, which

at other times in history might have been brought into question from a variety of perspectives, now achieves a certain level of consensus in the most widely differing camps, which does not, however, preclude the persistence of relevant and responsible debate in this area. Nobody disputes the country's exporting disposition; what does need to be discussed and looked at from different angles—and in this regard, there are many recent examples, such as the 2006 debate surrounding the possible signature of a Free Trade Agreement between Uruguay and the USA¹⁶—is “how” to achieve integration within the world and the region.

474 A consideration of Uruguay's demographic evolution also shows a trend towards establishing permanent links between “inside” and “outside.” Uruguayan society has operated to a large extent as an alluvial society, which was formed as foreigners kept arriving. This was the primary defining factor in the country's social evolution during the 19th century and part of the 20th. For many decades, and particularly most recently, Uruguay has become a country of emigration, with the emergence of a very significant “diaspora,” both in quantitative and in qualitative terms. One of the centres for the establishment of its emigrants is within the region, mainly in the closer provinces and states of Argentina and Brazil, respectively. This is not only demo-

16 On this subject, cf. Roberto Porzecanski, *No voy en tren. Uruguay y las perspectivas de un TLC con Estados Unidos (2000-2010)* [No plain sailing. Uruguay and the Outlook for a FTA with the United States (2000-2010)], Montevideo, Sudamericana Debate, 2010, 262 p.

graphic fact; it has become a central reference of our national culture and identity.

Notwithstanding the different models in conflict with each other, the different circumstances through which Uruguay has ventured in the last 50 years appear to strengthen the conviction that with regard to policies for integration with the region and the world, the nation's fortunes have prospered to a far greater extent with the adoption of pluralistic programmes than with dogmatic undertakings. As a small country submitted, additionally, to the pressure of two gigantic neighbours, Uruguay experienced its best moments when it was able to project itself as a dynamic factor of balance and intermediation between Argentina and Brazil, when it attempted flexible and logical forms of entering regional and global markets and when it set in motion pragmatic development plans combining a variety of undertakings and strategies. At the same time, the country was also able, on occasion, to take advantage of certain favourable international circumstances. However, the history of this last half century is also prodigal in adverse examples and in a lack of daring and ingenuity in promoting revitalizing strategies in these areas. More than once—and this certainly constitutes a useful warning—the country “took a nap” when all was going well, in an attitude of “bovine euphoria,” as Carlos Quijano put it.

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Much of this became particularly clear when the world of the second post-war period became fully visible in the mid-fifties. At that time, Uruguayans as well as many other peoples of the region, suddenly noticed that the world

had changed radically in terms of the perspective of Latin American interests and that in keeping with this, the mere repetition of the traditional old import substitution model had become untenable, particularly with regard to established forms of international inclusion.

In recent decades, and together with the consolidation of many of the processes and events described above, the contexts framing debate regarding the country's international inclusion strategies have changed dramatically. The uncontrollable advance of globalization is linked to a visible shift in the balance of world power, in which the Asian Pacific area—particularly China—has become the main galvanizing factor; the developed countries face often unprecedented challenges, while the new emerging countries—**476** including Brazil—begin to make their presence felt in the new international (dis)order. With multilateral scenarios in question, the process of bloc integration facing hazardous prospects and a new framework for the renewed discussion of regulations and standards in international trade and finance, world governance displays uncertainties that are as radical as they are demanding.

Twenty-one years after the signature, on 26 March 1991, of the Treaty of Asunción, which formally launched Mercosur, the worldwide escalation of what has been called a new “archipelago world order” still persists as an inevitable reference point to explain many of the vagaries of this period of globalization. Will it be enough to “latch on to Brazil's stirrup”—an expression Uruguayan president José Mujica recently coined—in the midst of these conditions,

which are as uncertain as they are challenging? How can a "shared sovereignty" be implemented within Mercosur (or Unasur), and then from that position, strengthen national independence as the indispensable mainstay of development? How can a competitive and less vulnerable international inclusion best be sought in such an unpredictable and demanding world? Are there any genuinely practicable shortcuts through which to establish more direct links to the most dynamic economic global centres? In short, what kind of an international Uruguay can we imagine for the next ten and twenty years?

*Some of the unavoidable challenges
facing Uruguayan foreign policy*

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Whilst acknowledging the particularly demanding conditions involved in the design and implementation of foreign policy in a country such as Uruguay, it is of the first importance to determine some of the focal points that should be carefully considered in this regard. We shall now summarize seven of these points, from an indubitably longer list, which in more than one way include aspects that are common to other countries in the continent:

a) The establishment of foreign policy in a country such as Uruguay must respond comprehensively and capably to a harmonized number of variables. In this respect, whereas some of the factors described below have always been on the agenda in relation to the establishment of foreign policy, it will soon be noted that providing a broad response to them within the framework of the

comprehensive design of public policy implies, in the present context, an unprecedented challenge. By way of providing a short review, some of these unavoidable factors are: the identification and harmonization of interests and options considered to be a priority; the selection of the most appropriate procedures with which to achieve objectives; the adoption, notwithstanding any short-term exigencies, of mid and long-term visions and strategies, on the basis, obviously, of the severe limitations the country faces when addressing action of this nature realistically; the establishment of settings favourable to reaching agreements, commitments and cooperation between stakeholders and institutions, both internally and externally; the adjustment of **478** criteria and guidelines for the achievement of a high level of internal and external legitimacy for the policies deployed; the clear allocation of decision-making responsibilities in all matters concerning foreign policy, which implies being clear when explaining the chosen decision model, as well being firm and coherent in the implementation of a policy with a capacity for anticipation and coordination which—inasmuch as it constitutes a genuine focal point for a development model—cross-cuts other public policies.

b) Upholding and preserving an essentially political dimension in the final establishment of foreign policy and the strategies for international inclusion which are a priority for the state. Beyond the fact that the state should by no means be considered the only stakeholder in the deployment of a national strategy for international re-

installation, there is no doubt that it should have a leading role in this area—in agreement with and submitted to the pressure of other public and private stakeholders. In this respect, notwithstanding the strong influence of geographic, historical, economic and circumstantial factors, when establishing the courses, strategies and procedures involved in foreign policy decisions, the primacy of the political factor in defining these actions should never be lost sight of. A comparative understanding of how the great chancelleries of the world act today tends to confirm the supremacy of politics even more vigorously, in opposition to visions involving circumstance, economics or history.

c) Owing to an infinite number of reasons arising from its history, its geography, the profiles of its society; now as much as yesterday, and certainly tomorrow, Uruguay is international or it fails to be. There is no room for a self-absorbed, inward-looking Uruguay, closed to the world and with pretensions of self-sufficiency. On the basis of this fundamental definition, the main question resides in taking note (consciously, with a great deal of expert information and making an accurate and anticipatory political assessment) of the challenges as well as of the cost of what it means today to “be in the world,” to assume a dynamic and successful profile of international inclusion. This implies adopting a “world vision” which is in keeping with current demands, an appropriate and intelligent design regarding how best to adopt an approach to the world as the foreign policy stage for a country with Uruguay’s

characteristics (*how to look at the world, from what angle, with whom to share data arising from this examination in a privileged manner, etc.*).

d) In terms of choosing the content of and defining foreign policy strategies, there is no doubt that the country, as has often been said, “must play well and on all fields,” which certainly does not inhibit, but rather supports its preferential choice to base the focus of its action within and from the region. The country should deploy actions and initiatives in bilateral settings (with Argentina and Brazil, but also with the USA, Russia, China, or India), in the region (with the priority of being a generator and a factor in the balance of power of Mercosur, Unasur, the forgotten Plata basin and the broader stage—notwithstanding its complexities—of Latin America), in multilateral settings (seeking to strengthen its voice, of necessity grouped in a bloc with neighbouring countries in programmatic terms, in forums such as the WTO or within the United Nations system). Making good use of opportunities, but with mid and long-term strategies in order to avoid circumstantial mirages, the country should develop strategies on all of those stages, but always—we repeat—*within the region and never against it*, seeking the flexibility of the concept of a genuinely “open regionalism,” favouring the regional bloc as the best tool with which to fight for an improved international inclusion in the vastness of its objectives and scope. In this respect, Uruguay has no use for just any kind of Mercosur. For example, it has no use for a Mercosur which

restricts industrial development to Argentina and Brazil, which does not consistently address the matter of “asymmetry” between its party states, which is supposed to be only a “broadened zone for import substitution” and fails to take proactive action in the face of third countries or blocs, within the context of a common and vigorous external agenda. Neither, as we shall see, does Uruguay have any use for a Unasur which sees itself as an alternative rather than a complement to Mercosur, in a more flexible and confined integrationist format, which deprives of any meaning the historical undertaking of the Treaty of Asunción of March 1991. Even less has it any use for an unlimited openness which seeks to “do without the neighbourhood” (as if this were possible or desirable) or to adulterate to hollow extremes its membership in regional blocs, in order to link its fortunes (economic and commercial, but also political) to the dubious “benevolence” and “good neighbourliness” of the powerful nations, “wealthy and distant,” as described by a minister of finance who was essential to the evolution of economic policy during the Uruguayan dictatorship.

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e) Far from any dogmatic—explicit or concealed—vision or action, the definition and implementation of Uruguayan foreign policy should be able to achieve a sensible combination of pragmatism and principles, avoiding the fruitless presentation of false dichotomies between these two general approaches. Insistent rhetoric suggesting that countries only have “permanent interests”

482 tends to conceal, beyond its homespun utilitarianism, that the consideration of certain interests (generally economic and commercial) preponderates in decision-making, to the detriment of other, equally significant interests, which should be addressed complementarily (involving policy or International Law). In its heyday, Uruguay was able to build a healthy international reputation on its defence of international values, its unbending espousal of principles such as the promotion of international peace, the self-determination of all peoples and non-intervention, its fulfilment of its international obligations, its upright rejection of aggressive bids for supremacy or perverse doctrines such as “*preventive war*,” or persistent “*negationism*” in the face of heinous genocide (such as the Holocaust or that perpetrated against the Armenian population by the Turkish state in the early 20th century). The “lengthiness” of history, even in a country with a brief history, such as Uruguay, is conclusive proof that the application of a healthy pragmatism does not collide with the unrenounceable defence of principles which have contributed—and continue to do so—to the country’s positive international image. This is a resource which was built up with a great deal of effort and which even today constitutes a fundamental asset for our foreign policy.

f) The establishment and implementation of foreign policy must clearly express the image of a government and a state acting in a united, coherent and comprehensive manner. It should eschew rigid postures and adopt the

flexibility imposed by the fast-moving contemporary international stage. In the present context, foreign policy actions tainted with dispersal when the time comes to implement them, both in decision-making centres and in key stakeholders, can lead to a great many risks. The existence of ministerial supremacy or controlling positions unrelated to the chancellery, which can indirectly constitute alternative generators and centres for decision-making and action in foreign policy matters is not advisable. This kind of dispersal is counterproductive, not only for the coherence of the foreign ministry's external image, but also in achieving effective outcomes in fields such as the promotion of foreign trade, cooperation and the development of innovation in science and technology in coordination with the more developed international networks, or taking advantage of the hundreds of thousands of countrymen and women who constitute the "pilgrim homeland" of the extensive "Uruguayan diaspora" in order to use them as "proactive antennae." This defence of unity and comprehensiveness in the definition and implementation of foreign policy strategies should not be confused with any pretensions to an equally rigid and excluding monopoly on the part of the chancellery. It does, however, involve harmonizing network-based actions and projecting them coherently both abroad and with regard to their internal signals at the heart of government and of society itself. We should not forget—now more than ever—that the foreign policy of a country such as Uruguay constitutes a fundamental transmitter of all of its sustainable development strategies and that, therefore, its

undertakings should be in keeping with an accumulation of focal points which are granted equal priority internally.

g) In this “information society” era, an “intelligent chancellery,” endowed with a new style of diplomacy, a renovated management system and the ongoing training of personnel devoted to the foreign service is more necessary than ever. The skills and capacity demanded of diplomatic staff have changed and are changing constantly in this new context. The country lacks a critical mass and sufficient personnel specializing in many of the subjects emerging on the international scene (intellectual property, environmental standards, cooperation models, external market prospecting and penetration, new international negotiation skills, human rights, etc.). It is imperative to renovate and in some cases, to promote and establish very significant innovations in ongoing education and training systems for diplomatic personnel, with the consolidation of a *Diplomatic Academy* which meets the demands of the new context. In our view, in its present organizational format, the chancellery itself is in need of major structural changes, in order to achieve a more efficient internal structure that is more in keeping with the new requirements of the state reform which is under way. At the same time, it is necessary to continue along the path already initiated with regard to underpinning the professionalization and standing of the diplomatic career, with clear and universal rules which provide a guarantee for transparency and do away with, once and for all, any temptation towards cronyism and/or favouritism of any kind.

3. Uruguay and its region: the South American perspective

Changes in the perspective of Uruguay with regard to Argentina and Brazil

As we have seen, figures indicating a protracted trend revealed the consolidation of the progress of Brazil and the regression of Argentina in the dispute for the supremacy of the Río de la Plata region. Whereas Argentina defended the valid principles of multilateralism and regionalism in its handling of the basin, Brazil responded in accordance with its old developmental tradition, deploying huge efforts on construction works, without neglecting the diplomatic front. Towards the late eighties, while Brazil was able to boast of full or bilateral participation in 35 hydro-electric plants in the Plata basin area, Argentina could only lay claim to *Salto Grande*, shared with Uruguay. The very dissimilar evolution of their respective GDPs throughout the 20th century was an indication of, among other things, a very unequal use of the resources of the basin. Brazil's leadership had already been acknowledged by the USA, a country with which Brazil had developed a policy of rapprochement since World War II, in strong contrast to Argentina, which under Perón promoted a position first of neutrality and then of non-alignment.

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Furthermore, after the dramatic events the country underwent during the 2001 and 2002 crisis, Argentina has experienced objective difficulties in consolidating a genuinely consistent foreign policy, which would make a stable course workable in its strategies for international inclusion.

The harsh consequences of the economic and financial crisis which the country had to face, the no less traumatic legacy of a society which was severely impoverished and violated for many years, as well as the demands of redesigning the national rationale of political accumulation (within a heavily disengaged and confrontational framework) imposed for a long time on Argentina's agenda an unmistakable predominance of local issues over the requirements of the regional and international scenes. In addition, responses and initiatives were very often the result of calculations, visions and sometimes impositions arising from internal problems, which were given clear preference over strategies designed and planned specifically for the external and, particularly, the regional area. This strong preponderance of local policy options over foreign policy, particularly in regional matters, certainly did not contribute to fully overcoming the isolation stemming from the effects of the crisis of 2001 and 2002. All of which appears to have also been a factor in the response to the demands of the new cooperative paradigm in the bilateralism with Brazil.

As we have already noted, all of these processes have also led to radical changes in the traditional patterns of Uruguay's relationship with its two big neighbours. However, the efforts deployed in that direction by the Uruguayan state have not been entirely successful in providing a firm response to the new contexts. Although it does appear to be beyond dispute that the traditional stop-and-go rationale or the country's role as a principal element in the regional balance of power no longer provides sufficient and even pos-

sible answers, the alternatives which have been attempted have not been clear. Whereas it has again been made apparent that a Mercosur without Uruguay is not plausible, it has also been confirmed that the country cannot afford to enter simultaneously into disputes with its two huge neighbours. The old-style "sovereignty" solutions, as well as the "temptations to escape" in the direction of privileged association fantasies with the great powers have again—as we have seen—begun to appear in recent years, with encouragement and support from unexpected quarters.

As in the case of Argentina, where the weight of challenging domestic agendas restricts regional and foreign policy alternatives, similar phenomena (although perhaps not quite as "burdensome") are observed in all of the countries of the region. In the context of impoverished and very fragmentary societies, it is increasingly difficult to achieve stable strategies with an effectively regional projection, particularly for governments hounded by local demands and whose legitimacy and "electoral value" is determined according to the wishes of national electorates. These circumstances should focus attention on the need to address and anticipate—also regionally—the effects of a possible evolution of these phenomena and the need to coordinate loosely converging policies at the level of the region's governments. Such an undertaking could, in this respect, target objectives such as the design of networks for regional cohesion and integration for skilful and cooperative intercommunication between neighbouring societies, partic-

ularly in frontier areas, which should become genuine laboratories for shared social development.

Without by any means resorting to the mistaken course of criminalizing social protest, we should note the emergence in the countries of the region, and particularly in the border areas, of the so-called “intense groups,” which tend to summarily identify their claims (often unique and exclusive) with their own identity and are therefore not much given to negotiation. Their actions frequently tend to overrun national boundaries in order to acquire regional projection and should focus the attention of governments on the need to strengthen joint reflection on how to respond in coordination and with a rights-based approach to these new realities. To express it effectively and from an analytical perspective with genuine historical density, our “perimeter” areas should be integrated in order to achieve their full development, both economic and social. As comparative experience shows, the challenges of frontier policies often determine the future of regional integration projects.

The geopolitical shift which has backed the strengthening of Brazil’s leadership in the region, added to the strong consolidation of its international role as an emerging country in the BRICS group, constitute processes which from more than one perspective set the stage for the practical complementarity of integration processes of different kinds, such as Mercosur and Unasur. From the southern limits of the border with the South American giant, the per-

spective of a country with the characteristics of Uruguay appears to aim in that direction.

Uruguay and Brazil, Mercosur and Unasur

The concept that for Uruguay, as for most South American countries, Brazil is a decisive country and partner in terms of foreign policy and strategies for international inclusion seems to be plausible. In addition, Brazil's strategic interest in establishing a South American strategy mainly, although not exclusively, through Unasur is not new. In a recent interview in *Página 12*, a Buenos Aires newspaper, the current High Representative of Mercosur and a distinguished figure in the recent history of Itamaraty, Ambassador Samuel Pinheiro Guimarães, summarized several of the reasons for this approach very precisely:

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Brazil has a very strong interest in the development of the whole region, despite existing asymmetries between the different countries. Brazil is not an empire; it has no wish to become one and does not want to repeat the errors made by empires. On the contrary. It believes in association, in cooperation, in the reformation of an international system which is characterized, in my view, by the coexistence of central powers and former colonies, such as us. (...) We have many neighbours. Without counting the United States, who believe they have 191 neighbours, we come after China and Russia. They have 14. We have 10. With such a large number of neighbours, it is advisable that they be stable, in good shape and at peace. One does not want turbulent and poor neighbours. (...) We did not want ALCA, in 2005, not only for commercial reasons. ALCA was a full economic policy, covering trade, investment, business and intellectual property. (...) Unasur is (also) a way of keeping close to us countries that have opted for other policies in commercial terms. It is a good thing that we are all a part of the South American Defence Council. I become suspicious when I hear people advise us not to worry about our defence, that someone else will take care of it. We are peace-loving, but there is no rea-

son for us to disarm when others have weapons and develop them and when we know that the military industry is a key to technological development.¹⁷

490 As Pinheiro Guimarães points out, geography, or rather, geopolitics, constitutes the first factor linking Brazil to the perspective of South American integration. Brazil has borders with ten of the twelve South American countries, all except Ecuador and Chile. This was already the guiding line for Brazil's foreign policy from the time of the Baron of Rio Branco and even earlier. In addition, political, economic and security issues converge to reaffirm the stimulus of Brazil towards a South American bloc. Any concept involving the perspective of Brazil's regional establishment swiftly converges towards the South American idea. Decisive issues for the South American giant, such as the security of its borders, the consolidation of its influence in strategic areas such as the Amazon and the Plata basins, the planning of infrastructure projects which have become indispensable, such as bi-oceanic corridors communicating the Atlantic and the Pacific, its energy equation and many others, are all factors which propel Brazil strongly in the same direction.

On the basis of arguments such as those proposed by Pinheiro Guimarães, and together with other countries of the subcontinent, Uruguay may find many reasons to en-

17 Cf. *Página 12*, Buenos Aires, 10 May 2011. By Martín Granovsky. *Samuel Pinheiro Guimaraes, número uno del Mercosur*. "Brasil no quiere repetir los errores de los imperios" [Samuel Pinheiro Guimaraes, Mercosur Number One. "Brazil has no wish to repeat the errors of empires"].

dorse this South American integration project, with its specific limitations and scope. However, there are a number of conditions, mainly aimed at Brazil, which it is important to fulfil in order to consolidate this undertaking as a vector of Uruguayan foreign policy. In the first place, South American integration in general, and the Unasur project in particular, should be complementary and not alternatives to Mercosur. Unasur may promote integration formats which are less far-reaching than those of Mercosur. It may be an area for political agreement to guarantee peace and democratic stability in the continent. It could be an ideal stage for the convergence of regional public policies on particularly strategic issues such as energy and the environment, infrastructure and physical integration, migration and others. It could also be a major political forum, in which the convergence is facilitated of common positions among South American countries in multilateral organizations, as well as to establish contingency agreements in the face of threatening international circumstances.¹⁸ What it cannot be, however, is a "customs union," as—despite the pessimism generated by the continuing delays and rifts—Mercosur can certainly be, inasmuch as it constitutes an integrated area of development and a common external agenda bloc, capable of participating in commercial negotiations with regional countries and stakeholders outside the area.

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18 Recent meetings of ministers of economics and presidents of the Central Banks of the South American countries with the purpose of coordinating basic consensus in the face of the vagaries of the international crisis are a good example.

A widespread concern among some South American analysts is that Brazilian investment in Unasur may eventually, as we have pointed out, flexibilize Mercosur to the point of futility, as regards its more ambitious objectives, such as, particularly, the concept of a “customs union.” Pinheiro Guimarães was very clear in his vigorous rejection of this hypothesis. His position as High Representative of Mercosur constitutes a persuasive factor in this regard. Notwithstanding the strength of his convictions, however, the “customs union” project requires that Mercosur should have an external agenda with greater achievements and positive outcomes than those attained so far. If this should become a reality, the old rationale involving a “concentric circle” policy, which served Uruguay so well, could well become one of the theoretical supports of South American integration which will complement and empower Mercosur.

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A second condition is related to Brazil’s capacity for leadership and the specific ways in which this is exercised. Also in this regard, Samuel Pinheiro Guimarães has forestalled predictable suspicions regarding the supremacist or “imperialist” aspirations of Brazil in the region, which are always cause for concern. His emphatic rejection of any aspirations—direct or indirect—in this sense is indispensable and certainly requires the effective action of the Brazilian state regarding the realistic meaning of its necessary commitment to the comprehensive development of its South American partners. However, in relation to this, it will no doubt be necessary to surmount very specific queries and demands based not only on the region’s conflict-ridden and

difficult history, but also on questions arising from more recent initiatives. The following opinions of Sixto Portela regarding the interpretation of certain bilateral practices essayed by Brazil with its neighbouring countries in recent years, within the framework of the application of the "Programme for the Competitive Substitution of Imports" (PSCI, for its acronym in Spanish) serve as one example among many others which we could quote.

The PSCI [explains Portela] constitutes a unilateral offer made by Brazil, which although it reaches all South American countries, considers each of them individually, including their entrepreneurs very particularly, inasmuch as they participate in activities, either on their own account or through their organizations. This implies the possibility for them to reach out to the world in association with Brazilian companies, using the logistics of these companies, which are open to the Atlantic routes and with the availability, whenever necessary and whenever it is possible to obtain it, of the financial support those companies enjoy in Brazil and which multilateral organizations provide. With each South American country, Brazil generates a radial relationship, with itself in the centre, undermining the concept of regional integration, in a design which, a priori, could place under its conduction fundamental aspects of South America's economic movements, unless these countries use similar schemes, which has not occurred, nor has Brazil suggested it.^{19 20}

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19 Cf. Sixto Portela, *Acciones del Brasil II* [The actions of Brazil II], Argentina, 30 April 2011. Cf. www.pcram.net.

20 Portela also states: "For the application of the PSCI, Brazil signed individual memoranda of understanding with eight South American countries: Bolivia, on 18 November 2003, in Brasilia; Chile, on 23 August 2004, in Santiago; Colombia, on 27 June 2005, in Bogota; Peru, on 17 February 2006, in Lima; Ecuador, on 10 September 2006, in Rio de Janeiro; Uruguay, on 26 February 2007, in Colonia; Paraguay, on 21 May 2007, in Asuncion; and the one mentioned above with Argentina. These memoranda are not identical; three models emerge: one, signed with Bolivia, Colombia, Ecuador, Paraguay, Peru and Uruguay. Another, signed with Chile, and finally, the one signed with Argentina, the contents of which,

There is no doubt that even in this “softer” format, this type of “radial relationship” model—and there are other examples that could be added to this interpretation of the PSCI—gives rise to misgivings among neighbouring countries, which could bog down the way to South American integration. In order to avoid this, Brazil should act with a clear political will which confirms in practice the steering notion that Brazilian strategic interest identifies closely with the parallel development of its neighbour-partners in the South American subcontinent. To make this objective a reality, the South American giant should be willing to explicitly and operationally acknowledge its asymmetries with other South American countries and exercise an associational and genuinely integrating style of leadership. Nevertheless, in order to exercise such leadership—and currently Brazil is the only South American country capable of fulfilling this role in South American integration—it must be ready to “foot the bill,” as other countries have done in recent history when playing similar roles in comparable processes.²¹

for the reasons stated at the end of the second paragraph of this report, are now doubtful. In all of them, a working group is formed in order to provide follow-up. In general, they establish the promotion in Brazil of the products and services originating in the co-signing country, to be carried out through bilateral actions agreed with each.” Cf. *ibid.*

21 The example is often given of the role played by Germany and France in the foundation and consolidation of the European Union, as examples of countries that were able to undertake the “cost of leadership” in an integration process. More than once have we heard noted Brazilian leaders reject this comparison and warn that the asymmetries in the continent are repeated within Brazil itself, and that they should be addressed from

Finally, a further necessary condition for countries such as Uruguay to converge more decisively and with conviction into a solid perspective of South American integration is related to the need to refrain from upholding the South Americanist vision as a practically exclusive alternative in opposition to a genuine, and not merely rhetorical Latin Americanism. Frequently, in the diplomatic and governmental discourse of the Brazilian élite, invocations to South America have clearly replaced any reference to Latin America. There is no doubt that there are several reasons for this: the struggle for leadership with Mexico, the indubitable alignment of this country and the Central American and Caribbean region with the USA, the increasing divergence of political and commercial interests, and many others. Although all of this is true and has real consequences, no less important from a strategic point of view is the need to maintain common projects and strategies with countries with which we have undeniable historical, cultural and political links. For a country such as Uruguay, the affirmation of South American integration cannot suppose abandoning Latin American links, particularly with Mexico and some of the Central American countries with which we have bonds of different kinds. In our view, on the basis of a precise definition of limitations and

a perspective which is not only inter-state, but also sub-regional. Without resorting to extrapolations, rigid comparisons or formulae to be imitated, this is doubtless a key point which should be debated: the specific and concrete implications for Brazil of assuming a genuinely leading role in South American integration.

scope and again from a strategy involving “concentric circles,” neither is this excluding polarity favourable to Brazil.²² Similarly to the Mercosur and Unasur perspectives, it is also necessary for South American integration to find the way to consolidate a rationale of complementarity with all of Latin America, in accordance with specific, concrete and viable models.

These are therefore the three most significant requirements from the point of view of Uruguay—and, we believe, of the majority of the other South American countries—to converge with conviction and vigour upon the strategic horizon of South American integration:

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- i) the exercise on the part of Brazil of an integrating style of leadership which seriously undertakes to address asymmetries, far removed from the temptation of a “radial” supremacy based on bilateral formats;
 - ii) the establishment of complementary links between different projects such as Mercosur and Unasur, taking care to harmonize prudently the different limitations and scope of each integrating bloc;
 - iii) the realistic avoidance of supposing that South American integration implies the abdication of the Latin American convergence project, in the acknowledge-

22 Cf. Cassio Luiselli Fernández, “Brasil y México: el acercamiento necesario” [Brazil and Mexico: a necessary rapprochement], *Revista Mexicana de Política Exterior*, n. 90. In this article, Cassio Luiselli analyses the convenience of closer political and economic rapprochement between Mexico and Brazil, the two economic powers of Latin America, not only with regard to Latin American integration, but also in terms of the challenges which globalization presents to both nations.

ment of difficulties but also of the potential of the implementation of converging strategies in this respect.²³

It is difficult to overlook the specific difficulties and challenges which fulfilling these requirements would imply. However, it is also plausible to indicate that, in strategic terms, it is not only the outlook for South American integration that benefits. Brazil itself—we believe—also has many reasons to regard this undertaking as a highly positive prospective investment for its national interests. To a large extent, it all depends on the existence of a strong integrationist political will and on the accumulation of sufficient critical mass to confirm the strategic fruitfulness of an initiative endowed with all of these notable historical implications.

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On the basis of a careful reading of a paper as significant as *Brasil 2022*, published in December 2010 by the Presidency of the Republic and by Brazil's Strategic Affairs Secretariat, there do not appear to be significant difficulties involved in endorsing a realistic undertaking of these characteristics.²⁴ As emerges in this genuinely strategic paper, the design itself of the proposal features the South American undertaking very noticeably as a key to

23 In this respect, a renovated LAIA (Aladi) under the leadership of its brand-new Secretary General, Carlos Álvarez, who up to a year ago was president of the Committee of Permanent Representatives of Mercosur, could play a key political role in the area of coordination.

24 Cf *Brasil 2022* [Brazil 2022], Brasília, Presidência de la República-Secretaria de Assuntos Estratégicos, 2010.

Brazilian prospects in the context of its bicentennial anniversary. In this framework, countries such as Uruguay and others can play the role of facilitators in order to strengthen the rationale of a continental policy of “concentric circles,” capable of optimizing the responses of South American states and governments—both “large” and “small,” in the face of the demands of contemporary international circumstances.

4. Integration and projections from the perspective of a “small country”

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In a recent article, and as an analytical key to the current situation of the integrationist process in South America, Luis Maira attempted to indicate questions and propositions in order to address—notwithstanding the region’s circumstantial strengths—the substantial demands of a context marked by the magnitude of an international crisis whose resolution is still uncertain.²⁵ In his paper, the title of which, in fact, posed a critical question (“How will the crisis affect regional integration?”), Maira concluded his analysis by expressing his surprise at the “insufficient evaluation” and “limited understanding” which—in his view—South American rulers and intellectual élites had shown in the face of the magnitude and consequences of the global crisis. In his analysis, the Chilean politician and intellectual particularly emphasized “the lack of repercussions

25 Luis Maira, *¿Cómo afectará la crisis la integración regional?* [How will the crisis affect regional integration?], in *Nueva Sociedad*, n. 224, etc., *op. cit.*, p 144-63.

which this event has had in the examination and proposals of the region's progressive forces.”

After highlighting the major role played by the generators of neoconservative thought in the rise of the political forces of the right in recent decades, Maira warned that this cyclic change had not led to similar events in the opposing camp, which in his view appeared to be highly significant in supporting the establishment of a “post-neoconservative era in the region.” After quoting Wallerstein’s well-known opinion that, just as Bush’s government furthered South America’s progressive political changes in the previous decade, Obama’s government could, paradoxically, be influential in a “pay-back time for the right,” Maira pointed out that a possible “stop-and-go effect” could benefit from this absence of strategic thinking on the part of the governments and parties that have led the recent political changes in the subcontinent.

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The question is [Maira concluded] whether we are still in time to correct weaknesses in the characterization of the crisis and recover the political initiative, with an emphasis on those core ideas that most academic or political overviews indicate. Current consensus is very unfavourable to right-wing visions and conservative thinking. It is now acknowledged that there is a greater need for policy and more opportunities to design it. In addition, increasing interest in public affairs is to be expected. The role of the state in matters involving the regulation and guidance of society is once again deemed to be irreplaceable. The urgent need for the effective control of corporate operations and (...) citizen participation in the more critical decisions of governmental policy has been made evident. What is not yet apparent is the existence of national projects and development strategies to bolster the response capacity of the progressive forces of South America.²⁶

26 *Ibid.*, p. 163.

500 Maira's reflections are relevant to our consideration of the real possibilities of a successful integrationist process in South America, which should, at the same time, give new meaning to democracy with social change, capable of establishing itself despite the impact of a global crisis such as the one we are experiencing at present. With merely pragmatic programmes, lacking new ideas regarding development, or without the political courage to apply them, notwithstanding their wide diversity, the new "progressive" governments, which have been—and continue to be—the principal players in ongoing regional integration projects in the continent, will not contribute consistently in this direction. Even further, they run the risk of missing out on the opportunity, or, which would be even worse, embarking on a mistaken course, contrary to the requirements of a strengthening transformation of the region.

This is also an inescapable factor in the context in which the 21st anniversary of Mercosur is being marked and in which it is attempted to reaffirm the progress of South American integration: in the region, circumstances appear to make it necessary to overcome a marked deficit in strategic thinking aimed at the consolidation of democracy, conquering outrageous inequality, shaping genuinely sustainable development and strengthening regional integration. Can convincing answers to these challenges be found in "individual paths" which unravel past achievements or aim at the gradual voiding of integrationist processes? Is a strategy involving a new boost for development and national reintegration, with the prospect of the genuine strengthening of regional integration in the continent, inconsistent

with the "concentric circle" rationale which we have mentioned? After a critical historical analysis—eschewing teleological justifications—the sensible road (which is often indispensable in order to determine the course of the "small countries") appears to strongly support the notion that any ventures against the region or without the region are neither possible nor desirable. However, in order to be equal to the circumstances, it is imperative to establish an effective and straightforward agenda for the integrationist prospect.

The establishment of an effective foreign policy, especially in countries such as those in South America, can hardly hope to avoid the need to address the dilemmas of international inclusion from the perspective of regional blocs, which reinforce genuine national sovereignty without resorting to the hackneyed old sovereignty-based or nationalistic and isolationist approaches. It appears to be imperative to promote renovated geopolitical formats that support development models as alternatives to the blindly open policies of the nineties in the region, which were, in turn, also different to the import substitution projects of the forties and fifties. Full inclusion in a "world of blocs" and the realization of long-awaited multipolar settings in an attempt to face effectively the dire temptation of unipolar supremacies, can only be achieved on the basis of a genuine and not merely rhetorical underpinning of the process of regional and supranational integration. In order to effectively defend the modern concept of *sovereignty*, we should incorporate the idea that any integration process implies some level of political association with partners in a bloc, who consent to joining in a shared vision of an agreed pro-

gramme of joint initiatives in matters of development and international inclusion.

However, a close look at present circumstances imposes a sensible approach to the imperative need for new lessons and requirements. With regard to Mercosur, for example, a number of radical questions emerge, which are particularly timely in view of invitations to make assessments and the prospects implied by the two decades of the regional bloc, as well as the commemoration of the bicentennial anniversary of Latin American revolutions.²⁷ A similar exercise involving a straightforward approach based on specific integrationist experiences and policies deployed by the governments of our countries emerges as the best way to strengthen and make viable an improved version of South American integration. These are some of the questions:

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- What are the real possibilities with regard to the renewal of a consistent and operational agreement in relation to the serious redesign of Mercosur's integrationist pact at the heart of its party states, involving not only their current governments, but all of the political systems of the region, as well as the principal social stakeholders?
- Is it feasible, for example, to expect an agenda of agreements on specific issues such as asymmetries, macroeconomic coordination or tariff harmonization, within the political systems of the partner states

²⁷ A list of several of these questions has been drawn up by the author and is included in the paper with which the compilation begins: Gerardo Caetano (coord.), *Mercosur 20 años* [Mercosur 20 years], Montevideo, CEFIR-GIZ, 2011.

in the bloc, or as appears more likely, must a fundamental consensus regarding Mercosur and its future be modified or even restated?

- Have the small countries in the bloc—Paraguay and Uruguay—processed the evident changes imposed by the historical transformations of recent decades in their forms of relationship with their two huge neighbours? In this respect, what kind of specific action could be promoted which would contribute to surmounting the conflict-ridden agenda between Uruguay and Argentina, or to building new forms of communication between Paraguay and Brazil and Argentina, with regard to subjects such as the dams of Itaipu or Yacyretá?²⁸ What better model could be established in order to improve the relationship between Mercosur's "large" and "small" countries?
- What "plan B" could be devised for the international inclusion of the "small" countries in the bloc—Paraguay and Uruguay—when faced with the persistently

28 On 26 July 2009, the presidents of Brazil (Lula da Silva) and of Paraguay (Fernando Lugo) signed a document which represents a genuinely historic change with regard to the original treaty. This 31-point agreement established that the coefficient for the compensation paid by Brazil to Paraguay should increase from 5.1 to 15.3, which implied an increase of 200 per cent, as a result of which, at present values, the actual amount increased from 120 to 360 million US dollars a year. However, according to the terms signed by the two presidents, this, as well as some of the other items agreed upon, required the approval of their respective national parliaments. In another of its clauses, the agreement stipulated the exclusive use by the partners of the energy produced by Itaipu, until 2023, which limits Paraguay's intention of selling its energy surplus to third parties. Nonetheless, the agreement represented very significant progress with regard to the provisions of the original treaty signed in 1975. Paraguay has similar discrepancies with Argentina in relation to the dam of Yacyretá.

privileged (and often exclusive) relationship between Argentina and Brazil? What steps would constitute an effective strategy in this regard, what justifications and estimations would lead to affording them a reasonable degree of preference? Have the different implications and consequences for both countries of leaving Mercosur been assessed at all (in the unlikely drop-out hypothesis or the more gradual perspective of a change in the quality of integration, from full to associate member)? Is the alternative, in fact, a classically worded FTA with the USA or a commercial agreement with the European Union? Is the “Chilean way,” for example, feasible or desirable for Uruguay? To what extent can serious negotiations as a bloc be carried out with the countries of Asia Pacific, and particularly with China?

- If the present conditions of the integration process are maintained without substantial changes for countries such as Uruguay and Paraguay, what are the limitations and the scope of the tactic of combining, as far as possible and in the most rigorous terms, the double strategy of open regionalism and multiple bilateralism? Has the present status quo a future in this respect?

In a framework combining internal insecurity with emerging conflicts of different kinds, South America and Mercosur itself perceive that the signs of their relative marginality in certain international contexts are multiplying. In this respect, we only need to observe indicators showing the weight of the region in percentages depicting world

trade, GDP, financial flow, patents approved over the last thirty years, scientific and technological research, investment and other similar figures in order to grasp the situation clearly, despite the fact that in several of these areas—such as, for example, direct foreign investment—there has been encouraging progress in recent years. However, in terms of capacity and efficiency in the production of agri-food, the possession of strategic natural resources (particularly minerals, water and energy) and biodiversity, the situation is quite different. In these areas, South America's wealth and potential are far removed from the marginalization we mentioned and have already attracted a variety of covetous foreign glances.

Courageous ventures with a strategic projection are what are really needed in this matter, and therefore, straightforward exchanges, although risky, are inevitable and also, perhaps should not be postponed. One specific role which "smaller" countries such as Uruguay might play is precisely that of taking advantage of their scale and serving as efficient catalysts to promote the straightforward exchanges and strategic vision which are so necessary in the countries of South America, both "small" and "large."

