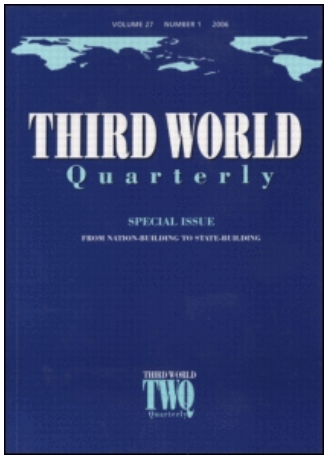

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Building a Global Southern Coalition: the competing approaches of Brazil's Lula and Venezuela's Chávez

SEAN W BURGES

ABSTRACT *This paper will set out the two very different regional leadership strategies being pursued by Brazil and Venezuela, concluding that it is the Brazilian neo-structuralist vision that will have more success than the Venezuelan overseas development aid approach. The two different approaches to Latin American leadership point to a substantive difference in how the regional system should operate in geopolitical and geo-economic terms, with the Brazilians favouring a market-oriented system in opposition to Venezuela's statist option. Contestation for regional leadership as set out in the article emerges as an early indicator of a chilling of relations between Brazil and Venezuela and points to a future scenario where other regional states may be able to play off contending would-be leaders.*

Officially Brazil and Venezuela are not competing for the leadership of South America. Both countries are working towards the same ends, namely the creation of an integrated South American space that will provide opportunities to all for economic, social and cultural advancement. Indeed, Brazilian special presidential advisor Marco Aurelio Garcia is categorical that bilateral relations are strong and that both countries are moving in the same direction.[1] While this has appeared to be the case on at least a rhetorical level, the verbiage is slipping and the actual reality emerging. Brazil and Venezuela are engaged in a contest for leadership of South America, each offering a different vision of how the regional geopolitical, geo-economic, and ideological space should be organised and directed. These two competing visions are encapsulated in the different methods used to advance a leadership project. This article will set out and assess the two different leadership strategies as a contribution to a wider understanding of the emerging Brazil–Venezuela tensions that will mark inter-American affairs over the coming years.

The contest between Brazil and Venezuela can be neatly encapsulated in a divide between the overt importance placed upon policy pragmatism and

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attempts at ideological purity. Overlaying this is the question of how each country is inserted into the global political economy, which in turn points to antithetical visions for Latin American and Southern relations with the global system. Brazil is self-interestedly looking to create economic opportunities for itself, which might offer opportunities to regional 'partners'. The goal is to make South America a vibrant market for Brazilian products and a source for the energy resources that the country's economy needs. This pragmatic and self-servingly market-friendly attitude is not neoliberal at its core—it deploys the state in support of national firms exploiting regional and global opportunities—but it does stand in contrast to the avowedly socialist vision being advanced by Hugo Chávez. The Venezuelan president is rapidly taking his country down a statist path that will concentrate economic decisions in the hands of the state. Everything is to be subsumed to the prerogative of human and societal development according to a socialist ethos as understood by Chávez.[2] In the context of both these visions, regional leadership almost becomes a defensive necessity. Standing conceptions of its 'rightful' place in the world aside, Brazil needs status as leader to ensure that Chávez does not block Brazilian access to continental energy resources, close markets in neighbouring countries, or poison international impressions of the region to a degree that frightens away foreign investors. Venezuela under Chávez needs to be leader because the economic and social model he is advancing is incompatible with the interests of other major hemispheric actors. Leadership of a coalition of the smaller regional countries is thus needed by Chávez to deflect pressure that will come from the USA, Brazil, Canada, Colombia and Mexico.

Chávez's attempt at leadership of Latin America is packaged tightly in the language of leftist, Bolivarian ideology, subscribing to the sort of anti-market, anti-entrepreneurial, anti-globalisation, historical ignorance that Alvaro Vargas Llosa has lambasted in his article 'The return of the idiot'.[3] While the alternative that Venezuela is offering the region is clearly packaged in terms of a potential future reality, the methods Chávez uses to advance his agenda hold much more in common with the interest-based, predatory aspects of cold war overseas development assistance policies than with idealistic notions of solidarity. Chávez has adopted a statist, mercantilist approach that seeks to leverage the country's oil wealth as a device for placing Venezuela in an international leadership position, ostensibly headed towards a new, un-savage version of globalisation. This strategy will be set out in the first section below; the strength of Chávez's Boliviarian vision of Southern solidarity will be evaluated in the third section.

Rhetorically, Liuz Inácio Lula da Silva's Brazil is similar to the Venezuelan case in that it would precipitate the emergence of a Southern bloc focused on Brazil that also leads to a more equitable interpretation of globalisation. The critical difference, as set out in the second section, lies in the approach being taken. Brazil's strategy strongly recalls the UN Economic Commission for Latin American and the Caribbean's neo-structuralist school of development economics. Emphasis is placed on creating conditions propitious for shifts in trade flows. Such redirecting of economic activity is neither mandated nor

forced by the state. As will be argued in the third section, the resultant reliance upon the reinforcing action of independent business decisions that are central to the solidification of new regionalism projects gives the Brazilian approach greater prospects for long-term success than the Venezuelan strategy. The implications for inter-American relations will be briefly explored in the conclusion.

Venezuela's Bolivarian vision

Although it is perhaps not immediately obvious as an analytical entry point for understanding the regional foreign policy being pursued by Chávez, the cold war debate about the motivations for giving foreign aid and the consequent effects on the construction of overseas development assistance (ODA) policies is instructive. For illustrative purposes we can construct a wide continuum with a decidedly realist, interest-based extreme at one end and a liberal, humanist approach at the other.[4]

At the interest-based end we find the sorts of arguments neatly encapsulated by Hans Morgenthau. He suggested that only humanitarian aid of the sort seen immediately after natural disasters such as the 2004 Indonesian tsunami is *per se* non-political. Overseas development assistance is thus intrinsically political, which means that states will only give foreign aid if they see some sort of return that will advance their national interest.[5] In geopolitical terms Chávez's strategy bears an inverted resemblance to the US cold war containment strategy, with a protective ring being constructed around Venezuela to safeguard his Bolivarian revolution.

Where the interest-based approach to ODA begins with the donor asking if the political and economic returns will justify supporting the recipient, the humanist approach attempts to entirely eschew this logic on at least a worldly level. Aid is instead given because it is 'the right thing to do'.[6] The question of morality and associated notions of guilt remains the most powerful discursive tool deployed by proponents of a humanist approach to the delivery and expansion of ODA. This logic is strongly evident in Venezuela's foreign policy rhetoric, being applied in a double direction. One vertex often deployed by Chávez before high-profile gatherings such as the World Social Forum or United Nations General Assembly decries the inequities of globalisation and persistently calls for substantive measures by the developed world to level the playing field.[7] The other, and the one of prime interest to this paper, positions Venezuela as one of the 'have' countries that can and will assist the development process through the provision of subsidised oil.

The suggestion that Venezuela is engaged in an ODA-driven foreign policy is not immediately obvious, particularly if we give even passing consideration to the massive socioeconomic inequalities plaguing the country. What sets Venezuela apart and allows it to simultaneously be a developing country and a provider of ODA is oil. As Venezuela's ambassador to the Organization of American States noted: 'Oil can be, as our Government realizes, a powerful lever to drive development, integration, cooperation, solidarity, and the economic complementarity of our countries'.[8] One of the chief objects

Chávez seeks to move with this lever is the shape of the global political economy.[9] While the rhetoric behind the foreign affairs section of Venezuela's 2001–07 national development plan points to the sort of humanist, egalitarian aims at one end of the ODA rationale spectrum, the introduction points firmly to the interests at play when Chávez talks of the structural crisis facing his country and the need for deep structural change.[10]

The question is how to bring about this structural change on a national and international level. In keeping with the rise of regionalism throughout the Americas in the 1990s, Chávez has placed the articulation of a regionalist approach at the heart of his attempts to reformulate global structural inequities.[11] While this idea is not new and is strongly grounded in contemporary Latin American history, the added dimension we find in Venezuelan foreign policy is the pre-eminence of integration founded upon the principles of Simón Bolivar and underpinned by the country's oil income.[12] This in turn translates into an ambition dating from the 1970s to lead Latin America.[13] At the heart of this policy track is the Boliviarian Atlernative for the Americas (ALBA), a regional integration scheme comprised of Bolivia, Cuba, Nicaragua and Venezuela. It was launched as an alternative to the Free Trade Area of the Americas (FTAA) which would exclude the USA and Canada. The imperative is pursuit of a micro-level actor friendly model of economic and social integration, one that will self-consciously privilege the human development Chávez charges is ignored in FTAA-type models. To add heft to this stance Venezuela has gone so far as to withdraw from the Andean Community in protest over the series of trade agreements its other members have signed with the USA;[14] shortly after joining Mercosur in 2006 Chávez not only attacked the bloc for being excessively neoliberal at the expense of its social conscience, but called for it to be 'interred' because of its institutional weakness and the unwillingness of its member states to surrender the sovereignty necessary to give its governance structures practical legitimacy.[15] With approval of Venezuela's accession to Mercosur held up in the Brazilian and Paraguayan congresses by senators concerned about the anti-democratic implications of the decision to close the media outlet RCTV, Chávez raised the stakes by issuing ultimata that his country's membership must be approved within three months and that the bloc must abandon its neoliberal origins and take on his socialist priorities. The response from non-official observers in Brazil was one of profound scepticism about whether Venezuela should be included in Mercosur at all, despite the backing of Argentine President Kirchner.[16]

At this point the ideological and foreign aid elements begin to conflate. In many respects Chávez's ALBA can be read as a fuzzy attempt at a counter-hegemonic project in the Coxian interpretation of Gramsci's war of position.[17] Although Chávez does not seek to sever Venezuelan or other developing country links to the wider global economic system, a policy option that would cripple his oil export-dependent national economy,[18] the imperative is clearly to use a regionalist logic to reduce Southern dependence on the North. As is the case with successful regional projects, such an ambition requires a substantial, benefit-providing anchor if it is to secure

support. Ideological appeals and humanist arguments are underpinned by the possibilities opened by Venezuela's oil wealth,[19] most notably through a series of regional oil companies: Petrocaribe, Petroandina and Petrosur. Of these, Petrocaribe is by far the most significant.

Founded in 2005, Petrocaribe builds upon the existing regional oil price supports of the 1980 San José Accords, committing Venezuela to providing US$17 billion in subsidised oil billing over the next 10 years at a rate of 200 000 barrels of oil per day.[20] Averaged out at $1.7 billion per year, this one programme puts Venezuelan aid on a par with that of OECD countries such as Australia, Belgium, Denmark, Norway, Portugal, Spain and Switzerland.[21] Indeed, estimates suggest that high oil prices provided Chávez with a parallel budget of between $6 billion and $10 billion between 2003 and 2006.[22] Of equal importance is Chávez's willingness to take payment in kind rather than cash. While almost derisory takes on 'bananas for oil' can be scripted, this barter arrangement has also been used to contract a small army of Cuban doctors to staff health clinics throughout Venezuela.[23] A return to capitalist exchange unintermediated by 'money' also has important implications for national balance of payments situations, removing the need to buy foreign currency in order to pay for oil imports.

Petrocaribe will provide oil to 12 of the 15 Caricom members as well as to Cuba and the Dominican Republic.[24] Each country has a daily quota which it purchases at the current market rate. The ODA function of Petrocaribe comes into play in the terms of purchase. A portion of the payment is amortised over 25 years at an interest rate of 1%, with an initial two-year grace period. The percentage value of the purchase financed in this manner is calculated on a sliding scale: if prices are $30–$39/barrel, which is well over the price used in the national budget to calculate Venezuela's projected oil revenues,[25] 25% of the purchase price is financed; if prices rise above $100 then 50% of the cost is supported.[26] Reports suggest that Petrocaribe oil will effectively be $6 under market costs, bringing a region-wide annual total savings of $50 million.[27] Although Petrocaribe is ostensibly a regional oil entity governed by a council of member ministers, a closer reading of the founding treaty and its supporting documents reveals a sliding position on the interest/humanist ODA continuum: the organisation is effectively a terms of sale agreement between Petróleos de Venezuela, SA (PDVSA, the Venezuela State Oil Company) and member national oil companies or national designates. Moreover, despite the appearance of consultation in decision making, control over the physical distribution of the oil remains with PDVSA and Venezuela retains the right to unilaterally alter the sale terms and quantities as it sees fit.[28]

Petrosur and Petroandina notably lack the ODA elements found in Petrocaribe. Within an Andean context Petroandina was launched in July 2005 with a view to creating a strategic alliance between the state oil companies of the five Andean Community nations, each of which is a hydrocarbons producer. Although the PDVSA website points to ambitions of co-ordinating energy policy, the most substantive evolution has been a statement of intent by Ecuadorian president Rafael Correa to use Venezuelan refining capacity instead of expanding gasoline imports.[29] Likewise Petrosur

has proven thin on the ODA end. In this case PDVSA is perforce required to seek partnership with Brazilian state oil company Petrobras, a firm with a market capitalisation of over US$100 billion and an exceptionally serious business outlook.[30] Although much has been made of PDVSA–Petrobras partnerships leading to an *anel energético*, a gas pipeline linking all the countries in South America, the minimum price tag of $20 billion has prompted many industry insiders to dismiss the project as too huge and of at best dubious commercial viability.[31] Indeed, throughout South America the partnerships that PDVSA has made with other regional oil actors have been on a decidedly commercial basis distinctly free of clear suggestions of ODA.[32]

Where Venezuela does appear to be providing a burgeoning ODA function in South America is in the spending of its surplus oil income. But there is again a certain fluidity in the interest/humanist aspect of this strategy. Chávez was quick to offer financial support to Argentina, purchasing $1.3 billion dollars in bonds shortly after Kirchner completed restructuring his country's debt, although he quickly sold two-thirds of them on to Venezuelan banks, reputedly turning a $308 million profit and thereby defusing a looming domestic foreign exchange crisis.[33] A similar project was pursued again in 2006, this time with $100 million in Paraguayan bonds wrapped in a rhetoric of seeking to help with regional infrastructure expansion.[34] These debt purchases not only underscore the interests behind Chávez's humanist ODA activities, they also highlight his focus on supporting 'leftist' leaders in countries he hopes will support the Bolivarian project. Similar events have been seen in Bolivia, where Chávez provided a great deal of moral support to Evo Morales during his extended struggle with Brazil and Petrobras over the nationalisation of the natural gas industry in 2006. Indeed, Chávez was quick not only to arrange basic medical assistance for Bolivia with ALBA partner Cuba, but also to give assurances that PDVSA would help instill in Bolivia the managerial and operational capacity necessary to run the hydrocarbons sector.[35] On a more prosaic level Chávez has gone so far as to become involved in Rio de Janeiro's carnival by using ODA to finance the 2006 champions Escola de Samba Unidos de Vila Isabel,[36] an act only slightly more humble than offering Venezuelan energy to support Brazil's quest to be a world power.[37]

Brazil's neo-structuralist approach

Where the Brazilian approach to regionalist projects differs radically from the Venezuelan is not just in the reluctance to adopt a strong humanist ODA rhetoric, but also in the unwillingness to engage in sustained expenditure to gain leadership of other countries.[38] While there is a history of periodically offering concessions to Argentina, Paraguay and Uruguay to recharge Mercosur's ventilator, Brazil lacks both the political will and the economic wealth to use this as a strategy for significantly expanding its South–South linkages. In short, instead of actually engaging in the provision of rents seen in examples such as ALBA or Petrocaribe, Brazil's strategy has taken more of a neo-structuralist direction, focusing on creating conditions beneficial for

domestic actors that might also be attractive to key constituencies in partner countries.

Articulated largely by authors associated with the United Nations Economic Commission for Latin America and the Caribbean in Santiago, neo-structuralist theory explicitly appeared in only a limited number of publications before apparently disappearing from the scene.[39] Rather than vanishing, however, it quietly inculcated the policy framework as a middle ground between dependency-style structuralism and hard-line neoliberalism, finding particular resonance in the 'Third Way' policies of the Cardoso presidency in Brazil and later in an insightful CEPAL analysis of the realities created by 21st century globalisation.[40]

Like structuralism before it, neo-structuralism is steeped in a Keynesian tradition that explicitly sees a role for the state in the regulation and direction of the national economy. Neo-structuralsim can appear similar to neoliberalism because it draws from that theory and from structuralism.[41] The difference comes in terms of sequencing, pace and the space for the state to intervene. Where neoliberalism sees the need for sudden shock treatments to deal with specific economic disequilibria, neo-structuralism opts for measured reforms that not only simultaneously address multiple disequilibria, but also continuously adjust to cope with disruptions caused by the reforms. Moreover, the radical retraction of the state from the national economy advocated by neoliberalism as the surest avenue to freedom is rejected by neo-structuralism as being antithetical to political equality because it causes concentrations of economic power. The corollary of this is that the state, in the neo-structuralist view, retains an important role in guiding the direction and development of the national economy.[42] Crucially, this 'leaves open the options to orient industrialization from within to the priority of domestic and external markets which are more promising for the long-term development strategy'.[43] Emphasis is thus given to capacity formation, particularly accumulation of the financial, productive and human capital necessary to bring about socioeconomic development. Moreover, the accumulation of this capital is not seen as being an endogenous process, but rather one that requires active engagement with the global system.[44]

The neostructuralist state is not charged with bringing about results, but with clearing barriers—resulting either from market failure or excessive interventionism—to private sector activities in the selected areas and providing a small measure of protection during the unstable initial years. Mercosur is a clear example of this policy in operation. The common external tariff of 35% initially combined with currency parity to position the expanded internal market as a platform for gaining the competitiveness needed for global insertion. After the rationalisation of the industrial sector in Argentina and Brazil was completed it became clear that there had been two very different reorientations: Brazilian firms had focused on a global market while their Argentine counterparts had sought out only the new opportunities within the bloc. Devaluation of the Brazilian *real* proved disastrous for Argentine firms and they clamoured vainly for concessions

from Brazil. Efforts to relaunch Mercosur failed to provide the sort of sweeping assistance sought by Argentine firms, granting instead only temporary measures that reaffirmed the business ethic at the heart of the trade bloc.[45] Devaluation of the Argentine peso in 2002, while not painless for the Brazilian economy, did not elicit anything close to the same level of crisis or even destabilisation; the uncertainty of a Lula presidential election victory was of far greater concern to global capital markets.

Where the Argentine government was content to see its firms exploit the regional space, the neo-structuralist imperative guiding Brazil made diversification of the country's trading links a foreign policy priority. Although the spin put on policy options differed, the Lula presidency effectively decided to continue the diversification agenda started under Collor de Mello and entrenched during the Cardoso years. As Lula's cabinet foreign policy advisor Marco Aurélio Garcia noted, further diversification of Brazil's trading relations and a consolidation of South–South linkages would require creation of the physical infrastructure necessary to encourage business to look in new directions.[46] The innovation offered here by the Lula presidency was to formalize the Iniciativa para la Integración de la Infraestructura Regional Suramericana [Initiative for the Integration of Infrastructure in South America] (IIRSA) process of continental physical infrastructure integration into yet another regional body named the Community of South American Nations (CASA).[47] Although CASA provided some new political impetus, it was born decidedly weak largely because there was little substantive trade to support it.[48] Efforts instead remained firmly fixed on continuing to develop the original network of transportation, energy and telecommunications corridors agreed through the IIRSA framework.[49] Despite the formation of CASA, the neostructuralist strategy at the heart of IIRSA remained in place, namely one of highlighting to business the new opportunities available through the IIRSA infrastructure corridors and providing market-based financial assistance through the renewal of the ALADI Reciprocal Credit Convention and the expansion of the PROEX export-financing scheme run by the National Bank for Economic and Social Development (BNDES).[50]

A combination of unwillingness and inability by the Brazilian government to finance its South–South strategy in South America outright remained a consistent factor after the transition from Cardoso to Lula in January 2003. Rather than subsidising the production or purchase of goods with government payments, attention was again turned to the capacity-building and information lacunae-addressing precepts at the heart of the neo-structuralist approach. Under the auspices of the foreign ministry's 'Brazil Trade Net', a new venture called the Competitive Import Substitution Programme (CISP) was launched in 2005. As was the case with the structuralist policies of the 1960s and 1970s, the clear intent was to substitute intra-continental products for extra-continental imports. The critical difference was that these changes in sourcing were not forced upon the Brazilian economy through the use of trade restricting policies. Instead, information was collected with a view to connecting firms in other South American countries with potential customers in Brazil. Decisions about what

to purchase and on what terms were left entirely to the commercial logic of the Brazilian companies.[51] Backing the CISP programme is a change in BNDES regulations permitting the use of PROEX export financing for Brazilian foreign direct investment (FDI) activities in other countries, although this measure is subject to restrictions that require participating firms to guarantee a rise in exports at least equal to the financing received.[52]

On an extra-continental level Brazil began to seriously engage other Southern countries through the formation of the G20 negotiating coalition of developing countries in the World Tourism Organization (WTO), of which Venezuela is a member but lately a rather silent one in group meetings.[53] The grouping sprang up in response to EU and US attempts to push through a particular interpretation of the Doha negotiating round agenda at the 2003 Cancun ministerial meeting. Despite expectations to the contrary, the G20 has proven more resilient than previous Southern negotiating coalitions and weathered strong pressure from the North to bring about its collapse.[54] More significantly for the Brazilian foreign ministry's (Itamaraty's) ambitions for global influence, the G-20 positioned Brazil as one of the four central decision makers in the WTO Doha round negotiations and gained the country widespread recognition as a valued and technically gifted leader of the global South.[55] Not long after the Cancun meeting Lula, in perhaps an overly euphoric mood, suggested that the G20 be expanded into some form of a Southern free trade area.[56] More pragmatic minds prevailed, and instead of returning to the New International Economic Order-style policies of the 1960s and 1970s, the pragmatic and issue-specific co-operation that gave the G20 its strength was emphasised by Brazilian diplomats and attention turned to strengthening relations with the two major coalition partners, India and South Africa.

The result was the India–Brazil–South Africa Dialogue Forum (IBSA), a grouping marked from its outset by a pragmatic, interest-based approach. Emphasis was placed on opportunities with obvious synergies and new areas where the members might constructively work together.[57] Efforts began with a range of foreign policy issues of mutual concern, particularly the reform and expansion of the UN Security Council, and extended to dealing with the challenges of globalisation and sustainable development, health care, confronting terrorism and promoting social development.[58] Although ambitions to reform the Security Council so each could have a coveted permanent seat were frustrated, the more prosaic ambition of deepening trilateral linkages continued.

While the results of the IBSA programme have not had the same rhetorical bite as those of ALBA, they have generated a steady increase in commercial, governmental and civil society interchange. The notable characteristic of both the 'Plan of Action' and the 'Guidelines for Action' signed in 2004 is that they are non-prescriptive in nature and do not compel private actors in the member countries to participate.[59] Where bilateral Brazil–India trade stood at $500 million in 2002, three years of the IBSA programme saw a rise to $3 billion, with expectations of flows of $10 billion by 2010.[60] As was pointed out in Brazil, the growth as a percentage of total national trade has not been

enormous, but it builds on a neo-structuralist framework designed to make new South–South opportunities attractive to entrepreneurs in the participating countries without incurring large subsidy bills for the member governments.[61]

Successes and shortcomings

Although the argument in this paper is that the Brazilian neo-structuralist approach will prove more effective in the long term than Venezuela's ODA approach, a quick survey of initial indicators appears to suggest the opposite. Within the UN framework Brazil notably failed to mobilise sufficient support with its South–South foreign policy to bring about reform of the Security Council and gain a permanent seat. While there were clearly larger factors at play in the reform process, success in gaining support from India and South Africa for a permanent seat was not matched on the regional level, where there was considerable discomfort with the idea. Moreover, Brazilian attempts to gain the Director-Generalship of the WTO not only failed to gain widespread Southern support, the deliberate undercutting of the Uruguayan candidate did serious damage to Brazil's political credibility in the South.[62] This disharmony played an important role in the failure of Brazilian João Sayad to gain the presidency of the Interamerican Development Bank in 2005, despite being arguably the most qualified candidate for the post. Again, regional disquiet with the disjuncture between Brazilian leadership ambitions and willingness to provide the necessary rents scuppered the diplomatic campaign, a phenomenon that was mirrored in a lacklustre series of Brazil-organised South American summits, including the Arab–South American summit that saw Chilean President Lagos leave through lack of interest and Argentine president Kirchner storm out in protest over the niggardliness of Brazilian regional policy.

By contrast Venezuela appeared to go from strength to strength. The lure of oil proved critical in Chávez's ultimately doomed quest to win a rotating Security Council seat for his country. The long-standing territorial dispute with Guyana over the Essequibo region was set aside by president Jagdeo when he firmly stated his support for Venezuela's candidacy.[63] Likewise the Caricom countries that make up the bulk of Petrocaribe's membership publicly put their support behind Venezuela in the Security Council race, despite sustained and concerted pressure from the USA to support Guatemala.[64] St Kitts and Nevis prime minister Denzil Douglas put forward the Caricom logic with a fairly direct allusion to the region's geopolitical and energy security reality: 'If you understand the global picture both are necessary. Venezuela is necessary and the United States of America is necessary.'[65] Mercosur followed similar logic, publicly putting its support behind its newest full member.

A slightly different picture appears if we probe a bit deeper. Setting aside the reality that voting for Security Council members is by secret ballot, support for Venezuela in the race was in part attributable to disquiet with US support of the Guatemalan candidacy. Moreover, the Caricom members

appeared to be taking a very pragmatic approach, privileging their own developmental concerns and making clear statements about the sort of policies they saw as essential to sustained economic growth. As St Lucia's prime minister noted, support of Venezuela's Security Council bid was by no means a sign that the region subscribed to Chávez's larger policy package.[66] Indeed, much of Venezuela's foreign aid-style strategy is like a game of smoke and mirrors; in most cases Petrocaribe oil had yet to start flowing for a range of technical reasons. What was of more interest to the Caribbean countries was the exploration of a new and genuinely helpful approach to foreign aid.[67] Studied caution was also firmly in evidence in Jamaica, where both editorials and the political opposition raised serious concerns that access to Venezuelan oil not be linked with subscription to major parts of Chávez's agenda.[68]

The attitude that permeates the subtext from the Petrocaribe countries is decidedly one of making a strategic choice to accept cheap Venezuelan oil as a matter of expedience, but not at the expense of destroying critical economic relationship with the USA. Even in the example of the Security Council ballot the power of oil declines if attention is paid to the historical dissonance of Guatemalan and Caricom interests, particularly with respect to Guatemala's territorial claims on Belize and, more significantly, its complaint in the WTO against EU preferential banana quotas for the Windward Islands. A similar phenomenon appears even in Bolivia's adherence to the principles of ALBA, with Morales going so far as actively to court foreign direct investment to continue development of the country's petrochemical and mining sector rather than relying on Venezuelan largesse. Other recently elected leftist leaders, such as Ecuador's Rafael Correa, have given every indication that they intend to follow broadly market-friendly policies, albeit ones that decidedly serve their nation's interests and not necessarily the dictates of neoliberal ideology.[69] Some analysts have even pointed to the pragmatic history of Havana's foreign policy, positioning the current close bilateral relations as little more than a strategic decision that will only continue as long as the benefits continue flowing to Cuba.[70]

Setting aside the very vocal complaints that have come from a number of Latin American countries over Chávez's commentaries on their own internal electoral processes, the pattern that emerges bears a stark resemblance to that seen in cold war-era ODA practices. Countries happily accept Venezuelan aid, provide support to Venezuelan causes where it is pragmatic to do so, and even adopt some elements of the Bolivarian ALBA agenda. But all this is done *only* when it reflects the interests of the country in question, representing a large roadblock in Chávez's attempts to position Venezuela as an international leader, ostensibly at the head of a counter-hegemonic bloc opposing the neoliberal global order. The lack of sufficient funds to fully buy off potential 'partner' countries and the overt political agenda being pursued by Chávez have not surprisingly caused even his allies to exercise a strong measure of caution when considering deeper, substantive ties to Venezuela.

An assessment pointing to the potential success of Brazil's neo-structuralist approach is considerably more ambiguous, largely because the strategy

effectively depends on the formation of what is best termed a commercial fifth column: business actors in other developing countries who see their interests as being tied to good relations with Brazil or the wider global neoliberal hegemony.[71] Unlike Chávez, Lula's ambition is not to reform or reframe the international system. Indeed, outside the WTO, where the Brazilian stance serves the country's agro-industrial sectors, in many respects the agenda he has pursued has held less serious potential for international economic reform than that pursued by the centre-right Cardoso presidency. Rather, Lula has been seeking to reshape international economic geography in an explicitly liberal manner, increasing the importance of South–South flows by raising awareness within his and other countries and by working to remove existing barriers to market-driven commercial exchange. Those incentives that have been provided arguably fall within WTO support rules and are operated through the generally commercially minded BNDES. While in many cases—the exception being China—the result has not been a sufficiently large surge in bilateral trade flows to displace the importance of US and EU markets, trade has grown markedly.

More significant for the creation of at least a regional economic geography centred on Brazil has been the tenor of complaints from the other Mercosur countries. Their vocal protests point to a desire not only for greater access to the Brazilian market, but also for assistance with development and investment flows from the Brazilian state.[72] President-elect Garcia of Peru went further at the end of 2006, calling for expanded Brazilian investment in his country, particularly in the energy sector, as part of an effort to both bolster bilateral relations and build a stronger Southern economic space.[73] Indeed, Brazil's foreign ministry has given indications that it is listening, even if on a tight budget and in response to pressures created by Chávez's largesse. While there has been a rise in direct financial support,[74] the major proposal called for participation in a series of measures allowing preferential market access and assistance for Paraguay, Uruguay and associate bloc member Bolivia. Argentina refused.[75] Complaints about Brazilian reluctance to take on the costs and responsibilities of leadership were reiterated in July by Bolivian vice-chancellor Hugo Fernandez Araóz. These recurrent complaints were explained by one Brazilian diplomat as being a symptom of his country's maturation process and of an internal debate about whether or not Brazil actively wishes to be a regional global leader and assume the attendant economic and political obligations.[76]

Conclusion

Chávez's overtures of leftist solidarity were initially accepted by Lula as being consonant with the regional foreign policy leadership agenda being pursued by Brazil,[77] feeding popular views that the left was once again on the rise in the Americas. This all changed on May Day 2006. On that day Bolivian president Evo Morales, with much moral and practical support from Chávez, summarily nationalised his country's natural gas industry and ordered the military to occupy production facilities owned by Brazilian state oil company

Petrobras.[78] Although the Brazilian government was deeply angered by Chávez's role in the nationalisation process and disenchanted with the disjuncture it highlighted in the two countries' approaches to Southern solidarity, officials kept quiet and publicly took a consoling attitude; private comments and discourse at multilateral meetings was another matter. As one official noted, the first thing that Brazil and a number of other countries try to do at inter-American meetings is marginalise the Venezuelan representative.[79] The backroom disagreements caused by differing conceptions of where Latin America should go finally burst into the limelight in April 2007 at the CASA meeting in Caracas. Brazil flatly rejected suggestions that an OPEC-style gas cartel be formed. More tellingly Brazil finally decided to join Chávez's Banco do Sul with a fairly clear agenda of blocking the Bolivarian ambitions floated for the institution.[80]

At the heart of the Brazil–Venezuela differences, reflected in both a cooling of their bilateral relations and in the approach each takes to attaining leadership in Latin America, is a markedly different attitude to business and capitalism in general. Brazil's neo-structuralist approach is predicated on the operation of markets, which become a device that the government can use for its policy goals by offering the right incentives and creating attractive conditions for investment. Conversely Venezuela's ODA approach points much more heavily in the direction of a command economy, with the state actively deciding on acceptable profit margins and actively delimiting the sorts of initiatives that private actors might undertake. The contrast in these two attitudes to economics translates to the foreign policy arena, with Chávez looking to create levers of control as opposed to Lula's search for softer mechanisms of influence. Despite the rhetoric of a few outliers, such as Bolivian president Evo Morales and Nicaraguan president Daniel Ortega, it is the Brazilian vision and approach that appears to be gaining the most traction in the rest of the region.

What matters for an understanding of the future trajectory of inter-American relations is an appreciation of the rents that the competing Brazilian and Venezuelan leadership styles offer regional countries. As the discussion in this article suggests, the other Latin American countries are keenly aware that there is tension between the outcomes sought by Brazil and Venezuela, offering a space for them to play one country off against another. Indeed, this has already been seen in Brazilian–Argentine and Brazilian–Paraguayan relations. For the analyst and scholar this tension complicates the study of the region, placing an even greater emphasis on detailed knowledge of the actual interests and intentions of each country in the area. While political rhetoric rarely matches reality, particularly in inter-American affairs, the game is likely to become increasingly Byzantine and thus more interesting in the coming years.

Notes

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