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Mercosul: An Interpretation of the Past and a View to the Future

CARLOS PÉREZ LLANA

A look at Mercosul necessarily involves making distinctions and comparisons. Analysing this sub-regional integration scheme necessitates the discussion of a series of subjects with pertinent historical references. Based on this criterion, the present chapter has adopted an analytical structure, arbitrarily subdivided into decades. It attempts to tie together three agendas (the international, the regional, and the specific Mercosul agendas), by placing emphasis on Argentina and Brazil. All references to the 1980s point to the results of the agreements formed by Presidents Alfonsín and Sarney.

THE WORLD OF THE 1980s

When in the mid-1980s the Presidents of Argentina and Brazil signed the agreements that provided the foundations of Mercosul, the international agenda was marked by the developments and changes taking place in the former Soviet Union. The figure of Gorbachev met with greater external than internal support. This paradox can be easily explained: the population of the USSR did not hold much hope insofar as Gorbachev was forever vacillating between continuity and breakdown, while the rest of the world was urgently looking for a way to break the *status quo* that accompanied the Cold War.

In those years, it was possible to speculate on the emerging structure of world power, and on some of the ideas intended to give it content. When President Reagan advocated space defence, his advisers were right to compel Moscow to accept its defeat. Without technological capacities, with falling oil prices and with an ideocratic system populated by non-believers, the result was obvious. At the same time, the Reagan and Thatcher duo incarnating neo-conservative ideas waged war against the economic paradigm that had become prevalent since the post-war period. This ideological body was urgently looking for a way to discredit not only the role of the state in the economic order, but also its role as the guarantor of welfare.

In the meantime, a genuine technological revolution was taking shape in the field of communications. It erupted in the 1990s, transforming power relations on a world-wide level. For European corporations and companies governed by state socialism, this involved both changes and adaptations. Business enterprise was

possible on the Old Continent, but proved unattainable for the communist bloc steered by Moscow.

In the same decade, China was confronted with a process of economic reforms inspired by a strategically correct analysis. The Asian situation proved challenging due to the successful economic performance of the region's 'Tigers'. The only viable solution for Peking consisted of preserving its political regime while changing its economic system. In the 1970s China had learned several lessons: capital was landing in Taiwan, in the islands and neighbouring territories where the Chinese diaspora played a relevant role. In the meantime, continental China was running the risk of being left behind. China also knew how to predict the consequences of Brezhnevian *status quo* in the USSR. Finally, the military failure that intended to 'teach Vietnam a lesson', brought to light the weakness of a military structure plagued by its ageing systems and doctrines.

Europe opted for doubling the stakes of integration in order to recover from one of its many 'Europessimist' cycles. The 'common act' paved the way for ambitious projects, and especially for common currency. The search for greater integration became relevant and a number of the adjustments made by Old Continent economies, were presented as the price of building a common future. The renewed hope in integration was durably undermined when the communist system collapsed. In reality, history remains to be written, but it is nevertheless possible to speculate.

Europe believed that Gorbachev was going to succeed. Circles prone to reason in terms of strategy were predominantly in favour of the social democratic project that he inspired. Looking beyond the actual intentions of the Soviet leader, Europe came out of this scenario strengthened. It succeeded in averting the disappearance of a leading strategic actor whose vacancy would have weakened its relative position. The ensuing disintegration left it highly exposed to the predominant role of the US. Gorbachev's references to a 'common house of Europe' were highly appealing to its interests, consistently directed at wielding influence in the East without having to pay the price for the collapse of the communist system.

This interpretation explains the consternation of many European leaders when they realised that it was impossible to influence the events affecting general European interests and the integration timetable drawn up in the mid-1980s. They were not, as was presumed at the time, excessively attached to history or incomprehensibly afraid of returning to the past. On the contrary, their way of thinking was realistic. However, in many cases, actual events surpassed expectations, for instance, when it did not seem possible that Gorbachev would accept the reunification of Germany. It was decreed that, in the name of realism, history should not be precipitated in order to avoid reverting to the Kremlin. Unquestionably dependent on the Cold War, the political structure of the European system was doomed and its institutions were clamouring for reform.

As was to be hoped for, soon after Central Europe realised the significance and the direction of the changes taking place in the USSR and Germany, the

reformist sectors were supplanted by partisans of revolutionary change. The ex-Czechoslovakia came to symbolise this new cleavage. The reformists were excluded in the 1960s, after the defeat of the Prague Spring stood in opposition to the emerging power of sectors committed to Havel, formed after the Helsinki Conference (1975). The new Central Europe rapidly became aware of its need for security and prosperity. This meant striving for admission into NATO and the European Union (EU).

Soon after the initiation of the post-communist transition, applications for admission into NATO and the EU became the symbols and the expression of divergent national projects, which, in this respect, remained closely related. The process was characterised by efforts to form a national identity following the destruction of the state and the decomposition of communist ideology, including endeavours to become part of supranational and multilateral organisations; and adherence to the vision of an effortless and immediate conversion to democracy and to market economy.

When the decade came to a close, replying to Central Europe's requests for admission with vague promises made no sense. The demand for entry into the Union was relentless while, in certain cases, existing doubts consolidated the trends in favour of a greater US presence in Europe. Paradoxically, when conditions were ripe for Europe to accept new members, it was NATO that benefited from expansion.

In conclusion, the world at the end of the 1980s withdrew into itself, accompanied by a real geopolitical cataclysm resulting from the disappearance of the Eastern bloc. Political and ideological structures, as well as the international architecture that emerged in the light of the two world wars, were obliterated.

LATIN AMERICA IN THE 1980s

The political agenda of Latin America more or less revolved around the so-called 'economic reforms'. The Washington Consensus transformed into a programme of recommendations requiring nearly blind acceptance. Formulated in line with neo-conservatism, predominant concepts contaminated the political language borrowed from the Anglo-Saxon world. Governments, international organisms, 'specialised press', think tanks, companies and, more generally, the markets, promoted a strategy of which the premises were essentially economic.

Beyond this 'imposed agenda', two specific factors had an impact on Latin America's 'own' programme. From the economic point of view, the explosion of external debt, with an epicentre in Mexico, revealed heavy structural heritage. From the political point of view, the transition towards democracy marked the advent of a new cycle that followed the long darkness of military dictatorships. In this sense, the political flip side of the 'lost decade' denoting economic hardship is evident: the region returned to democracy.

This return to democracy did not simply result in a new cycle. Support for democracy came from sectors which, in the 1960s and 1970s, were known for questioning the so-called formalist vision of democracy. Following a long and sad apprenticeship under dictatorships, many former detractors came to defend the system. It is therefore possible to say that considerable progress was made in terms of the region's democratic culture.

In those years, the East/West conflict was highly present in Central America. This was due to political experiences in Nicaragua and El Salvador, and the importance of certain ideas prevalent in the White House —particularly in the first Reagan administration, which was influenced by the concepts of the so-called 'Santa Fe Group'. In the remainder of Latin American countries, the thawing of East/West relations eased numerous ideological items on the external agenda.

THE SOUTH CONE IN THE 1980s

After Argentina and Brazil returned to democracy, the external agenda was a rare reflection of internal changes due to the predominant concepts within the Alfonsín/Sarney governments. In the following decades marked by a debilitating geopolitical rivalry, the two governments founded a new agenda of co-operation. Globalisation in those years was not yet alluded to, although both countries were manifestly striving to maximise their resources in order to improve the quality of their international insertion.

Argentina's external policy had to shut out the more recent past weighed down by issues relating to the Chile conflict and the Falklands War. The weight of the foreign debt, the external consequences of trying military juntas, and the search for options in favour of autonomy, were relevant and highly present in the electoral campaign of 1983.

At the same time, Argentina and Brazil agreed on the necessity of separating the Central American conflict from the overwhelming East/West logic. This concern was not simply rhetorical. Both countries had suffered the consequences of Cold War logic, which was not alien to the political instability experienced for decades. In this context, the 'chemistry' established between the governments of Alfonsín and Sarney explained the break in the previous logic. For years, a certain part of the academic and political elite, in particular Argentina's radical party and the Brazilian PMBD, deepened their relations to the point of sharing a common vision of internal and external problems. The concepts of striving for greater autonomy, modernising productive capacity and consolidating the internal market, counting on human resources for technological development, and promoting the sub-regional market in view of opening up to the world, formed the ideological core for both governments.

Given that the democratic experience had to be strengthened under complex conditions involving directing efforts at long-standing expectations, replacing confrontation by co-operation resulted in modifying the constitutive elements of

the regional diplomatic agenda. Both old and new concepts were added. Boosting growth through sectoral programmes constituted the crux of the new policy. The mitigated experience of the regional integration process and basic literature criticising the classical approaches to integration, generated confidence in these programmes, which embodied both countries' hope for change, in terms of production and trade. Regarding security, the most noteworthy aspect of the new agenda concerned the elimination of all hypotheses of war, which were replaced by a new policy paradigmatically symbolised by nuclear co-operation.

THE WORLD IN THE 1990s

The beginning of the decade was marked by post-Cold War. The collapse of the Berlin Wall was, in reality, the consequence of a crisis made evident by Gorbachev. Although the Soviet Union disappeared soon after, it is important to remember that this incident represents the downfall of one of the leading totalitarian regimes known to mankind.

In spite of the lack of open archives and the fact that 'memoirs' written by the protagonists are laden with subjectivity, it is safe to speculate that Gorbachev had a 'master plan' intended to transform communism into social democracy. Gorbachev believed that the Soviet system could tolerate a revolution. He also seemed to believe that internal conflicts, i.e. the question of nationalities, could be resolved through a nearly Leninist voluntarism, capable of waking the allegedly dormant energy of a society waiting for the party to separate from the state, and for transparency to pave the way for collective awareness. In terms of external policy, the die was cast in the mid-1980s: withdrawing from Afghanistan, abandoning the communist countries of Central Europe to their own fate, strongly advocating Europe ('the common house of Europe' in the words of Gorbachev) and putting an end to the armament race, which was inspired by new generation arms and in which Moscow was not in a position to participate (space defence, etc.).

On this point, we should not forget that certain distinguished representatives of the Russian armed forces had been aware that the USSR was lagging behind as of 1983. This was due to the growing breach between the USSR and the United States, which formed with respect to the information revolution. 'Brezhnevian immobilism' explains why nothing changed until Gorbachev came to power. His government assumed authority with a globally devalued power, having to accept to return to the negotiating table in matters of security, following the ill-timed withdrawal of the man who embodied Soviet diplomacy, i.e. Chancellor Gromyko.

This new reality meant the end of an era, the Cold War, and practically the end of the twentieth century, a 'short' century marked by two wars and by violent ideological confrontations.

The bipolar system, the existence of which required major detail, was destroyed and all hope for multipolarity remained frustrated. This was due to the

advent of new static relations of power, graphically defined by the French Minister of External Relations (Hubert Védérine, 'Les cartes de la France') as revolving around the presence of a single hyper-power.

The Gulf War is a mandatory point of reference when we try to conceptualise the international situation after the end of the Cold War. For certain observers, the Gulf War betrayed the high degree of unipolarity governing world politics. According to other analysts, the Gulf War was an exception. From a decade's perspective, we can say that the 'new' and the 'old' had converged in this conflict. The Security Council endorsed the operation with the support of the USSR and the passiveness of China. Both attitudes can be explained by the Soviet efforts to reform and the Chinese necessity to return to the international scene after the Tiananmen incident. These 'new' factors are difficult to identify with the Cold War. On the other hand, the 'old' arguments, based on anti-totalitarianism, did not change. Other 'old' factors included the embargo policy and the idea of defending Kuwait, a country that combined oil interests with the preservation of an ally regime in an area historically defined by Washington as strategically important. 'New' elements included the arms used, the policy of 'strategic control' applied before, during and after the war, and the application of the so-called 'duty to interfere' (Resolution 688 of the Security Council).

The cohabitation of 'old' and 'new', as it occurred in the Gulf, paved the way for President Bush's 'new order', insofar as it called on more idealistic, rather than realistic, content. Clinton's first actions and words as President were later turned in the same direction. This was also true for the internationalist democrats, renamed 'pragmatic Wilsonians', who emphasised compromise in favour of democracy and the role of the United Nations. As we all know, the failure of the Somalia mission and the electoral results in the half-period of his first mandate prompted President Clinton to introduce changes in his foreign policy, which veered to more unilateral solutions. This change of direction became evident in the Balkans. In Bosnia and in Kosovo, the American presence emerged as a reply to the European demand for US involvement.

Regarding this last point, it is important to point out the degree of correlation between US intervention in ex-Yugoslavia and the expansion of NATO, driven not only by the US, but also by the majority of European countries—including those of Central Europe. In many aspects, this policy, reflected in the 'new strategic concept', collided with the authority of the Security Council. For certain observers, it constituted the resurgence of the Cold War spirit and facilitated the creation of grey areas, i.e. regions without coverage (e.g. Ukraine).

In the 1990s, Europe was forced to redefine its policy as a direct result of the end of the Cold War. In concrete terms, priority shifted from integration to expansion. Understandably, Central European countries defined their external priorities based on acceptance in the EU (economic security) and NATO (military security). The estrangement of the USSR prompted them to look for a new mode of external relations, which required European backing, in order to join the ranks of democracies. At the same time, Europe implemented its single

currency, the euro, making similar headway in terms of external policy and security (CSFP) and in some of the leading multilateral negotiations, including international trade.

While the US gained the status of a ‘hyper-power’, and Europe embarked on a complex process of re-adaptation, a series of events in Asia forced us to redefine our perceptions of a region that is far from homogeneous.

Until the crisis that started in Thailand, most analysts (including Krugman) considered that area as an example worthy of being followed. The impact of demographic and geographic elements kept this great geopolitical and geo-economic bubble afloat. The 1997 crisis imposed a different interpretation. The institutional weakness in many Asian countries became evident, and perhaps most emblematically in Indonesia. What had been defined as a miracle was, from then on, considered from another angle, as was the case with South Korea. Simultaneously, the real political and economic importance of religion remained manifest.

LATIN AMERICA IN THE 1990s

In this decade, the Latin American policy of international insertion was greatly modified. The change was not about adapting to the new international agenda of post-Cold War, although some of it occurred on a smaller scale, especially in the paradigmatic case of Cuba. In reality, changes in the external agenda can be explained by the region’s search for congruence between a liberal economic model and external policy. The pre-eminence of a market-friendly policy, the declining prevalence of politics over the economy, the devaluation of utopias, the decomposition of concepts including autonomy, and, more generally, the precedence of an analysis associated with the ‘Washington Consensus’ constituted the most notable points of reference.

In the new agenda, economy was not simply ranked. The bilateral/unilateral dimension also underwent transformation. ‘Summit diplomacy’, the appeal of an organisation such as the WTO, the power and influence evinced by the FTAA, the growing leadership of the ONGs and the active presence of ‘new’ factors in the ‘positive’ and ‘negative’ agendas formed new diplomatic challenges in a context of weak critical capacities. Latin America’s wealth of literature was no longer consulted, and new conditions of sub-regional integration lead to a casuistry that helped destroy the strategic ideas that had been important since the 1950s.

MERCOSUL IN THE 1990s

The Alfonsín/Sarney agreements in the 1980s were inspired by politics. In the 1990s, on the other hand, Mercosul was given over to market forces, meaning that its members no longer applied their constituent strategic criteria.

Insofar as the international, regional and sub-regional context was peaceful, trade suddenly grew in leaps and bounds. Nobody was interested in reintroducing state objectivisation. It was assumed that everything was going to be easy. In the first half of the 1990s, this nearly idyllic context benefited from an additional advantage in terms of Mercosul consolidation: the scarce importance assigned to the region by the US. In the first Clinton administration, preoccupations in Washington revolved around redefining external policy, relations with Russia and the Middle East and, more generally, commercial diplomacy, which, under the leadership of Mr Kantor, concentrated on the WTO. Latin America was included in this last agenda, but its importance was subordinated to Mexico's entry into NAFTA. Mercosul had no relevance, which turned out to its advantage. Omitted from the list of strategic US priorities, the South Cone was able to make progress escaping the vigilance of an influential player. As early as President Clinton's second mandate, Washington modified its approach and started to show interest.

However, a series of events that took place eroded optimism. The international monetary crisis, aggravated in Russia and later in Brazil, brought an end to all optimism. In the meantime, political interpretations regarding the nature and functioning of the international system began to differ depending on the country, but more particularly in Argentina and Brazil. The definition of relations of power, the significance attributed by each actor to globalisation and, more particularly, the nature of relations developed bilaterally and multilaterally with Washington (state to state, Mercosul and FTAA) formed a watershed.

The growing incongruence within Mercosul was accompanied by President Menem's unpopular declarations in Brazil, an impetuous dispute regarding a hypothetical entry into the Security Council. This conflicted with visions of the 'Colombian question' and, finally, the definition of Argentina as an extra-NATO ally.

Following the 'easy' phase, divergent interpretations, different styles and sensitivities, absence of strategy, abandonment of sectoral politics and a low level of institutionalism in a context of growing conflicts (which presidential diplomacy was supposed to resolve) all combine to explain 'Mercopessimism', which began to be felt as of 1998. Many observers had predicted the scenario: with Mercosul given over to spontaneity, a multitude of demands and the absence of sectoral policy were bound to affect sub-regional dynamics. Overdue solutions were also the product of asynchronous electoral periods in each country.

In addition to all these events, the devaluation of the Brazilian currency foreshadowed the end of the spontaneous phase. Sectors less favourable to Mercosul seized the opportunity to question the benefits of a strategic decision based on Argentinean interests. Pessimistic observers, mainly concentrated in Buenos Aires, did not realise that Brazil was compelled to devalue its currency. Nobody thought of a 'competitive devaluation'.

A LOOK TO THE FUTURE

In view of the current situation of Mercosul, only a strategic approach can restore energy to this undertaking. Otherwise, it may be infected with the virus of irrelevance that affected Latin American efforts of integration.

The key to success implies restructuring politics. Counting on taxes for salvation does not make any sense considering that this choice is not capable of creating new dynamics. Developing the co-ordination of macroeconomic politics is of most relevance to the economy. It is also the principal responsibility of the state.

Looking ahead into the future, we must preach the primacy of politics. In this sense, the best that we can do consists of identifying the options of international insertion available to our countries, in light of the leading international trends. In this order of things, a precise interpretation of the international agenda and of existing relations of power proves indispensable. As for globalisation, the first thought that comes to mind when thinking in terms of world-wide relations is obvious. Globalisation equals the loss of sovereignty. External policy, which transcribes both internal necessities and external possibilities into a realistic code, cannot ignore the importance of restrictions without falling into resignation (a conclusion usually arrived at by hyperrealists).

Without Mercosul, South American countries lose the only multiplier of power that is determined by geography: critical mass. In today's world, it may be said that the following actors share a dimension between the state and strategy: NAFTA, Europe, China and India. Russia represents an unknown element, doubtlessly due to the success of President Putin's project, which defined the reconstitution of the state/territory relations as a priority. There also remains a lingering doubt pointed out by Hélène Carrère d'Encausse in 'La Russie Inachevée': the consequences of a significant drop in the population mass. Although Japan does not constitute a forum in itself, it is nevertheless a natural candidate for an Asian leader, thanks to its powerful economy of regional magnitude. However, following the crisis that crippled the area as of 1997, and due to the behaviour of the Japanese economy in the past few years, it would be exaggerated to promote the leadership of an insular country. The same analysis also applies to the future of ASEAN. There are other less influential entities and Mercosul is most prominent among them.

Absorbed by problems, South America sometimes fails to notice that, among the alliances formed by 'average' countries, it has the best profile and the highest appeal. This perception is justified by the weight of the markets, the investments made in South American countries, and the political instability that hinders other candidates from forming an integrated forum.

When looking for other reasons explaining South America's advantages as a sub-regional entity, there are three basic points:

1. South America advocates a multipolar system and its inherent benefits cannot ignore the difference between an FTAA with Mercosul and an FTAA without Mercosul. Nobody can fail to notice that in this case the sub-region is helping define global criteria of power.
2. Developed countries, particularly in Europe, represent increasingly ageing societies. More and more young people are looking for ways to find new geographic solutions to an anti-fiscal rebellion. In order to maintain the implemented structures of welfare, capital in those countries will have to find productivity outside their borders. Taking into account the demand which is bound to fall, the apparent overinvestment observed in many sectors and the ongoing race for profitability, these countries will be forced to look for solutions outside their Union. This is despite the new borders formed by Central Europe.
3. Finally, speculating on 'predominant' trends, only a few languages on a global scale will achieve the required dimension of a 'lingua franca'. Those languages include English, Mandarin, Arabic and Castilian. Combined with Portuguese, French and Italian, Castilian will be without a doubt the Latin world's point of reference. In addition, the Castilian language has the enormous advantage of growing within the NAFTA-associated sphere of influence occupied by English. This represents another reason why Mercosul should include Mexico, especially in the politico-cultural dimension.

These arguments follow the earlier defined direction: Mercosul will have to be multidimensional and enlarged, or it will cease to be. In concrete terms, it means that politics will once again have to stand at the centre of construction strategy. Member states will be required to make the most of this process and integrate Chile and Bolivia within a short period of time. The European experience is paradigmatic. The EU came into being by promoting cycles characterised, at times, by enlargement, and at other times, by integration.

MERCOSUL AND THE RECENT DEVELOPMENTS IN THE INTERNATIONAL SYSTEM

Returning to the original outline and the content of the agendas involved in the process of sub-regional integration, it is necessary to point to certain open questions concerning the new foreign policy of the US, and the priorities of Europe.

The new American policy

It is premature to formulate, in reference to the foreign policy of the Bush administration, definitive analytical judgements on the subjects under discussion. They are generally associated with questions concerning the influence of persons

involved in the 'first' Bush administration; the emerging differences with the Clinton administration, the coherence between distinct sectors of bureaucracy (Vice Presidency, the State Department, the Defence Department, the Security Council); the emphasis on unilateralism, the re-definition of alliances, etc.

It is manifest that the attitude and the path adopted by the people involved in international diplomacy, as well as the definition of foreign policy, as formulated from the electoral campaign to date, are linked to a world vision closely associated with international security criteria. The repeated references to 'national interests', the return to the subject of contention, the search for new enemies and the revision of foreign policy elements associated with the use of military force constitute the relevant indications.

In relation to this renovated vision of security, we should not be surprised by the emergence of strategy in direct contrast to the policy advocated by President Clinton. For example, Russia does not play a relevant role in the Republican vision and China is perceived as the 'next problem'. Economic diplomacy, one of the core elements of the former policy, has not yet been put to the foreground while the so-called 'global questions' are absent. Matters related to the war/peace chapter of the international agenda, including the case of regional conflicts in the Middle East and the Balkans, are seen as part of a policy, with lesser emphasis on direct involvement in the Palestinian/Israeli tragedy and with greater interest in Iraq. In the meantime, the ex-Yugoslavia's problem is being delegated to the Europeans, although the exacerbation of conflicts such as those in Macedonia shows that the Americans will not be easy in spite of the presence of NATO.

Attention is concentrated in the nucleus of international security: new threats and the redefinition of strategic policy. The catalogue of threats includes the previous definitions of the 'rogue states', subsequently referred to as 'worrying states'. Many observers add to this list new elements, including China and Russia. However, officially these countries are not categorically conceptualised in the same terms. In addition, notorious contradictions come to light, including the recent identification of terrorism by the Director of the CIA as the major threat to US security. This was in fact a line launched by the Clinton administration (especially in cases of Sudan, Afghanistan and Yemen), evading the issue of 'rogue states'.

As for strategic policy statements, the core programme of the Bush administration consists in the set-up of the NMD anti-missile system. This programme has its roots in the Reagan and Clinton administrations. In December 1992, Clinton had decided to cut resources although he did not cancel the programme, redirecting it later toward a tactical anti-missile system. In September 1997, Washington and Moscow launched—at the US initiative—negotiations on the ABM Treaty (1972). In the second half-year of 2000, Clinton decided to postpone the decision to deploy the anti-missile protection system intended to shield the US territory.

The new government is decidedly in favour of the project and everything leans to the criteria finally being imposed. In fact, in spite of the manifest opposition

of the Russian government, certain analysts do not exclude the possibility of Russian and American negotiations establishing mutual concessions. These concessions comprise reform of the ABM Treaty and a dialogue through which Moscow could satisfy some of its strategic interests. (This includes the ambition to maintain its place in major negotiations, obtaining favourable results in the START III negotiations, ensuring that the US accept to reduce their offensive nuclear weapons arsenal, and dismantle, with US assistance, the nuclear arsenals of the Soviet era.) The pragmatism of many new Russian leaders may lead them to adopt a more staunch position at the negotiating table. Russia is interested in establishing a balance between what should be the withdrawal of a missile interception system and the possibility, implicit in the NMD, of supporting it until a later phase involving a greater traditional strategic dimension in agreement with regional objectives. The scenario involving militarisation and anti-satellite arms would open the door to a new arms race that Moscow would almost certainly lose.

In support of NMD, Great Britain will back the US, and Berlin is thought to adopt the same stance. In the German case, the subject at hand evokes the political fracture that took place in the 1980s, when Chancellor Kohl supported NATO's decision to set up Cruise and Pershing missiles in order to offset the threat of Soviet SS-20s. At the time, the ruling social democracy opposed withdrawal at a high cost, in light of the fact that some sectors supported the Christian-Democratic government, which paradoxically counted on the backing of the Socialist Mitterrand. The Australian government (with Australia belonging to the core base of NMD) indicated that a military base could be used on its territory for the NMD project. France currently appears to be less inclined, but could very well dodge the opinion of its European partners. Four dimensions must be reviewed in order to understand the development of the events related to the space defence programme. These four areas consist of the threats, technological viability, the impact on the overall strategic balance, and the intra-NATO dynamics.

To conclude the discussion on continuity and change in US foreign policy, allusions to the content of certain regional policies do not seem relevant. From the beginning of his term, President Clinton placed a strong diplomatic emphasis on Asia, and more particularly on China, which was at the time defined as a strategic partner. This decision was inspired by disproportionate optimism in regard to this region.

Asian policy suffered the consequences of the economic crisis that started in Thailand in 1997, although this later transformed into a political situation. From that time on, the US was forced to apply 'case by case' policy (for example, with respect to Indonesia, Thailand, South Korea, etc.). In those years, Taiwan lost its relevance for Washington, while the most innovative aspect in matters of security consisted of the intention to apply the non-proliferation programme to North Korea.

Assigning priority to strategic analysis, the new administration is redefining its goals, thus explaining changes in the approach to China, the backing of Taiwan, and the more reserved dialogue with North Korea. In this region, the missile shield represents very concrete results: setting up such a system in Taiwan makes the 'strong arm' attitude of China less credible. Farther away, India is an example of continuity in American strategic interpretation, the reason for which the initial assessment of the Clinton administration is not subject to revision. In a few words, the 'Pacific Basin' project, motivating for Clinton and laden with economic expectations, is sure to be revised in light of newly defined priorities.

For the Republicans, China appears as a strategic threat with economic opportunities. For this reason, Washington's approach has changed, although its relevance is maintained. It suffices to say that 100,000 soldiers are stationed in Asia to guarantee security in a region that does not have a collective system.

In regard to Europe, attention drifts to the fact that many suggest the problem of a renewed division between Atlanticism and Europeism. However, when subjected to greater scrutiny, this interpretation proves to be highly inconsistent. No one in Europe today can seriously consider a fracture of this type. There is talk, however, of intense strategic complementarity. Both parties are definitively asking questions; Europe will have to take advantage of the unavoidable and invaluable dynamism of the euro. It will have to ensure the compatibility of the two major projects based on its ambition for greater depth and outreach, and define its political geography tracing the new frontiers that are likely to arise. Finally, the Old Continent will be forced to show that 'he who wills the end wills the means', assigning economic resources to foreign policy and joint security objectives. Nuances and questions are obviously abundant; should the European border end in Russia or include Turkey? Is the Union simply an economic alliance or does it represent a vaster project which must be necessarily crowned by a constitution? In the meantime, on a more realistic level, the US is interested in preserving NATO, and other subjects are in the position to optimise hope. As a superpower, the US has a multidimensional and global outreach. Due to this privilege, going beyond the sensitivities of various other players, the anti-Atlanticist opinions that form in certain sectors of the government thrive with difficulty. We should not forget that the ex-President Bush had revised certain foreign policy premises of the Reagan administration, particularly those referred to as anti-European. Paradoxically, they were permeating US leadership with a strong Atlantic vocation. We should also keep in mind that while some European leaders showed ambivalence at the fall of the Berlin Wall, President Bush senior had strongly supported the reunification of Germany, orchestrated by the former Chancellor Kohl.

Closing the chapter on regional policy from the US perspective, we move to the Latin American aspect. During the electoral campaign of 2000, it was clear that Latin American problems met with greater responsiveness from the Republican platform than from the Democratic camp. Under President Clinton, Latin America was included in the commercial (Mexico's inclusion in NAFTA,

FTAA) and the 'negative' (drug trafficking, migration) agendas, bearing residual manifestations of the Cold War (Cuba). Today, indications allow us to infer a convergence of geo-political and geo-economic interests that will result in the acceleration of the FTAA project. This is reality, but dates and terms must still be discussed. While in Europe it is realistic to say that NMD is a decision of the past, our region must assume that the FTAA project cannot be avoided. This is why it is necessary, from the Mercosul perspective, to rapidly establish the best possible conditions for negotiation.

European priorities

In the present overview, we can say that the founding phase of the EU, expressed by the ambition for greater depth, ended in the creation of the euro. Today, a new Europe is rising to cohabit with its goals of a wider outreach.

At the summit in Nice, in December 2000, it was evident that German prerogatives gravitate around 'Eurocentral priority', forcing certain countries to redefine their external solutions, restricted due to the conditions imposed by the logic of unity.

Extension through post-Cold War Eastern Europe, or in other words Europe with a reunified Germany, leaves open questions concerning the definition of the EU's priorities in terms of foreign policy. The old architecture of concentric sub-regions (Central Europe, the Mediterranean, Northern Africa, etc.) requires a new plan and this will have an impact on Latin America and Mercosul.

Although no one is seriously questioning the outward push, there are different interpretations of what can be done with the remaining diplomatic options. This dimension includes negotiations between Europe and Mercosul, as well as Chile, which, inspired by Mexico, is searching for bilateral formalisation.

Historical periods are prescriptive. The future of European agreements with Mercosul, the preparations of which are well on the way, depends on reinforced engineering that will have to incorporate the renewed proFTAA vocation of the Bush administration. In addition it must include the favourable attitude of many Latin American countries and the Caribbean, as well as the needs and objective interests of each Mercosul member. If the pro-Eastern feeling in Europe bears nearly exclusive results, and if South America's agricultural interests are not reached in international trade negotiations, this Atlantic triangle, originally conceived as the ideal model for the international integration of Mercosul, will lose its viability.