

# Interest Representation in Argentina and Brazil: Patterns of Inclusion and Exclusion in the Beginnings of Mercosur

## *Representación de intereses en Argentina y Brasil: patrones de inclusión y exclusión en los inicios del Mercosur*

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This article addresses the characteristics of interest representation in two countries (Argentina and Brazil) of the Southern Common Market (Mercosur) and the effect these characteristics may have in the process of regional integration as an instrument for social and economic development. Specifically, it analyzes the mechanisms by which some interests have been represented and others have not, assuming regional integration implies an emerging political arena, where processes of inclusion/exclusion of different economic, social and political interests take place.

Attention is concentrated in business associations' and labor unions' influence in government decisions regarding regional integration during the first years of Mercosur. The analysis is oriented to demonstrate that their weakness in articulating varied interests favored decisions which express particular relationships instead of aggregated preferences, this being an obstacle for the creation of broad and long-standing visions of development and progress, visions which are necessary to support long-standing projects such as regional integration.

By doing this, the article offers new elements to analyze and explain limits of regional integration in the South Cone, as well as to understand representation as a further regional challenge.

**Keywords:** Mercosur, regional integration, Brazil, Argentina.

*El siguiente artículo aborda las características de la representación de intereses en dos países del Mercado Común del Sur (Mercosur) y el efecto de las mismas en el proceso de integración en tanto instrumento para el desarrollo económico y social. En particular, analiza los mecanismos por los cuales algunos intereses fueron representados y otros no, asumiendo que la integración regional implica una emergente arena política, donde tienen lugar procesos de inclusión y exclusión de diferentes intereses económicos, sociales y políticos.*

*La atención se concentra en la influencia que han tenido las asociaciones empresarias y los sindicatos en las decisiones gubernamentales vinculadas a la integración regional durante los primeros años del Mercosur. El análisis se orienta a demostrar que la debilidad de estos actores en articular variados intereses a su interior favoreció decisiones que expresaron intereses particulares más que preferencias colectivas, un obstáculo para crear visiones amplias y duraderas sobre el desarrollo y el progreso, visiones que son necesarias para apoyar proyectos de largo plazo como el de la integración regional.*

*Con ello, el artículo ofrece nuevos elementos analíticos para explicar los límites de la integración regional en el Cono Sur y para entender la representación como un ulterior desafío para la región.*

**Palabras clave:** Mercosur, integración regional, Brasil, Argentina.

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INTRODUCTION<sup>1</sup>

Interest representation has been a traditional topic of political science and it has been recently included in reflections about governance in regional integration processes. There is a large amount of bibliography explaining European regional interest representation system and the role of different kind of interest groups in the process, but they provide limited tools to analyze it in the Mercosur case<sup>2</sup>.

This article starts with a very brief description of the basic institutional features of Mercosur, which is followed by the main findings of a recent research about the behavior of the business and the labor sector in Argentina regarding the beginnings of the integration process<sup>3</sup>. That research helped to analyze the characteristics of interests' representation in that country. Specifically, the mechanisms by which some interests were represented during the so called "transition period to the customs union" of Mercosur (1991-1995). Some reflections emerged from this analysis, most of them regarding the national democratic quality and the representation challenges that faces the emergence of new regional political arenas.

But the analysis of just one country seemed not to be enough to extract general conclusions regarding the integration process of Mercosur. Therefore, this article compares it with the characteristics of interests' representation in Brazil, in order to identify similarities and disparities with the Argentinian case, and test if the elements extracted from the research could be useful to support conclusions on Mercosur features and challenges.

Attention is concentrated in the influence of industrial business interest groups and labor unions in governmental decisions regarding regional integration during the first years of Mercosur. This influence is studied through in-depth qualitative analysis of the political relationships between interest groups and government in Argentina and Brazil, which has implied discourse analysis and in-depth interviews. For discourse analysis, both primary<sup>4</sup> and secondary resources<sup>5</sup> have been used. In-

1 A draft version of this article was presented at the 54th International Conference of Americanists, Vienna, July 15-20, 2012, Panel 922: "Interdependent Transnational Inequalities and National Politics and Policies in the Americas". I am thankful for the comments received in that occasion, especially for the ones of its coordinators: Hilda Sabato, Hans-Jürgen Puhle and Marianne Braig. Notwithstanding the foregoing, I am solely responsible for any errors in this final article.

2 See Gil (2007).

3 See Gil (2007). The comparison with Brazil was especially prepared for this article, after two months of bibliographical and documental research and interviews to diplomats, consultants, association representatives, labor union representatives and academicians in Brazil.

4 Main primary resources used have been official documents; business men', associations' and governments' declarations; political parties' documents; and business reports.

5 Main secondary resources used have been mainly press articles and previews researches.

depth interviews have been done to business associations representatives, official workers related to regional integration decisions and academicians specialized in the topic.

The aim of the analysis is to demonstrate that the weakness of business interest groups and labor unions in articulating varied interests favored decisions which express particular interests instead of aggregated preferences, this being an obstacle for creating broad and long-standing visions of development and progress, visions which are necessary to support long lasting projects such as regional integration. The study will show differences in this characteristic among Brazil and Argentina.

The main conclusions of this article focus on the problems of interests' representation in Mercosur, especially those of the groups with a weaker 'voice' or participation. In this sense, the article tries to offer new analytical elements to help explain limits of regional integration, as well as of any other long-standing policies inside the countries or in the region.

#### BASIC FEATURES OF MERCOSUR

Argentina, Brazil, Paraguay and Uruguay signed the Treaty of Asunción in 1991 with the aim of forming a common market that would include free movement of goods, services, and labor between them<sup>6</sup>. This would be reached mainly through the elimination of customs duties and non-tariff barriers to intra-regional trade; a common external tariff and a shared trade policy; the coordination of positions in international economic *fora*; the coordination of macroeconomic and sectorial policies; and the harmonization of legislation in relevant areas<sup>7</sup>. A program of automatic progressive tax reduction on the majority of goods was envisaged, with some exemptions.<sup>8</sup>

The Treaty of Asunción foresaw a basic institutional structure made up of a Common Market Council (Ministers for Foreign Affairs and Ministers for Economics of the member states, with a rotational presidency), which would strive to give political direction to the process, and a Common Market Group as an executive body (consisting of members of the Ministries of Foreign Affairs, Economics

6 Argentina and Brazil agreed on the Buenos Aires Act in July 1990, and on the Economic Complementation Agreement (ECA) No. 14 within the framework of ALADI (the Latin American Integration Association) in December of the same year, the two of these being the instrumental basis for the process of integration started with the Treaty of Asunción.

7 Treaty of Asunción, Art. 1.

8 The ECA No. 14 allowed countries to select up to 300 goods excepted of the progressive liberalisation. Argentina selected a list which included all types of sugar, some of coffee, iron and steel products, audio and video products, textiles, paper and footwear. ECA No. 14, Annex III.

and representatives of central banks), which would create Working Subgroups that could “bring together, when necessary, representatives of other public administration bodies and the private sector”.<sup>9</sup> Given the previous existence of the *Confederación de Centrales Sindicales del Cono Sur* (CCSCS)<sup>10</sup>, a working group on employment was created since the beginnings of MERCOSUR. It was the number 11<sup>th</sup> subgroup (SGT 11) of the mentioned Common Market Group and, since the Ouro Preto Protocol signed in 1994, the number 10<sup>th</sup> Subgroup called “Labor, employment and social security”. These subgroups jointed state, business and labor representatives.

In the main literature about interests' groups participation in MERCOSUR during its first years it is possible to find two main hypotheses. The first one is that neither business nor sub-national labor unions have developed important actions in the mentioned institutional spaces, for different reasons (Klein, 2000; Almeida, 1997; Costa Vaz, 2002). The second one underlines that only the business sector had influence in MERCOSUR decisions, while the labor sector remained in the “second circle” (meaning with a limited influence), which would explain decisions that implied trade liberalization without high opposition (Grandi, 1998).

The present analysis of the relationships of business and labor with governments in Argentina and Brazil during that period tries to clarify the patterns of participation, showing that, if it may be true that the regional institutional spaces have not been the main locus of action of trade unions and business associations, this has not meant total absence of activity of any of these actors regarding MERCOSUR: this activity was mainly developed in the national arena. Therefore, its levels and features are discovered while looking on their relationships with the national governments.

The study period started with the signature of the Treaty of Asunción in 1991 and ended in 1995, when almost all products were freely traded in the common market and when the Common External Tariff (CET) was agreed among the four countries. The following analysis focuses on negotiations regarding the lists of products -presented by each country at that time- that would be exempted of intra-regional free trade from 1995 to 1999. This list was established under the title of “Final Adjustment Regime of the Customs Union”<sup>11</sup>, which implied a progressive reduction

9 Treaty of Asunción, Art. 14.

10 A network of the main labor unions of South America born in 1986.

11 During the negotiation on intra-regional free trade, Argentina proposed to include a system of safeguards measures in MERCOSUR rules, trying to avoid negative effects for specific sectors. Brazil opposed the proposal, fearing that countries would abuse of the use of such rules against its exports. In this context, and to give more time to some sectors to converse to more competitive conditions, the Final Adjustment Regime was agreed (Decision of the *Grupo Mercado Común* nr. 24/94).

of tariffs that would take place during those years for the products included. This period has been chosen for the analysis in order to make the most of the visibility that acquired interests' groups' actions -normally hidden, making empirical research very difficult- during the negotiations on that Regime.

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*Elements of analysis*

During the transition period to the customs union in Mercosur, the central aspect of integration –the one that mobilized business in general, and more specifically the industrial sector– was trade liberalization. A historical analysis of the political process of integration decisions in Argentina during that period allowed us to observe that there was a tendency to repeat, down through the years, certain political patterns that historically characterized the relationship, on one hand, between the business sector and the government, and on the other hand, between the labor sector and the government. These elements also formed part of the political process that has gone hand-in-hand with decisions concerning the origins of regional integration and may have had consequences both on internal politics and on the integration process. To expose those patterns, the following elements are compared in both countries:

- a. the representational capacity of the main industrial peak associations<sup>12</sup> and the main labor unions;
- b. the type of historical links between the business/labor sector and the governments;
- c. the locus of power<sup>13</sup>, shaped by the presidential regime;
- d. the political culture that ruled those relationships;
- e. and the role of political parties as intermediaries and articulators of different interests.

12 Or "encompassing business association", as used by Schneider (2004) to refer to organizations representing most (rural or industry) subsectors.

13 By locus of power I refer to the term used by Lowi, T. (2008) for the main place where the political process is developed and where decisions are finally taken.

These elements are analyzed considering a key contextual factor of the creation of Mercosur: the economic structural reforms that were taking place both in Argentina and Brazil. These reforms pointed to reducing the state role in the economy and to integrate national economies in the international market, attempting to generate new development models based in private investments and trade liberalization. Therefore, even with differences, in both countries the reforms included privatization of public firms, trade liberalization and market deregulation. In these sense, regional commitments served as instruments for the consolidation of the reforms that each country applied unilaterally (Bouzas and Ffrench-Davis, 2005, 328).

### *Business representation in Argentina*

The positions held by the business sector regarding Mercosur during the transition period to the customs union varied according to the sector, size and perspectives of each firm about structural reforms. To simplify the map of these positions, it could be said that, while the agricultural sector supported trade liberalization in general, industry was more heterogeneous:

- a. agro-industry supported regional integration, but did not necessarily promote it: contemporary reports gave evidence of other priorities in the agenda of the sector, such as taxes or the exchange rate;
- b. small and medium enterprises (SMEs) opposing trade liberalization because of their preoccupations on regional competition;
- c. big industrial firms and business groups opposing trade liberalization but supporting structural reforms as a whole. For some sectors, the prospect of a customs union opened the possibility of improving protection from international competitors, like what happened in the textiles sector and automotive industry when faced with the threat of Asian competition (Hirst, 1996, 9). Furthermore, the more influential groups found other ways to benefit themselves with structural reforms (that was the case, for example, of their participation in privatizations) or to limit the impact of trade liberalization by pressing governments to exclude their products of free trade.

Facing this heterogeneity, the strategy adopted by the main industrial peak association (Unión Industrial Argentina- UIA) was ambiguous: to cope with some interests, it supported reforms, but, attempting to represent also opponents to trade liberalization, it expressed some

reservations<sup>14</sup>. The strategy adopted by the government acknowledged this ambiguity of the UIA. Its difficulties to articulate and represent varied interests made easier for the government to concentrate power and continue reforms without a strong opposition. To avoid it, it offered certain compensations for the more influential groups. The combination of the representation weakness of the UIA and this governmental strategy encouraged individual demands that were translated into protection measures, such as antidumping investigations, safeguards and inclusions of certain products in the Final Adjustment Regime to the Customs Union approved in 1994, exempting them of being automatically reduced to zero in 1995 as in the rest of the cases. The pattern that guided the application of those protection measures was related to companies' lobbying power more than to the foreseen effects of trade liberalization<sup>15</sup>. In this way, the weaker sectors, such as SMEs, were unable to find institutional channels to present their demands and to get the same treatment as the latter.

The strategies adopted perpetuated some of the historical patterns observed. On one hand, the institutional weakness of the UIA, showing a "dynamic center", with easy access to politicians, and a "periphery" that faced many difficulties in that access (Mellado, 2006, 66). On the other hand, decisions taken based on the power of pressure of some business men (or even "friendship") and some government officials. These characteristics contributed to limit the representation capacity of the UIA in front of the integration processes<sup>16</sup>.

The presidential regime favored the concentration of decision-making in the executive body through emergency and legislative powers (in particular, decrees, the power of veto and the power of legislative initiative), which affected also the decision-making process related to trade liberalization. In regional matters, the locus of power was predominantly in the Ministry of Economy<sup>17</sup>. The Foreign Affairs Ministry also participated in negotiations,

<sup>14</sup> Studies on business representation in Argentina explain this limited capacity by pointing the fact that several narrow associations have been much more relevant than the UIA. In contrast to the Brazilian case, these associations are not organized by the state, did not appear traditionally dependent on the state nor had fear of retaliation from it. But, at the same time, they cause fragmentation of the business community (they compete between each other) and, once they achieved their objective, many associations disband, causing high instability in the representation system. See Acuña (1995); Payne (1993, 146-147).

<sup>15</sup> The most salient sectors where both big lobby power and inclusion in the Final Adjustment Regime converged were the sectors of iron and steel (which involved the firms Acindar and Techint), paper (Célulosa Argentina, Massuh, Papel Prensa, Papel de Tucumán and Alto Paraná) and clothing and sport shoes (Alpargatas and Gatic), not to mention automotive industry and sugar, which were directly exempt from the customs union. Annex I of Decision nr. 24/94, available at: <http://www.aladi.org/nsfaladi/textacdos.nsf/19e5a90cef71772a032567f200712b46/4a49353809f97e230325680f066e187?OpenDocument>.

<sup>16</sup> It is important to observe two contradictory tendencies: on one hand, the direct relationship of the business sector and the government (or even the presence of business men in political positions), on the other hand, the high level of suspicion between them, given by the continuous interventions of democratic and military governments to business associations, that could have generated a "defensive, reactive" position of the business sector in front of the state (Alberti *et al.*, 1984).

<sup>17</sup> Decree nr. 101/85 indicated that the facility of entering forced agreements reached in the context of the Asociación Latinoamericana de Integración (ALADI) relied on the Ministries of Economics and Foreign Affairs; the later decree nr. 415/91 mentioned the delays that these shared facilities had implied,

but representatives of this Ministry dedicated to MERCOSUR issues changed many times during these years (many of them were not career diplomats), changing therefore the approach to integration each time<sup>18</sup>. According to Costa Vaz (2002, 171), this generated a high concentration of the pro-integration political will in the presidential figure and some of its closer officials, such as the Economy Ministers. Therefore, sectors affected by these moves addressed their complaints directly to them.

Still, other reasons contributed to this strategy: as happened historically, political parties did not play a determining role in the representation of business nor labor interests. In fact, as it will be seen later, there was a clear cooptation of the traditional basis of the Peronist party (labor unions). The traditional informality of the party facilitated the inclusion of business men support to the structural reforms in a traditionally popular party, creating a paradoxical coalition articulated by the leader, Carlos Menem. The role of the leader, central to the *movimientista* political culture<sup>19</sup>, was a fundamental piece in carrying personalist and discretionary negotiations reflected in decisions related to regional integration.

In this way, the combination of historical elements and the reforms context influenced the dynamics of the relationship between the business sector and the government and explained the way in which decisions on MERCOSUR integration process were taken and implemented: a) with a high degree of concentration of decision-making; b) with direct and informal contacts between government officials and business men; c) with a limited role of intermediaries, such as political parties or associations; all of which led to a discretionary and almost individual assignation of the different exemptions to the customs union that the regional integration process foresaw.

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concentrating the facility now in the Sub Secretary of Industry and Trade of the Economy Ministry. Cason and Burell (2002) consider that the concentration in that Ministry was due to the economic focus with which Argentina looked at regional integration, compared to a more strategic focus of Brazil. The weak role of Congress in presidential regimes is also pointed out by some authors to refer to the democratic deficit in MERCOSUR (Grandi, 1999, 91).

18 During the transition period, there were two Foreign Secretaries: Domingo Cavallo and Guido di Tella; three secretaries of the Secretary of International Economic Relations: Héctor Gambarotta, Alieto Guadagni, Jorge Campbell; four sub-secretaries of the same Department: Félix Peña, Jesús Sabra, Alberto Dumont and Alfredo Morelli; and four of the MERCOSUR Direction: Guillermo Hunt, Jorge Fourie, Alfredo Morelli and Alberto Dumont (Costa Vaz, 2002).

19 *Movimientismo* is a style of political behavior characterized by the presence of a strong charismatic leadership that provides unity and identity to the participants in the movement, an intense feeling of vertical and horizontal solidarity which underplays internal differences and potential diversity of interests and emphasizes loyalty to a common cause, and a permanent tension and antagonism between the movement and the external enemy which reinforces internal solidarity (Alberti, 1991, 6). One of its negative consequences is the interference exercised by the government in private sector bodies the middle of the last century, which implied a political division rather than one based on economic interests. Furthermore, *movimientismo* is, by nature, anti-institutional, since power resides with the leader of the party and not in his / her position or in the regulations. On top of that is the fact that the direct relationship that the leader maintains with society sidesteps all institutional frameworks of the political system. For a synthetic review of the development of the political culture concept, see Formisano (2001). The possible causal relationship between *movimientismo* political culture and informality and institutional weakness of political parties will not be addressed in this article.

*Business representation in Brazil*

When the Treaty of Asunción was signed, Brazil was in its second wave of reforms of trade policy<sup>20</sup>. Its industrial capacity was stronger than the Argentinean one, including also an important industry of capital goods (Vigevani, 1998, 43). In this sense, there were competitive sectors both in agroindustry (soy, coffee, orange juice) and in many industrial sectors (such as chemical, mechanical and paper). Of course, some others had many competitive deficiencies, which conditioned their positions regarding regional integration (milk, textiles, automotive and leather shoes, among others). In general terms, the sectors which produced intermediate goods and that were based in natural products concentrated the most significant part of competitive Brazilian firms (Vigevani, 1998, 59).

From this productive structure, the following economic interests in front of regional integration were identified at that time:

- a. most internationally competitive industries had a positive approach to regional integration, seeing it as a way to international free trade<sup>21</sup>;
- b. specific sectors, directly affected by competitive Argentinean and Uruguayan agro products (such as wheat, some fruits, like apples and peaches, and milk), which concentrated resistance to Mercosur.
- c. other big business was pro-integration, especially those belonging to sectors which could make better profit of scale markets, such as capital goods and durable consumer goods. These firms, even if not internationally competitive, quickly perceived the advantages of a regional market (Vigevani, 1998, 61). In the context of reforms, those firms were subject to concentration and specialization processes<sup>22</sup>.

In this way, Brazilian businesses, in general, had more optimistic expectations of Mercosur than their counterparts in Argentina<sup>23</sup>. Worries

20 The first one was 1988-1989, with substantive changes to tariff and non-tariff barriers that changed the protective structure which characterized the country during three decades (Costa Vaz, 2002, 248-249).

21 Among them, firms that produced soy, coffee, orange juice, celuloes and paper, aluminium, iron and steel.

22 Making the most of the end of protectionism (the possibility of importing capital goods and supplies at lower prices) and of the new policy of promotion of exportations (Costa Vaz, 2002, 250).

23 According to a 1991 survey of 123 firms in Mercosur (both multinational and domestic), "82 percent of the Brazilian firms surveyed expected to gain from Mercosur, as opposed to 45 percent of Argentine producers, 41 percent of Paraguayan firms, and only 19 percent of Uruguayan (Carranza, 2003, 75).

on Mercosur were concentrated in the definition of CET more than in intra-regional trade. In fact, Brazilian list of products exempted from intra-regional free trade was much shorter than the one of Argentina<sup>24</sup>.

The process of negotiation to exempt products both of intra-regional free trade and of the CET showed both similarities and differences with the Argentinean case. On one hand, the industrial peak association (Confederação Nacional da Indústria, CNI) did not play a central role, given that dialogue between the government and the business sector was based in consultations with sectorial associations<sup>25</sup>. On the other hand, this dialogue with narrow interests' associations seemed more institutionalized than the links between individual firms and the government dominating the Argentine case. Even so, the impossibility of reaching common positions at the CNI would have some effects on the development of Mercosur.

These characteristics can be explained by looking to the business representation scheme of Brazil, which seems to have a higher institutionalization level than in Argentina. Still, it is described by observers as historically non-representative, facing many obstacles for collective action, which is weak in comparison to the action of small groups with particular interest. This implies, in general terms, that economic elites exercised traditionally most of their influence through individual leadership or narrow sectorial organizations, pursuing parochial interests (Schneider, 1997-1998). CNI had only modest political projection and little ability to aggregate, and therefore to represent, industrial interests. Instead, regional federations –the most relevant one, FIESP– were the ones which emerged as the *de facto* national mouthpiece for industry, but they suffered from its own corporatist distortions<sup>26</sup>. Corporatist links with the state have been pointed out as the main responsible for the limited representation capacity of the business sector in Brazil, giving therefore space to direct action of narrower associations<sup>27</sup>.

24 In Brazil, the sectors included in the Final Adjustment Regime were some agricultural products (such as some peaches), wine, rubber and textiles. Annex IV of Decree 1767, 28/12/1995 and Annex I of Decision of the Common Market Council nr. 24/94.

25 In contrast, Costa Vaz (2002, 268) considers that the search for broad consensus on integration was done through CNI, the Association of Brazilian Exporters and the National Agriculture Confederation. But interviewees, specially a former coordinator of Brazilian delegation of Itamaraty to Mercosur and a CNI consultant considered much more relevant the consultations with narrower sectorial associations. Interview carried out in June 2012.

26 Marginal sectors and small and medium-sized firms remain overrepresented. For example, the president of FIESP has often been a marginal figure in Paulista industry and has not recently emerged from the ranks of Sao Paulo's best-known and most respected industrialists (Schneider, 1997-1998, 97-102; confirmed by an interview with a FIESP representative).

27 The main problems attributed to the corporatist model of business representation is the fact that all associations have the same voting capacity at federations (regional) and confederations (national), so those sectors with more economic capacity do not feel represented by those organizations. Schneider (1997-1998) and Payne (1993) add the material dependence on the state (it distributes the mandatory tax that it takes from all industries according to their capital) the fear of government retribution, making organizations as FIESP, prefer to adopt a cautious attitude to get rewards (Payne, 1993, 130-131).

Even those authors that identified initiatives of collective action among Brazilian business<sup>28</sup> recognized that during the first years of Mercosur, business reacted in the traditional standards, in a disarticulated and improvised way, without any mechanism of regular communication (Pfeifer e Oliveira, 2006). Three explanations emerged from literature and interviews: for some observers, it was part of the governmental strategy to avoid opposition to liberalization; for others, it just demonstrated the traditionally weak dialogue between government and business for any foreign policy; finally, others see it as an evidence of the weaker worries of business regarding Mercosur. As it has been seen, this last explanation was not true in all cases, but worries were clearly focused in some sectors. Anyway, this weak dialogue did not end up better than in the case of Argentina: according to Costa Vaz, industrial sectors showed to be finally frustrated because of the lack of governmental measures to improve industries competitiveness in a context of structural reforms, which made them more defensive in front of all integration initiatives (Costa Vaz, 2002).

On the other hand, the political regime in Brazil helped traditionally to concentrate decisions regarding external politics in the Executive Branch of government<sup>29</sup>, helping all kind of lobbies to direct attention to that branch<sup>30</sup>. But, in contrast to Argentina, in the case of Brazil this was accompanied by a long tradition of concentration of foreign affairs under the direction of its Foreign Affairs Ministry (Itamaraty), shown in the fact that the coordination of the whole Mercosur negotiation during the 1990s was in its hands<sup>31</sup>. This locus of power, along with a more obvious homogeneity among the bureaucracies involved, implied a better coordination among the technical and political instances of the negotiation, as well as a higher stability in the negotiating positions<sup>32</sup> in comparison to Argentina. Most interviewees –diplomats and business representatives– underlined the autonomy of Itamaraty in negotiations<sup>33</sup>. All of them accepted that there were consultancies with the business sector, but did not recognize any

28 The most outstanding one being the *Coalção Empresarial Brasileira* (CEB) as a result of the cautious perception of different economic sectors regarding NAFTA negotiations. It was mentioned in several interviews and there is a specific study done by Pfeifer and Olivera (2006) about the initiative. Other initiatives existed, such as *Pensamento Nacional das Bases Empresariais* (PNBE, created in 1987) and the *Instituto de Estudos para o Desenvolvimento Industrial* (IEDI, created in 1989), but none of them reached a relevant influence (Schneider, 1997-1998, pp. 97 and 106).

29 See Batista (2008) and Malamud (2003).

30 Even if some authors observe that this tendency was consolidated only after 1964, being, before, pressure of interests group directed more to the Congress (Hudson, 1997).

31 See Costa Vaz (2002) and Pfeifer e Oliveira (2006).

32 Even if people rotated during the years of negotiation, this did not imply big changes in those positions (Costa Vaz, 2002, pp. 168-171).

33 Costa Vaz (2002), confirmed in interviews to a CNI consultant and a former coordinator of MERCOSUR negotiations.

effective pressure from the sectors benefited with exemptions to intra-regional trade or to the CET.

In this scheme, there was little room for action of political parties. All interviewees confirmed the observation done in the bibliography: they had a very limited role in representing business interests. This responds, on one hand, to the traditional monopoly of foreign affairs by Itamaraty, being them, instead, a secondary topic for the Congress (Fernandes de Olivera, 2003). On the other hand, this responds to the informality of political parties, which facilitates, for example, the existence of whole *bancadas* formed by members of different parties defending the interests of one sector (the so-called single-issue deputy or senator). This was confirmed in an interview with a representative of the textile sector, who, in order to underline the high capacity of interaction with all branches of government, for the case of the legislative branch described that the sector had deputies of different parties representing it<sup>34</sup>.

As in the case of Argentina, these characteristics may be related to a certain political culture. Brazil has been historically identified with different styles of politics: coronelismo<sup>35</sup>, clientelistic politics<sup>36</sup> and direct populist appeal<sup>37</sup>. Alan Touraine refers to brazilian 'movimentismo' as characterized by a high number of actors and movements which are weak and with no long-standing organization capacity (Touraine, 1989, 334)<sup>38</sup>. Similar to what was experienced in Argentina, this would reinforce the thesis on the preference for particular relationships instead of aggregated representation<sup>39</sup> as well as on "neopopulist" characteristics of the governments of Fernando Collor de Mello (in Brazil) and Carlos S. Menem (in Argentina)<sup>40</sup>. Still, some interviewees insisted in the fact that the role of associations was much more relevant in the relationship with

34 The interview was carried out in June 2012.

35 It resembles how the local coronel (colonel), in alliance with other large farmers, controlled the votes of rural workers and their families. The local political chiefs in turn exchanged votes with politicians at the state level in return for political appointments and public works in their municipalities.

36 As rural-urban migration increased after 1930. Under this system, neighborhood representatives of urban politicians would help recent migrants resolve their problems in exchange for votes. These representatives were usually from "clientele professions," such as medical doctors, dentists, and pharmacists.

37 Meaning without intermediation.

38 It is interesting to contrast this idea with the description of Viola and Leis (2007, 81-85), who show a difference between Argentinean "movimentismo" and Brazil "cinismo", based in its "court society cultural tradition". According to them, this tradition avoids conflict (instead, movimentismo promotes it), it shows a superficial cordiality and inclusion, but is dedicated to preserve legitimacy and privileges of the ruling elite. By avoiding the "truth" that conflict tends to show, it mitigates distrust among groups, but it still maintains an inter-individual distrust, which hinders a functional and long-standing institutional construction. Pragmatic decisions are based on inter-group (being them groups, corporations of mafias) interest's agreements that do not take individuals into account. Therefore, any individual voice has many problems to be considered if it does not have a group reference.

39 As observed by Schneider (1997-1998; 2004) and Hudson (1997).

40 A leadership which claims an electoral mandate from "the people" but determines the content of this mandate at will (Weyland, 2004, p. 17).

governments than the role of individual business men, underlining that it was the government itself which preferred this way of communication. If sectorial associations are not the best example of aggregated representation (giving that they defend just narrow interests), it is worth to compare this characteristic with the more individual patterns observed in the case of Argentina.

### *Labor representation in Argentina*

The positions held by the Argentinean labor sector in front of Mercosur also varied according to the sector, but their limited interest in regional integration was a common pattern between them all up to the signing of the Treaty of Asunción (Klein: 78). In the above-mentioned context, their main concerns were labor reforms, which affected labor union leaders more directly than other reform policies<sup>41</sup>. With the signing of the Treaty in 1991, the main preoccupation was centered on the effects that trade liberalization could have for employment. Labor unions were the main traditional basis of the Partido Justicialista (PJ). Its candidate, Carlos Menem, reached the presidency in 1989 with their support and led the process of liberal reforms, even if it implied the application of measures that had been historically opposed by labor unions (privatization, trade liberalization, deregulation). This was possible because of a series of reasons.

First, the government resorted to a strategy which was similar to the one used regarding the business sector: sticking to its objective of liberal reforms, it used compensations to silence opposition. It offered institutional compensations for the main labor union, the *Confederación General del Trabajo* (CGT), such as monopoly of representation, shares of stocks of privatized firms and monetary subsidies for union-run health system (Etchemendy, 2001, 10-22). It also offered personal compensations: for example, trade unionists became leaders of new enterprises emerged from privatizations (Klein, 2000, 77)<sup>42</sup>, responding to what some authors refer to as “cooption” of labor unions by the government. It is important to highlight –again, as in the case of the business sector- that compensations were oriented to the strong and not to the weak actors<sup>43</sup>.

A strong group of leaders of the CGT supported Menem's government, developing close informal links to it or forming active part of it formally<sup>44</sup>.

41 As a result of trade liberalization, labor market deregulation, privatization, and the shrinking of the public administration, unions would lose members in most countries of Mercosur (Weyland, 2004, p. 9).

42 These contacts are a historical characteristic since labor unions were reinforced by Peronism in its 1945 government and were transformed practically in executors of the Peronist doctrine (Vigevani, 1998, p.86).

43 The more cited example is the case of SMATA, from the auto sector. The weaker sectors could be identified with workers of parts and components, shoes and textiles, sectors that were negatively affected by trade liberalization (Etchemendy, 2001, pp. 3 and 26) and regional integration (Medwid, 2008, p.36).

44 A sector of the CGT controlled the Ministry of Labor in the years 1989-1990 and after 1996, while during

Conceived as not representing the main preoccupations of the diverse sectors' workers, they were pointed out as "traitors" and faced the creation of other labor unions<sup>45</sup>. But these new spaces were not recognized by the government up to 1996. Cooption of the labor sector representatives reached also the Parliament, with positive votes of the labor union representatives of the Peronist party for all law bills that promoted liberal reforms (Etchemendy, 2004). According to Gerchunoff and Torre (1996), some labor unionists tried to push for confrontation strategies, but leaders were not convinced about developing strategies that could threaten their access to economic resources and state patronage. In this sense, traditional economic and legal dependence on the government affected their strategies, given that the state was the responsible for giving legal status and distributing resources: peak labor unions as CGT depend on mandatory taxes that the state collects and redistributes to them.

In this context, some labor unions persisted in their interest and participation regarding Mercosur, but they did not count on CGT's representation: instead, they counted more on the dynamism of their industries, their own economic and organizational power and their historical political power<sup>46</sup>. This situation addressed the weak representation capacity of the CGT as the main trade union.

Second, as mentioned above, the locus of power situated in the executive body was also showed in the case of labor reform: presidential decrees were used intensively in 1990-1994 in order to impose some level of decentralization of collective bargaining (Etchemendy, 2004). The weak opposition in the Parliament (dominated by a Peronist majority), and the discredit of the Radical Party<sup>47</sup> were a functional complement to the concentration of power in the executive body.

Third, given that the traditional basis of the PJ were labor unions, the cooption of its leaders left the political party with almost no role in the articulation of demands coming from the labor sector. The traditional informality of the party helped this happen, given that, among other characteristics, they are defined by their lack of clear membership criteria, by internal bodies without independent authority, by creating personal and clientelistic networks and by having informal financial support,

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the whole period it controlled a central agency of the government: the National Administration of Health Security (ANSSAL). Therefore, this government has been categorized as a model of syndicate inclusion, even if this implied actually exclusion of the weaker actors (Etchemendy, 2004).

45 Such as *Congreso de Trabajadores Argentinos* (CTA) in 1993 or *Movimiento de los Trabajadores Argentinos* (MTA) in 1994.

46 Specially those of the metallurgical sector (Unión Obrera Metalúrgica, UOM and Asociación de Supervisores Metalmeccánicos, ASIMIRA) and the automotive sector (Sindicatos de Mecánicos y Afines del Transporte Automotor, SMATA). See Klein (2000, p. 168).

47 It is worth to remember that Raúl Alfonsín, a Radical presidentended up his mandate before the formal deadline, lacking support in a context of economic crisis.

stemming from the state or particular contributions. The interim president of the PJ declared in the 1990s that he had to read party's communications in the newspaper, confirming that decisions were taken by the Peronist government without active participation of party members (Freidenberg and Levitsky, 542-557; Paramio, 1999).

Finally, the *movimientista* political culture facilitated this cooption of the party, which explained the lack of mobilization of its own basis when faced with policies contrary to those it traditionally held. The combination of an informal party and a *movimientista* political culture facilitated the concentration of decisions and the managing of compensations in a direct, informal and discretionary way.

The context of fragmentation and de-mobilization of unionism in Argentina reduced its pressure capacity on issues related to the integration process and explained at large the low profile of the CGT. Therefore, there were more worries on Mercosur than mobilization against it (Hirst, 1996). Unions saw that the integration process could be an alternative to unilateral liberalization, but worries pointed out to Brazilian competitiveness and to Brazilian wages and labor regulations, which were considered weaker than in Argentina. Anyway, CGT participated institutionally in MERCOSUR through the Subgroup 11 and the CCSCS, but without reaching relevant results. On one hand, unions showed inability to elaborate and propose discussions for long-term policies in a context of predominating short-term priorities. And on the other hand, for the government, participation of unions was functional to legitimate reforms and regional integration, but when unions opposed heavily a decision, it confronted them by negotiation, cooption of leaders and even disarticulation of their powers<sup>48</sup>. Furthermore, as it will be seen in the case of Brazil, smaller unions faced material and human resources limitations to participate in the eight commissions of the sub-group (Vigevani, 1998).

Considering the complicated relations that labor unions and governments had regarding decisions on the economic structural reforms (which included regional integration), we can say that decisions on Mercosur were taken and implemented a) with a high degree of concentration of the decision-making; b) with weak opposition favored by cooption of union leaders and, therefore; c) with a limited institutional role of intermediaries, such as political parties or labor unions.

### *Labor representation in Brazil*

Labor unions' interest in Mercosur was concentrated only in some regions of Brazil (the south and the south east) and some sectors, those

48 That was the case, for example, of the deregulation of medical insurance system that was in hands of unions (Vigevani, 1998, 94-97).

that most feared competition. This could explain that, in comparison to other countries, interest of Brazilian labor unions in Mercosur was much weaker than in Argentina (Vigevani, 1998 and Klein, 2000). During the first years of the 1990s, Brazilian unions were concentrated in facing structural reforms, organizing several strikes against labor reforms (Santana, 2011). As showed by Vigevani (1998), some sectorial *fora* on regional integration were developed inside one of the main unions, such as the *Núcleo de Política Agrícola* in the Central Única dos Trabalhadores (CUT), but once they considered that actions on Mercosur should be more active, they did not find enough support. General perception was that Mercosur was not a priority (Vigevani, 1998).

The three main national labor unions at the time were the mentioned CUT, the CGT (Central Geral dos Trabalhadores) and FS (Força Sindical), a union that emerged by motion of the then president Fernando Collor de Mello, to support him and confront CUT (Vieira Trópia, 2008). Labor unions had a centralist structure, counting on resources that the state drove to them by mandatory discounts in all workers' wages. Vigevani describes the low representation capacity of these unions as well as its causes: their resources did not depend on the filiation grade; there was no right to organize labor union representation in the place of work; and there was no right to negotiate collective contracts (only individual ones). In this manner, the legitimacy of unions depended on the government, who was the one that simultaneously gave them economic resources and legal recognition (Vigevani, 1998).

Formal organization of labor unions in Brazil inherited a historical legacy that characterized links between them and the governments: as the state was the main driver of development in the country, it was also the main coordinator of worker's organization. President Getúlio Vargas initiated the first general laws of workers' rights, implying a rigid control by the state on the union structures, but also guaranteeing them economic resources, obtained by the state through mandatory contributions of all workers (Vigevani, 1998 and Portella, 2001). In this way, government exercised big power over labor unions, and the dependence of unions had different effects in their ways of action. Regarding specifically MERCOSUR in the 1990s, it reinforced the centralist tendency of integration, given that unions acted according to the readiness of the state to call them (or not) to participate in negotiations. In this sense, an important CUT consultant recognized that it was "the state who organized us" (Vigevani, 1998, 112). In contrast with Argentina, were leaders of the main traditional labor union accessed agencies during the consolidation of structural reforms, in Brazil it was the new labor union leader, Antônio Magri from FS, who was appointed to the Ministry of Labor (removed in 1992 because of a corruption scandal).

Studies on unionism in Brazil describe specific sectors where this weakness in representation has been translated in their limited participation in MERCOSUR instances (Vigevani, 1998, 285). For example, rural workers of the milk sector, who acted on their own, without articulating their demands with unions of other sectors (or even other unions of the same sector); or workers of the automotive sector, who held corporatist attitudes with business associations of their industry. Even if Portela (2007) underlines that the first non-business sector actively asking for more participation in Mercosur was the labor one (especially in 1992/1993, when negotiations of the transition period were being held), a former diplomat in charge of coordinating Brazilian delegation for Mercosur negotiations considered that Brazilian labor unions participation was clearly higher after the mid-1990s. According to him, they did not participate at all in the definition of the lists of the Adjustment Regime nor of the CET<sup>49</sup>.

The locus of power centered in the executive branch of government gave them two options to participate: first, through pressures to the government or, second, through participation in Mercosur negotiations *fora*, such as the SGT meetings. The CCSCS promoted both forms of participation and even helped labor unions of Brazil and Argentina to reach some coordination during the first years of MERCOSUR. But, as mentioned before, only big unions (CUT in Brazil, CGT in Argentina) could participate in this second way, facing the others material and human resources limitations to participate in the eight commissions of SGT11 (and even to participate in other related sub-groups, such as 7 and 8). For Portela (2007), there was another obstacle for effective participation: in some cases, works in SGT11 were directly interfered by national Ministries of Labor, with support of business associations that participated in the same SGT, to interrupt the work that the Labor commission was carrying out about national labor legislations. Finally, both authors observe that, in the end, in the most crucial moments of negotiations, labor unions resorted to the first way of participation: in those moments, their main interlocutor was the national government, specifically the agencies involved, such as the Ministry of Economics in Argentina and Itamaraty in Brazil (Vigevani, 1998).

Historical studies on unionism in Brazil attribute to unions' political culture a paternalistic characteristic, shaped by the mentioned double relationship with the state: workers recognize it as a restorer of rights and benefits and, at the same time, as a force for denial of the effective enjoyment of those benefits, as well as for repression of worker rights. According to French (2004), this could be only understood in the light of the ideological inheritance of authoritarian paternalism that shaped the political culture of Brazilian elites. This does not seem to explain directly the weak activity of

49 Interview to a former Mercosur coordinator at Itamaraty (June 2012).

unions regarding Mercosur, but it could explain part of the limitations of their representation capacity in general. In this sense, Vigevani attributes to cultural reasons the main obstacle to Brazilian unions' participation in these negotiations. According to him, their main concerns were always immediate topics, such as campaigns for better wages. In front of that, the integration process, having consequences only in the medium and long term, has not been a priority for unionism (Vigevani, 1998).

As for political parties, as it was pointed out before, they did not mobilize to participate in the initiating integration process, having other priorities and considering it, as traditionally, a topic under the monopoly of Itamaraty. This gave negotiators more autonomy, at least during the period of study. There is some evidence that points out that, after 1995, once the consequences of the integration process for the internal economy were slowly perceived, it did become a topic of their agenda (Fernandes de Olivera, 2003).

#### GETTING BACK TO DOMESTIC DYNAMICS TO UNDERSTAND THE CHALLENGES OF REGIONAL INTEREST REPRESENTATION

There are some common points that can be identified when analyzing the government-business and the government-labor sector relationship in Argentina and Brazil. These elements could be useful to understand some Mercosur features.

With different levels of development, both countries have heterogeneous industries that obstructed an aggregated vision towards Mercosur. But there are many countries facing heterogeneous industries that could reach an articulated organization of interests (Schneider, 1997-1998, 116). This article alludes to a series of political elements to explain that limitation both in the representation schemes of both countries and, therefore, in representation and participation schemes of Mercosur.

In Argentina, opposition to trade liberalization was weak and fragmented, both because of internal limitations (especially in the articulation capacity of peak associations and labor unions) and external incentives (governments strategies of compensations), resulting in a successful process of liberalization but, at the same time, deepening representation limits of weaker actors. As in Brazil, the integration process was not on the top priorities of intermediaries, which were more concerned with other aspects of liberal reforms than with the ones regarding Mercosur. This made it easier for the government to go on with the project and to maintain channels of access to decision-makers closed for the weak sectors, those who were not linked to government officials. In this sense, political dynamics of reforms generated a pattern

of inclusion and exclusion that would be also reflected in Mercosur structure.

In Brazil, as it was seen, during the transition period fears for intra-regional competition were much lower than in Argentina and concentrated in some specific sectors. But the way of making decisions regarding regional integration seemed to be like the Argentinean one: with limited consultation with peak associations and concentrated in the executive power. Still, in contrast to Argentina, negotiations were concentrated in a traditional autonomic locus of power, which directed those limited consultations to narrow interests' associations, giving more relevance to them than to peak associations or firms. Therefore, these limited consultations seemed to be more institutionalized than in Argentina, were individual negotiations of firms predominated. Still, this does not mean a panacea of representation in the country: the business representation scheme is highly state-dependent and shaped by a *movimientista* political culture that obstructed, as in the case of Argentina, the construction of aggregated preferences regarding Mercosur.

In the case of labor, in both countries, union's approach to regional integration was conditioned by a negative context for unionism. All unions approach was defensive during the beginning of the process (Vigevani, 1998). In Argentina, the relationship between labor unions and the current government seemed to follow similar patterns as those of business/governments relations, resulting in a weak representative role of labor unions. The most salient cause of this limitation seemed to be the cooption by the state of union leaders to weaken the opposition to reforms, being this cooption facilitated by their historical corporatist links with the government, the informality of the political party that was supposed to represent labor unions and the *movimientista* political culture.

Brazilian labor unions suffered from similar limitations. In the context of neoliberal reforms, and with a historical dependence on the state, Brazilian labor unions found themselves separated and non-effective in their proposals towards Mercosur. The most salient result of these limitations was the fact that labor unions of the member states, even attempting to use Mercosur discussions to take some cooperative initiatives, ended up by accompanying, with corporatist positions, national business positions.

The concentration of decisions in different locus of power does not seem to have a clear analytical consequence in the labor case. As seen, some authors point to the government responsibility for not giving space to, or even provide obstacles to labor unions' participation in Mercosur decisions and negotiations and, in contrast, giving special treatment to some leaders -in the case of Argentina- and reinforcing links with unions with affinity in Brazil (that was the case of FS). But there is no evidence that, in this responsibility, there would be any difference among a negotiation

mainly driven by the Ministry of Economics in Argentina and one driven by the Ministry of Foreign Affairs (Itamaraty) in Brazil. In both cases, the concentration of regional integration negotiations in different locus of the executive power would have facilitated that limited participation.

In both countries, particularistic—instead of programmatic—relationships were seen. This kind of relationships have been recognized as factors of weak democratic representation (Freidenberg and Levitsky, 2007 and Paramio, 1999), not to mention legitimacy: in 1992-1993, an opinion poll indicated that 88% of the population in Argentina considered syndicate leaders as corrupt (Klein, 2000). Citing Paramio, even if in all democracies both aggregated preferences or interests and particular relationships can coexist, the relative space that particular relations acquires and the citizen consciousness about it affects their perception and confidence in political representation (Paramio, 1999). The predominance of particular relationships instead of aggregated preferences is an obstacle for creating broad and long-standing visions of development and progress, visions which are necessary in order to support long-term processes such as regional integration; or any other long-standing policies in the countries or the region<sup>50</sup>. Representation dynamics observed respond to what some authors called “fragmentary and exclusive democracy” or “dual democracy”, where state elites forge an alliance with strategic minority of their opposition while excluding other social actors, dismantling and neutralizing their collective action capacity, distributing, therefore, benefits and punishments (Acuña y Smith, 1996, 376 and 384). These dynamics hindered the construction of a Mercosur profile of inclusion and sustainable development, deepening, instead, the concentration of wealth production in the most dynamic cities (Minas-Sao Paulo-Rio de Janeiro in Brazil; Buenos Aires, Rosario, Córdoba in Argentina) and the uneven distribution of wealth that characterized these countries historically, leaving a periphery of people and territories (Belato, 1997, 55). Belato (1997, 56) considers that it was “the neoliberal context in which Mercosur was thought of” which generated that many industries were forced to close and only big capital ones that could afford reconversion survived. The current article exposes some traditional political dynamics that could have been the facilitators of that result.

In this sense, one of the consequences that the representation dynamics of the first years of regional integration printed for the future of the process (even if this does not mean that they would be necessarily unchangeable) was the particularistic pattern of negotiations between the government and the business sector. A second relevant consequence was the scarce participation of the labor sector in regional negotiations, which reinforced

<sup>50</sup> Not by chance, Laviola (2004, 181) cites business representatives asking for more “business intellectual leadership that orientates definitions of Mercosur priorities in international negotiations”.

the idea of an integration process led by decision-makers and big business. Not by chance, while business men are considered “first level” actors in regional integration, SMEs and labor unions are categorized as “second level” actors by some authors (Hirst, 1996; Grandi, 1997 and 1998).

Since then, representation stands as one of the main challenges of Mercosur integration process. During the years that follow the period of this study, there has been a series of initiatives generated to reach the representation of a wider spectrum of interests. Even if they have meant a step forward for regional representation, they have still found limitations that replicate limitations observed at the national level. The Ouro Preto Protocol (1994) envisaged a new space for the participation of labor unions in the new institutional structure: the Economic and Social Forum (FCES), which would represent “economic and social actors”, on a consultative basis, in order to involve different actors in the process, such as unions, cooperatives and SMEs (Mellado, 2006). But the founding entities were in fact the main traditional national associations. Therefore, it is considered a representative forum but without representability, both in the cases of business and labor (Portella, November 2007). Other cited limitations of this forum are both its consultative feature (it just generates recommendations to the Common Market Group) and its lack of financial and administrative support, as well as its division in national sections, all of which makes integration of social actors more difficult (Ruiz-Tagle, 2000). Some authors add another motive of this limitation: the economic asymmetries between the situation of labor in each Mercosur country, which reduces possibilities of generating common interests between workers of the region and promotes, instead, short-term strategies and national or sectorial interests (Badaró, 2000; Palomino, 2000). As described before, positions of the representatives of labor unions in the SGT 11 were much more compatible with the ones of national business groups than those of their colleagues of the partner country.

Political changes that took place in the region since 2003 put “the social dimension” high in the integration agenda and led to new initiatives to promote participation of social interest groups in the process. This was seen in some regional agreements such as the Working Program 2004-2006, that promotes participation of the civil society and the transparency of the integration process. In 2005, Uruguayan *pro-tempore* presidency launched the *Somos Mercosur* initiative with the idea of consolidating spaces for civil society participation. This initiative became a regional program under the Argentinean *pro tempore* presidency in 2006. The same year, the “First Meeting of Social and Productive Mercosur” and the “Social Summit” were held in the context of the six-monthly presidential summits. Social summits accompany presidential meetings since then; since 2012, it is even mandatory for the country that holds the rotating presidency to

organize those summits<sup>51</sup>. But even with these new initiatives, Botto (2006, 6) evaluates that organized sectors such as business or labor unions ended up dominated by those sectors with more lobby power. According to her, this is “aggravated by the representation organized in national sections, which makes it difficult to give a regional perspective to their proposals”, a characteristic that simply replicates the representation problems observed during the first years of the process.

Therefore, understanding domestic representation dynamics is a useful starting point to evaluate the successes and challenges of the mentioned recent initiatives and the new institutional spaces, such as the Mercosur Parliament (created in 2006, with consultative power) or the Consultative Forum of Municipalities, Federal States, Provinces and Departments (which was created in 2004, but started operating in 2007). All of them could, by overcoming the limitations observed, become important spaces to promote representation and participation of all kind of interests.

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51 They also have, since 2013, the support of the new Supporting Unit to social participation (*Unidad de apoyo a la participación social*, approved by Decision of the Common Market Council nr. 65/10).

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