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Revisiting Brazil's Consensual Hegemony in South America: Brazilian Regional Leadership in Question

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During a 2007 interview former Brazilian President Fernando Henrique Cardoso was asked about Brazil's continental leadership ambitions. He answered that his administration had an official rhetoric of avoiding public claims to leadership: 'This was our rhetoric. Behind it was the idea that true leaders do not need to say they are taking leadership' (Cardoso and Lafer, 2007). He continued on to observe of the Lula administration: 'they had a kind of different discourse and the rhetoric was "we are the leaders", and the result was a splitting of the area.' That there was a clear change of tone in Brazil's approach to the region is hard to dispute. From the beginning of his presidency in 2003 Lula clearly voiced Cardoso's unspoken agenda: that Brazil's priority was South America and that regional leadership was critical for Brazil's global insertion and national development (Amorim, 2013, chapter six). Speaking in 2003, Lula explained: 'It is important to understand that Brazil, as the largest economy and the most industrialized country [in South America], has to be generous in its gestures towards its partners' (da Silva, 2003). Other countries in the region were asking for this leadership, particularly through provision of concrete public goods. The problem, as Malamud (2011) points out, was that Brazil was falling short of expectations and becoming a 'leader without followers.' Indeed, as the Lula years progressed, some started balancing and constraining an increasingly ambitious Brasília (Flemes and Wehner, 2013; this special issue).

The partisan political temptation is to suggest that Brazil's continental leadership waned towards the end of Lula's tenure because he deviated from Cardoso's discrete foreign policy style. This paper argues that such an assessment is wrong. By identifying the transition point between consensual and co-operative hegemony it will be argued that the

the Lula administration experienced an inflection point in Brazil's intra-South America relations that brought the peak, albeit only partial, of the consensual hegemony (Burges, 2008) and a subsequent call for something more closely resembling a co-operative hegemony (Pedersen, 2002). Although the soft power leadership intrinsic to consensual hegemony demonstrated far more traction and potential power in South America than might be the case in other seemingly similar situations such as South Africa in sub-Saharan Africa (Alden and Schoeman, this special issue; Shaw, this special issue), it nevertheless still had distinct medium- and long-term limitations as a strategy without the use of more proactive leadership tactics.

The efficacy of the consensual hegemony strategy depended upon larger structural factors. Although Brazil had restricted resources available for continental engagement and thus needed to focus on explicitly inclusive ideas and coordination, benign neglect of the region by the US amplified the value of Brazil-provided soft leadership goods. This is not to suggest that Brazil was pursuing a selflessly 'benevolent' regional strategy (Destradi, 2010, 907), but that the emphasis on persuasion meant the coercive element lay in the soft cost of non-participation implicit in abstention from Brazilian initiatives. The approach under Cardoso was effectively leadership on the cheap by manipulating the continental *concertación* ethos identified by Merke (this special issue) and pushing it to its limits under Lula and Dilma.

The decade-long transition from Cardoso through Lula to Dilma discussed here suggests that there is an exhaustion point to consensual hegemony after which concrete leadership goods must be delivered. Failure to adequately satisfy these demands incites quiet resistance and soft forms of defection (Lobell, Jesse, and Williams, this special issue). In the Brazilian case this meant push-back on Brasília's low-cost consensual hegemony strategy (Flemes and Wehner, this special issue). While major public conflicts have been avoided, contestation of Brazil's vision for regional order has increased, casting doubts on the strength of its regional management capabilities.

The paper begins with a review of the theory of consensual hegemony. To be clear, it is not claimed that Brazilian diplomats consciously pursued a strategy of consensual hegemony; the theory is an externally imposed device for explaining Brazil's foreign policy. The critical inflection point during Lula's first term is examined next, arguing that neighbouring countries considered accepting Brazil's consensual hegemony, but wanted a more concrete form like co-operative hegemony (Pedersen, 2002), which is examined in the subsequent section. The apparent contradictions in Brazilian foreign policy at the end of the Lula years and the start of Dilma's presidency are the subject of the next two sections, focusing on Brazil's simultaneous rhetoric of solidarity and unwillingness to build robust regional multilateral institutions. Tired of waiting for proactive regionally-oriented leadership from Brazil, neighbouring countries entered into a cycle of soft resistance and defection, creating a quiet crisis for Brazilian leadership in South America.

CONSENSUAL HEGEMONY

The concept of consensual hegemony was developed to explain how Brazil sought to lead South America in the 1990s and early 2000s despite its lack of hard power resources and an unwillingness to overtly claim leadership (Burges, 2008). Although consensual hegemony agrees with Kindleberger's (1989, 11) observation that international systems need leadership, it departs from mainstream North American international relations approaches to both hegemony and leadership. Mainstream emphases on coercion and domination are modulated with the work of Antonio Gramsci, Robert Cox and Giovanni Arrighi. The starting point is Gramsci's (1957, 154-155) observation that for hegemony to be effective and lasting it must account for the interests and ambitions of those it encompasses. The contribution from Arrighi (1993, 149-150) is that hegemony becomes another level of power a state achieves when it is able to frame its vision of the system in a way others see as being in the universal interest. Cox (1987, 7) is used to characterize what hegemony is: an ideologically-based order that exists through a broad measure of consent offering some satisfaction to all encompassed by it. Consensual hegemony thus becomes an ideationally-based type of order because it grows from a generated consensus about how affairs should be ordered and managed that embeds the core interests of the predominant party in the system's structure (Burges, 2008, 71).

Focusing on the question of order, the elaboration of consensual hegemony breaks two often interchangeable nouns – hegemon and hegemony – into individual entities.
The hegemon becomes the actor creating the over-arching order, which is known as the hegemony. This opens space for an ideas-based leadership where the 'hegemon' can marshal agreement around the form of the proposed order without having to underwrite

the associated costs or forcibly impose it. Consent becomes critical for the hegemony while coercion is found in the costs of not being involved in either the negotiation of the order or in having access to the collective goods and coordination provided by the system.

An important, but unexplored aspect in the original rendition of consensual hegemony is the role wider systemic structural factors play in its pursuit and construction. Reliance on the power of ideas introduces a significant element of fragility to consensual hegemony because it can either be challenged by a competing vision or outright supplanted by application of alternative economic or security incentives. South America of the 1990s was fertile ground for consensual hegemony because of the sort of lack of engagement by the global hegemon that Lobell, Jessse and Williams (this special issue) identity as being important for creating a permissive environment for alternate approaches to order. During the Lula years the continent was largely ignored by the US and other international powers in practical terms even if there did appear to be clear engagement through hemispheric multilateralism and military cooperation. Brazilian pursuit of a consensual hegemony was further aided by the low priority of foreign affairs for regional governments. Domestic politics dominated as political leaders wrestled with democratic transitions and economic crises, not least Brazil's 1999 devaluation and Argentina's 2001/2002 collapse. Framed in terms of Merke's idea of *concertación* (this special issue), consensual hegemony offered a temporarily attractive frame for collaboratively preserving regional autonomy and improving international insertion. Finally, there was no real pressure from neighbouring countries on Brazil to be more direct in the provision of public goods.

SHIFTING TOWARDS CO-OPERATIVE HEGEMONY?

Despite structural limitations and reliance upon ideational power to advance the consensual hegemony, Brazil's initiatives did offer some economic benefits. A focus on building intellectual acceptance of South America as a distinct geopolitical space was used to advance ideas of intra-continental self-reliance. The most visible form was the turn to regionalist arrangements, first the Common Market of the South, Mercosur, then proposals in 2000 for South American infrastructure integration to facilitate intra-regional exchange. Immediately tangible benefits were felt within Mercosur where members Argentina, Brazil, Paraguay and Uruguay saw a surge in value added exports. Mercosur-member exports to Brazil grew from USD$ 2.11 billion in 1992 to a high of USD$ 9.23 billion in 1998, before the devaluation of the real. Even with the currency disruptions of early 1999, export flows appeared set to rebound from USD 6.48 billion in 1999 to USD 7.86 billion in 2000; Argentina's economic collapse delayed further growth. More revealing was Brazil absorption of 29.3% of Mercosur exports in 1992, which rose to 45% of bloc-member exports by the early 2000s (Burges, 2009, 98).

Brazil's consensual hegemony project also offered economic benefits for other regional countries. Between 2002 and 2006 Peruvian exports to Brazil grew from USD 217 million to USD 788 million, Chilean from USD 648 million to USD 2.866 billion, Bolivian from USD 395 million to USD 1.15 billion and Colombian from USD 108 million to USD 248 million (Burges, 2009, 174-175). While these numbers were not overwhelmingly large, the pattern as set out in Table 1 was that the Brazilian market absorbed a larger share of value-added exports than global markets. Indeed, this trend strengthened during the Lula administration as calls for more Brazilian leadership in South America grew.

Table 1: Value-addeds as % of South American Exports

	2003	2004	2005	2006	2007	2008	2009	2010	2011
To Brazil	20.3%	23.2%	26.7%	29.7%	33.7%	35.0%	36.9%	42.1%	40.6%
To World (less Brazil)	15.5%	17.6%	16.4%	18.6%	24.1%	22.9%	21.8%	14.6%	13.6%

Elaborated from DATAINTAL (http://www.iadb.org/dataintal/)

More telling for Brazil were trade balance figures, which were almost exclusively at a surplus in Brazil's favour, except for Bolivian where natural gas imports created a deficit. When paired with the 2005 launch of new export and foreign direct investment financing programs at Brazil's National Bank for Economic and Social Development (BNDES) there was a sense Brazil was not as economically weak as it purported, a proposition noted by regional leaders. As Lula's foreign minister Celso Amorim (2013, 123-127) recalls, Peruvian president Alejandro Toledo was quick to pursue new possibilities, asking Lula about increasing Brazilian trade and investment with Peru, but skirting the idea of joining Mercosur in favour of a bloc-country deal. Amorim, in turn, reached back to the South American free trade area idea he had floated when foreign minister in 1994.

Suggestions that the Lula administration might be expanding external economic assistance took form throughout 2003. By May Lula had directed the BNDES to make available USD$ 3 billion of export financing not only for Brazilian goods to markets such as Venezuela, but also for the contracting of Brazilian civil engineering firms for infrastructure projects throughout South America. Smaller, but still symbolic acts early in Lula's first term included pardoning USD$ 52 million of Bolivian debt while simultaneously opening a USD$ 600 million credit line for that country's infrastructure development. Other countries took note. A visit to Quito by Amorim was prefaced in the local newspaper *El Comercio* (2005) by an anonymous Ecuadorian diplomat noting, 'Brazil wants to raise its area of influence in the region,' and that Ecuador was important for Brazil's ambitions of greater sway on the Pacific coast. While Ecuadorian analysts emphasized Brazil's rising investment in their country and its potential to reduce US influence, foreign minister Antonio Parra cautiously noted that an alliance had not yet been formed.

A recurrent theme to bilateral meetings by Lula-era officials was requests for expanded Brazilian FDI, technical assistance, and market access. In short, Brazil was being asked to meet rising demands from its 'followers' with fungible engagement, but responding with programs such as the competitive import substitution program that had little noticeable impact. Drawing on Hugo Chávez's cash-rich competing model for South American leadership, countries such as Bolivia began pushed back hard on Brazil, demanding greater payoff for sustained subscription to the consensual hegemony and using terms like 'Brazilian imperialism' to characterize policies and attitudes in Brasília (Trevisan, 2005; Mesa, 2011).

Bolivia proactively responded to its worries about Brazilian imperialism, forcefully nationalizing Petrobras gas assets on 1 May 2006. While this and similar 2008 actions in Ecuador when Correa ejected construction firm Odebrecht and refused to honour BNDES loans for the San Francisco hydroelectric project were clear resistance to Brazilian leadership, they were not a wholesale rejection. Shortly after Bolivia's May Day nationalizations, Peruvian president Alan García summarized regional attitudes towards Brazil: 'We have no apprehension or fear of positive, constructive hegemony from Brazil, which has an essential role as a promoter of the South American Union' (Ferreyros, 2006). García acknowledged the consensual hegemony Brazil was erecting, but quietly suggested it provide concrete benefits for others as in a co-operative hegemony (Pedersen, 2002). In effect Garcia was diplomatically expressing the same desire for expanded Brazilian investment and proactive engagement with institution formation that Bolivia and Ecuador were voicing more belligerently. Even moderate states with diplomatic affinity to Brazil like Chile took a similar line, accepting the consensual hegemony as useful, but with 'what is in it for us' questions about Brazilian regional leadership (Valenzuela, 2011).

UNILATERAL CO-OPERATIVE HEGEMONY?

The challenge facing Brazil towards the end of Lula's first term fits the dilemma Pedersen (2002) addresses with co-operative hegemony: why are regions formed? A central foreign policy goal of the Lula administration was construction of a Brazil-headed South American region. Co-operative hegemony is useful here because it allows a transition from the ideas-heavy consensual hegemony into something with more attention to hard power, particularly economic and security capacity. Operation of a co-operative hegemony requires the benefits Brazil sought through consensual hegemony while also addressing the collective good demands of other South American countries.

Pedersen (2002, 685-686) posits four reasons to form a co-operative hegemony. First, it allows the co-operative hegemon to aggregate and wield regional power, a strategy Brazil has applied regionally and globally. Second, it provides stability for the leader and supporting states through a collective front to external challenges while simultaneously restraining unilateral action by the dominant state. For example, some in South America see Brazil's rise not only as a brake on US influence, but also as an opportunity to gain input into global governance discussions. Third, the co-operative hegemon can protect the interests of its diaspora in the region without resort to direct coercion. Brazil has large agricultural diaspora in Eastern Paraguay and Bolivia, and major foreign direct investment throughout the continent. Finally, the co-operative hegemony institutionalizes the regional power's ideas. This was the sharpest area of contestation with Venezuela's Hugo Chávez, who started his country's Mercosur accession process by condemning the bloc's neoliberal ethic and by association Brazil's approach to market economics.

These factors appear to coincide with a rhetorical solidification and formal institutionalization of the consensual hegemony project. The 8 December 2004 formation of CASA in Cusco, Peru and its transformation at the 2008 Third Summit of South American Heads of State in Brasília into the Union of South American Nations, Unasur, create a false sense that Brazilian foreign policy makers were shifting from consensual to co-operative hegemony. The stumbling block for Brazilian diplomats is embedded within Pedersen's theory (2008, 687): 'While the strategy of co-operative hegemony promises benefits, especially long-term benefits, it also involves costs, the most important of which is the requirement that the regional great power share power with its neighbours on a permanent basis.' All three major preconditions identified as necessary for co-operative hegemony – power aggregation capacity, power-sharing capacity, commitment capacity – are found in Brazil, as demonstrated by optimistic expectations for Mercosur and Unasur. What is singularly lacking is the political willingness to exercise these capacities and generate strong institutionalized regional governance structures that might restrain Brazil.

Brazil's rational for leaving Merocsur and Unasur without real governance and regulatory authority is captured by Vigevani and Cepaluni (2009), who argue that Brazilian foreign policy is above all about the quest for domestic policy autonomy. While this has taken various forms since the transition to democracy, the overriding priority is vouchsafing sovereignty and ensuring freedom to pursue policies, foreign and domestic, seen as necessary to advance national development. This not only immediately runs afoul of the behavioural prerequisites of a co-operative hegemony, but also has increasingly worked to create a masked sense of hegemonism in Brazilian foreign policy. It is in these contradictions that we find regional dissatisfaction with Brazilian leadership and a turn by some South American countries towards alternative avenues for collective goods provision.

REGIONAL RELUCTANCE

A 2011 article by Lula and Dilma foreign policy advisor Marco Aurélio Garcia highlights how Brazilian thinking on regionalism stands at odds with the expectations of neighbouring countries. Garcia is specific about the importance of multilateralism to Brazil, carefully explaining why a representative international governance system is important for his country. Where matters get interesting is when he turns his attention to multilateralism and the 'South American pole', claiming that Brazilian foreign policy has emphasized its continental actions either through the expansion and strengthening of Mercosur, the creation and institutionalization of Unasur, or new types of bilateral relations within the region. Rhetorically, this is consistent with consensual hegemony requisites of inclusion, incorporation, and shared ownership, and appears to herald the something like a co-operative hegemony grounded in substantive institutions. But Garcia's article also points to an underlying attitude that sees the region as subservient to and oriented around Brazil as South America's natural voice in the global system. As Malamud (2011) and Flemes and Wehner (2013) point out, this attitude is not shared by Brazil's neighbours.

Garcia's article is accompanied by one from Cardoso's foreign minister Luiz Felipe Lampreia (2011) presenting ideas for Dilma foreign policy. First is a return to core concepts in Mercosur, focusing Brazilian regionalism on what has worked by emphasizing that the bloc gains are economic and should be pursued in a manner bringing growth to all, not just Brazil. As discussed earlier, Mercosur has delivered real and sustained economic gains for its membership, but the benefits have been lopsided. A persistent complaint from not only Paraguay and Uruguay, but also Argentina is that the bloc is skewed towards Brazil. While Brasília has acknowledged this, remedies beyond vague allusions to Marshall plan-like aid for Paraguay have been limited. Even the Mercosur Structural Convergence and Institutional Strengthening Fund (FOCEM) launched specifically to address intra-bloc asymmetries has had limited impact. The result is a dysfunctional trade bloc with Brazil and Argentina pursuing numerous tit-for-tat trade disputes.

Recurring trade disputes between Argentina and Brazil highlight the lack of formal Mercosur institutional structures with real decision-making and enforcement powers (Saraiva, 2012). Thus, despite a detailed bloc dispute resolution mechanism, Argentina and Brazil repeatedly turn to the World Trade Organization (Gonçalves, 2013). Malamud and Dri (2013, 234) isolate the problem in their analysis of Mercosur's parliament: 'Parlasur is the ultimate example of the reluctance of Mercosur national authorities to share sovereignty and delegate power. In spite of the rhetoric surrounding it, the Executives did not empower an agency that could challenge their power.' As one Brazilian diplomat observes: 'The challenge for Brazil is to accept that formation of a common market in the mold of the Treaty of Asunción will bring a gradual loss of sovereignty' (quoted in de Souza, 2009, 84). Even with 51% of respondents wanting a deepened Mercosur (de Souza, 2009, 81-83), the motivation is economic, ignoring thorny questions of how effective bloc institutions might restrict Brazilian autonomy.

The sense in Mercosur that Brazil is advancing the promise of empowered regionalism, but not ceding the necessary authority for effective transnational institutionalization is duplicated in Unasur. As Lampreia (2011) notes of Lula's ambitions to expand Cardoso infrastructure integration scheme to a full-fledged South American union, 'the ambitious Unasur project to promote South American integration is still in its initial phase and remains much more of an ambition than a reality.' As Amorim recounts, while Venezuela and Ecuador wanted something like a union of Mercosur and the Andean Community to form a South American bloc that might achieve EU-style political union, Lula was taking a measured approach similar to Chile's by focusing on continued protection of national autonomy: '[the 2007 Rio de Janeiro Unasur founding meeting] created a secretariat devoid of the powers that the Bolivarian powers wanted to give it' (Amorim, 2013, 136).

A REALIST UNDERPINNING

But if Brazil is not willing to cede real authority to organizations it cannot control (Burges and Daudelin, 2011), why invest so much diplomatic effort in their construction? Amorim (2011, 406) provides part of the answer: 'We are trying to build CELAC [Community of Latin American and Caribbean Nations] precisely to bring these other countries into our environment.' The idea of pulling other countries into Brazil's orbit and wrapping them in consensual hegemony echoes through the rest of Amorim's remarks about the need to get attention and expand links. The subtext is one of control and influence, exercised quietly and indirectly (Flemes, 2013, 1022). While Brazil rarely acts overtly, it does assert its desires in the region and through regional entities. One example occurred after the Paraguayan Senate's politically manipulative June 2012 impeachment of president Fernando Lugo. Reaction from Mercosur was swift and mirrored by Unasur: Paraguayan political rights were suspended in both organizations.

Although Argentina and Brazil claimed Mercosur's decision was unanimous, early reports were that Uruguayan president Jose Mujica objected and was made to comply. He protested by sitting in the back row for the photo op with his foreign minister taking his place beside Lula and Argentina's Cristina Kirchner.

Mujica's concern was that the two larger members of Mercosur were willing to disregard bloc rules when inconvenient for their own agendas. The issue here was the Paraguayan Senate's refusal to approve Venezuela's entry into Mercosur, a political and economic priority for Dilma and Kirchner. Indeed, with bloc economic rights left intact the real sanction on Paraguay was its inability to stymie Chávez; within weeks Venezuela was a full Mercosur member. This case of using a regional mechanism to advance Brazilian priorities aligns both with Garcia's (2011) comment about the importance of renewed bilateral relations within South America for advancing Brazil's leadership and with former Brazilian ambassador to Argentina José Botafogo Gonçalves' (2011) complaints that Mercosur's institutional substance has been gutted. Despite the existence of bodies like Unasur and Mercosur, Brazil's demonstrated preference is for bilateral arrangements to deal with regional issues. As Muggah and Diniz (2013) point out in the context of transnational crime, Brazil's active engagement has been through bilateral and trilateral agreements, not continental structures or the South American Defence Council. The result is an emerging hub and spoke system centred on Brazil, not the flatter organizational structure of a pan-regional mechanism, which returns us to the sense that Brazil is only interested in creating regional mechanisms which it can control and (quietly) bend to its will.

THE (IN)DIRECT STICK OF A MASKED COERCIVE HEGEMONY

The Paraguay case highlights Brazil's willingness to act forcefully in South America to advance its interests. The twist to this coercive policy track is that the presidency and foreign ministry often carefully retain plausible deniability between their strategic choices and the imposing actor. A critical element here is the impact Brazilian companies have on the regional political economy. As Lazzarini (2011) explains, Brazil's privatization process was married with state-backed financing instruments to quietly increase, not reduce governmental influence on Brazilian firms. In the international realm this presents in a manner redolent of dependency-inspired foreign policy policies and action.

The power of these linkages was apparent during the 2006 Bolivian post-nationalization gas contract renegotiations. While Lula adopted a conciliatory tone despite a sense Morales had betrayed his trust in an election year, state-controlled Petrobras put enormous pressure on the Bolivian government. When initial contract talks stalled Petrobras examined its accounts receivables and found Bolivian diesel payments were in arrears, resulting in a threatened cessation of supplies that would have paralyzed the country's transportation system. Additional pressure came with Brazil's October 2006 discovery of offshore gas reserves. Threats from Morales's team to seize further Petrobras assets elicited direct opprobrium from Amorim, who suggested Petrobras could leave Bolivia, which would financial ruin the country; Bolivian Energy Minister Andres Soliz resigned shortly thereafter. Pressure from Brazil was very clear, with Energy

Minister Silas Rondeau bluntly noting: 'If relationships between our countries ... do not improve it will not be Brazil's fault, but the attitude of the other side' (Bianconi, 2006). Sustained waves of economic pressure and constant shuttle diplomacy of Lula advisors like Marco Aurelio Garcia and Jose Dirceu had their intended effect. By 2007 Bolivia's tone had changed, with Morales noting that Petrobras was needed, Brazil was the regional leaders, and that hearing Lula speak was 'a great school' (Neto, 2007). Looking back on events, former Bolivian president Carlos Mesa (2011, 30) observed that little had changed save a shift from a 50%-53% to a 60%-65% tax regime on gas extraction.

Similar direct pressure was applied on Ecuador in 2008. After failing to resolve a dispute with Brazilian construction firm Odebrecht, Ecuadorian president Rafael Correa announced he would not repay associated BNDES loans and expelled ranking company executives. Reaction from Brazil was swift. Amorim quickly pointed out that Ecuador must pay its debts, adding 'I don't want to say anything that might sound like a threat. No threat is necessary' (EFE, 2008). The force of this reaction caught Correa by surprise as his government had assumed separation between the affairs of a private Brazilian company and the Brazilian State. Rather than reducing pressure, Brazil increased it, noting that Ecuador's loan came through the Reciprocal Credit Convention (CCR), an instrument used to reduce intra-continental currency exchange costs. Referring to Brazil's role in South America as a source of infrastructure financing, Amorim collectivized pressure on Ecuador and other Bolivarian countries thinking of following Correa's lead, noting: 'The non-payment of loans will have an impact on the granting of new loans for all other countries. This is not a threat. It is a fact' (Chade, 2008). While actual BNDES lending was not nearly as large as Brazil suggested (Hochstetler and Montero, 2013), the sums still mattered and the threat of losing access to an affordable credit source carried weight, particularly as Venezuelan financing in the region declined with the price of oil.

Bolivian economist Gonzalo Chávez offers an explanation of why Brazil experienced such conflicted reactions from countries like Bolivia, Ecuador and Paraguay: 'On one hand, companies are eager to win and do not want to lose their investors' money. Then there is the Foreign Ministry, which always takes a hard-line institutional response. Finally, there is the presidential diplomacy of Lula and his advisor, who use political and ideological lines to communicate with neighbours' (Charleaux, 2008). Scholars from neighbouring countries point to Lula's personal charm and credibility as central to keeping bilateral relations positive despite growing charges of imperialism created by corporate conduct and diplomatic statements. (Sant'Anna, 2009; Mesa, 2011, 40). Although Brazil responded with a steady stream of statements that it wanted to absorb more regional value added exports and was working to provide development assistance and expanded infrastructure financing, the achievements consistently fell short of expectations, keeping questions about Brazilian imperialism alive (Deo, 2012; Flynn, 2007).

Regional responses to Brazil's apparent unwillingness to move from consensual to cooperative hegemony were two-fold. Ideological affinities between Lula and leftist continental leaders worked in tandem with the economic centrality of Brazil's market and capital to keep countries such as Argentina, Bolivia, Paraguay, Uruguay and Venezuela largely onside, albeit with complaint and criticism. Countries along South America's Western seaboard retained open and warm feelings towards Brazil, which remained an important political, trade and investment partner, but increasingly looked for alternatives to advance their agendas. In partial response Chile, Colombia, Peru and extra-continental Mexico launched the Pacific Alliance, an explicitly un-institutionalized regional structure seeking to create positive economic synergies under market conditions, not the statist approach of Brazil-driven Mercosur and Unasur. Paraguay and Uruguay appeared to look wistfully to the Pacific Alliance, prevented from joining not just by their geographic separation, but also by Mercosur treaty clauses that would prevent them signing the trade agreements necessary to join the Alliance. Although tempting to label this break as 'balancing' against Brazil in terms of the framework Lobell, Jesse and Williams present at the beginning of this special issue, the almost non-existent security considerations combine with the lack of Brazilian economic payoffs to suggest that the Pacific Alliance is simply the construction of a parallel alternative that can co-exist with Brazilian leadership through the *concertación* mechanisms identified by Merke (this special issue). The important shift is that the political and economic costs of Brazilian leadership appear to have risen beyond the credit balance available through a consensual hegemony.

CONCLUSION: A CASE OF SOUTH AMERICAN ENNUI

Two conclusions stem from the above analysis, one theoretical and one empirical. On the theoretical level, the Brazilian case makes clear the limits of consensual hegemony. A specific set of circumstances appear necessary for consensual hegemony: a dynamic leading country full of ideas, but perhaps short on resources; geographic isolation from the ‘core’ of the North Atlantic; a willingness by major powers to leave affairs to regional management; and, acceptance by regional countries of the would-be consensual hegemon’s project. This conflation of characteristics sets the Brazilian case apart from other potentially similar cases such as South Africa, Nigeria or Indonesia, but does not rule out the possibility that some of the same consensual hegemony strategies might be employed, albeit with a need for greater leadership good provision. What is clear is that in the 1990s and early 2000s Brazil capitalized on these circumstances to sell a vision of South America that had some attraction, but not one so overpowering that it garnered pan-regional selfless dedication to the project. Lula’s accession to power paralleled exhaustion of consensual hegemony’s easy gains, leading to demands for something with more fungible returns like Pedersen’s co-operative hegemony. In this sense consensual hegemony pursuit might be likened to a period of credibility formation for a would-be leading state. But, this is a temporary phase. Credibility won eventually wanes if not matched with concrete leadership goods provision.

This brings us to the implications for Brazilian foreign policy. The suggestion here is that while the rest of the continent is unlikely to discard active participation and collaboration with Brazil for the very reasons isolated by Merke (this issue), Brazilian leadership and intent is being seriously questioned. The apparent unwillingness to transit from the low financial and political cost consensual hegemony to something more overt and requiring major financial and political investment creates a significant brake on Brazil’s ability to credibly, co-operatively, and consensually consolidate the region as its clear domain. Particularly telling is Brazil’s unwillingness to invest in South America by ceding some measure of sovereignty to regional institutions. Of course, this assumes other countries would follow Brazil's lead. As it is, the decision to follow bilateral rather than multilateral avenues on such pan-regional issues as organized crime perpetuates a fixation on national autonomy to such a degree that others may question Brazil's reliability as a partner.

The argument is not that Brazil is destined to be isolated and that we should turn to approaches such as balancing and band-wagonning. Such assumptions of tension and dissent are not warranted by the remarkably peaceful and non-violent pattern of intra-continental relations. Rather, the proposition is that expectations for regionalism in South America and the potential of Mercosur and Unasur as EU-style transformative factor should, as Malamud and Gardini (2012) suggest, be kept in check. This raises the interesting question of where the region fits in Brazil's plans and, equally interesting, to what extent the stronger emerging economies of the region loosely collected in the Pacific Alliance will continue to subscribe to the consensual hegemony that anchored Brazil's South American ascent.

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