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Assessing the Brazilian-Chilean bilateral relations: public diplomacy, nation branding and presidential diplomacy

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Chapter 2

The Historical Dimension of Brazilian-Chilean Relations

International relations, diplomacy and foreign policy affairs generally have strong historical roots. It is well-known that modern diplomatic institutions keep systematic records on how bilateral relations between countries have evolved every time. Therefore, the history of these relations should certainly be taken into consideration when formulating present-day foreign policy. Moreover, history has paved the way for understanding the roots of the Brazil-Chile relationship and how the concepts of public diplomacy, nation branding and presidential diplomacy function as core components when explaining the Brazil-Chile multifaceted diplomatic approach. Historical backgrounds help explain the development of bilateral relations, since the two countries have specific historical roots to the detriment of other Latin American countries.

The states of Brazil and Chile share a historical civic culture that underpins agreements rather than a conflictive relationship; both faced a smooth civil-military transition to democracy and had to handle the delicate questions arising from the abuse of human rights during their military governments. Despite the existence of a democratic regime, the military retains significant power in Brazil and Chile. In Brazil, it retains the right to veto key legislation, with the most important decisions being made by bureaucrats in economic and planning ministries.¹ Chile's democratic regime has also had to coexist with some legal remnants from the time of the military dictatorship. This is illustrated by the facts that Pinochet was able to maintain his position as commander-in-chief until March 1998 and the military has maintained its extensive influence in foreign policy.²

¹ However, Brazil's Truth Commission was created by Law 12.258/2011 and was passed on the 16th May 2012 as part of the Transitional Justice process, whose idea was to confront past abuses, outlining strategies such as the rights and interests of the victims, survivors and their families. Brazil's Truth Commission aims to investigate human rights violation between 1946 and 1988. <http://www.cnv.gov.br/index.php/institucional-acesso-informacao/a-cnv>.

² Chilean President Michelle Bachelet (2014-2018) presented an amendment for changes to

As mentioned in the previous chapter, the beginning of the twentieth century brought the ABC Pact, in which Brazil sought to foster cooperation with Argentina and Chile, the other main Southern Cone countries. The ABC Pact demonstrates the long-term importance of Chile as a key country in establishing the geopolitical balance of the region. The ABC Pact was an attempt by Brazil, Argentina and Chile to counterbalance the United States' power in the region. According to Santos, the ABC Pact had an important impact on Argentina-Brazil bilateral relations in the second term of Brazilian President Getúlio Vargas (1951-1954). The Brazil-Argentina relationship should be understood through how they complemented each other economically and in their regional political strategy, instead of exploring bilateral rivalry (Santos, 2014: 40-41).

Between 1907 and 1915, the idea was to establish a Treaty of Cordial Intelligence between the three states in order to carry out the Brazilian Baron of Rio Branco's foreign policy. As Bueno points out, not only was the Brazilian initiative important in that period, but Chile and Argentina also worked on a common project, the Puga-Borné-Anadón (1907) in order to encourage closer political ties. The Chilean-Argentine initiative carried out by the Chilean Minister of Foreign Affairs (Puga Borne) and the official Argentine representative in Santiago, Lorenzo Anadón, involved military cooperation goals (Bueno, 2014: 562-563). Signing the treaty in Buenos Aires in 1915, Brazil, Argentina and Chile agreed to facilitate the peaceful settlement of international disputes. The ABC Pact was the historical departure aimed at sustaining Brazil and Chile's similar and interrelated historical backgrounds that aspired for long-term bilateral relations.

Chile's geographically isolated position behind the Andes, together with Brazil's location facing the Atlantic Ocean gave them both a shared specific salient.³ The mutual perception of similar features is a determining factor

the military justice system, including the transfer of offences involving civilian victims committed by soldiers to the ordinary justice system. "Bachelet prepara reforma a la justicia militar en Chile" (2014), *El Mundo*, 25th May 2014. <http://www.elespectador.com/noticias/elmundo/bachelet-prepara-reforma-justicia-militar-chile-articulo-494395>.

³ The fact that Brazil was a monarchy (the empire of Brazil lasted from 1822-1889) favoured the self-image of a supposed superiority in terms of civilization, similar to European monarchies and despite the country undermining itself with the backward nature of the slave regime. More information about Brazil rebuilding its self-image in Luís Cláudio Villafañe G. Santos (2005), "A América do Sul no discurso diplomático brasileiro", *Brazilian Magazine of International Politics*, vol. 48, n° 2. <http://www.>

when promoting closer ties and mutual respect. Despite their similarities as two politically stable countries, Brazil and Chile's social structure differ significantly. Whilst Chile developed a feeling of citizenship early in the nineteenth century due to the wars the country was involved in (the Chilean Confederation War from 1836-1839; a naval battle against Spain in 1864-1866; the War of the Pacific from 1879-1883 and the Civil War in 1891), the monarchy in Brazil was connected to a servile state.⁴ Chile's early recognition of republicanism demanded the proper positioning of the nation's image, along with the necessary differentiation from other American realms.⁵ In contrast, slavery in Brazil became the subject of republicanism debate late in the 1880s.⁶

From a political-economic viewpoint, Chile has adopted state interventionism since the 1920s, which turned into drastic regional economic reconstruction. According to Lockard, although the military seized power for short periods, Chileans generally elected democratic governments and supported several political parties. The Great Depression favoured the emergence of reformist parties and social movements gained support (Lockard, 2015: 623). However, the inedited nature of the Chicago Boys neoliberal reforms opened up the economy by encouraging the country's competitive advantage in export markets attracting greater interest

scielo.br/scielo.php?pid=S0034-73292005000200010&script=sci_arttext&lng=en.

⁴ The nineteenth century is a fundamental period in Chile's history since it was the century of independence, of the organisation of the republic, of territorial expansion and of nation building. Rafael Sagredo Baeza (2015), "The end of the Chilean history in the nineteenth-century", *Historia*, vol. 48, n° 1. http://www.scielo.cl/scielo.php?script=sci_arttext&pid=S0717-1942015000100009&lng=en&nrm=iso&tlng=en.

⁵ Chilean civic republican traditions were regarded as an exception in the Latin American context. Carmen McEvoy (2012), "Civilización, masculinidad y superioridad racial: una aproximación al discurso republicano chileno durante la Guerra del Pacífico (1879-1884)", *Revista de Sociología Política*, vol. 20, n° 42.

⁶ The Brazilian state of Pernambuco held a debate to take an initial look at antislavery politics. This demonstrates how the issues of emancipation in the 1870s and abolition in the 1880s were significant to the abolition movement. Celso Thomas Castilho (2008), *Abolitionism matters: The politics of antislavery in Pernambuco, Brazil 1869-1888*. Berkeley: University of California Press, p. 10. However, Liberals, Conservatives and Republicans in Porto Alegre (the state in southern Brazil) all agreed about the need to end slavery. However, the deep rooted antagonism between them made it difficult for one group to ally themselves with another. Roger A. Kittleson (2006), *The practice of politics in postcolonial Brazil: Porto Alegre 1854-1895*. Pittsburgh: University of Pittsburgh Press, p. 122.

from other Latin American states.⁷

Brazil's economy from 1500 until the late 1930s relied on the production of primary products.⁸ Significant structural transformations were only carried out in the 1930s, thus taking the first steps towards the semi-industrialisation process.⁹ Brazil's present status as an emerging economic power has attracted international attention, given the country's well-developed industries (aircraft, manufacturing, petrochemical, mining and so forth) and the fact that it is a net exporter of commodities and energy.¹⁰ Both countries are consolidated democracies and Brazil and Chile have established economic ties based on the foundations of mutual respect, allowing investment and trade.¹¹

Since the beginning, the formation of the nation's image has been crucial

⁷ Like Chile, the Brazilian Finance Minister was also a 'Chicago Boy' since President Dilma Rousseff named Joaquim Levy as Finance Minister in her second term. He was a leading Brazilian proponent of orthodox neoliberalism, having earned a PhD at the University of Chicago, the same institution from which Augusto Pinochet drew his principal financial and economic officials". Bill van Auken (2014), "After Brazilian election, Dilma taps 'Chicago Boys' as Finance Minister, *World Socialist Web Site*. <https://www.wsws.org/en/articles/2014/12/02/braz-d02.html>.

⁸ In fact, Portugal was faced with the issue of finding economic gains in their territories in the Americas. This would justify the costs of defending large territories such as Brazil. Celso Furtado (1971), *The Economic Growth of Brazil: A Survey from Colonial to Modern Times*. Berkeley: University of California Press, p. 5.

⁹ From 1800 to 1913, per capita gross domestic product (GDP) grew by more than 50% in Mexico and not at all in Brazil. Stephen Haber (1997), "Introduction: Economic growth and Latin American economic historiography", in Stephen Haber, *How Latin America fell behind: Essays on the economic histories of Brazil and Mexico, 1800-1914*. Stanford: Stanford University Press, p. 2.

¹⁰ Brazil suffered significant changes in its industrialisation process between 1959 and 1998. These structural changes occurred due to the industrialisation of the economy and the increased concentration of income. See Manuel A. R. da Fonseca and Joaquim J. M. Guilhoto (2002), "Mudanças estruturais na economia industrial do Brasil, 1960-1995" in Werner Baer, *A economia brasileira*. São Paulo: Nobel, pp. 458-459. Today, the service industry is a growing sector of the Brazilian economy and the country has more opportunities for growth in tourism and the information services. Multinationals have a strong presence in advertising, computer services and management consultancy. *Brazil for Foreigners*, "The service industry in Brazil". <http://www.brazil-for-foreigners.com/service-industry-in-brazil/>.

¹¹ Since the end of the 1990s, Chile has also had important economic interdependence on Argentina. However, bilateral interdependence was much higher in the early 1970s than in the 1990s. David R. Mares (1997), "Exploring the impact of economic cooperation on political and security relations between Argentina and Chile". <http://www.stimson.org/images/uploads/research-pdfs/mares.pdf>.

to Brazil and Chile historical backgrounds, although the need to distinguish itself from other Latin American realms was much more prominent in Chile, since Brazil had a monarchy. As Dawson highlights, at the time of gaining independence, Chile was a relatively peripheral nation within the region. In contrast, Peru and Bolivia were two of the most important domains of the Spanish empire (Dawson, 2015: 50). Chile's national image and projection of a nation branding goes back to the nineteenth century, due to the country's urgent need to build a cohesive nation image.¹² Although Chile has maintained many of the original characteristics of this image, its current nation branding strategy demands a modern approach.

2.1 Brazil-Chile Nation State Building

The contrast between Spanish-American and Portuguese-American independence movements is important. Spanish America was devastated after about 16 years of warfare. Mining centres collapsed, trade was interrupted and agriculture damaged. The general perception that the Brazil-Chile independence process was achieved without significant setbacks does not match the incontestable reality (Larosa and Mejía, 2015: 74). As Pimenta highlights, from Brazil's perspective, the prevailing idea that nothing had changed in the nineteenth century because of the continuous monarchical regime and the absence of large rebellions, needs cautious analysis. Independence should be studied in a historical context, dating back to the transfer of the Portuguese Court to Rio de Janeiro in 1808 at least. The spatial importance of independence deserves attention as long as local,

¹² Since the Church remained a predominantly conservative force in society, it was an important actor in Latin American national identities. Brian H Smith (1982), *The Church and Politics in Chile: Challenges to modern Catholicism*. New Jersey: Princeton University Press, pp. 65-69. Prior to independence, Chile had been a remote and neglected Spanish colony. Interestingly enough, the Jesuit order expelled from the Spanish empire in 1776 was never as important a landowner in Chile as it was in Mexico, for instance. Simon Collier (1997), "Religious freedom, clericalism and anticlericalism in Chile, 1820-1920" in Richard Helmstadter *Freedom and religion in the nineteenth century*. Stanford: Stanford University Press, p. 303. However, as its wealth increased the Church invested in land. It also loaned money to ranch and mine owners at the standard 6% interest. John L. Rector (2005), *The History of Chile*. New York: Palgrave Macmillan, p. 41.

provincial and regional spaces play a significant role as a huge dimension of the independence process.¹³

From Chile's standpoint, the perception that there were not many episodes of confusion and revolt led to misconceptions about its historical background. In Brazil, the people who wanted independence did not think about this homogeneously, since they disagreed about the political structure around which the state would be organised. In other words, neither Brazil nor Chile's historical background should be limited to a generalised analysis, since each country had its own peculiarities as a result of its different experiences.¹⁴

To begin with, it should be considered that the timing of Brazil's independence was different regarding Spanish America. The ten years gap made a big difference in terms of the new values introduced. The Portuguese revolution of the 1820s created a totally different context, since it belonged to a different kind of European political conjecture. Indeed, Brazil's emancipation linked the past and the future by taking into account the arrival of the Portuguese Court as a decisive aspect of the formation of the Brazilian state and to Brazil's historical destiny. As Cardoso argues, the opening of the ports and its significance within the context of a broader aperture and liberalisation of the Brazilian economy created new opportunities for the development of greater economic and political autonomy (Cardoso, 2009).

In contrast to the Spanish independence process, which was associated with maintaining loyalty to the captive King in Spain, Portuguese constitutionalism was a reaction to a fear of renewed absolutism. In this way, constitutionalism brought the idea of progress to the new nation. The Portuguese king, who had remained in Brazil during the war returned home seeking to secure the Crown after the death of his mother, Queen D.

¹³ See João Paulo G. Pimenta (2009), "The independence of Brazil: a review of the recent historiographic production", *JPH*, vol. 7, n 1. http://www.brown.edu/Departments/Portuguese_Brazilian_Studies/ejph/html/issue13/pdf/jpimenta.pdf.

¹⁴ Nation-building is a multi-step concept. It lacks a scientific foundation, but encompasses very practical steps after a violent conflict or a war has ended. Usually, nation-building has already started before the actual end of a conflict. For further discussion, see Andrea K. Riemer (2005), "The concepts of state building, nation building and society building", *AARMS*, vol. 4, n° 3, pp. 367-379. Vienna: Institute for Strategy and Security Policy.

Maria.¹⁵ As Hespanha highlights, the Portuguese constitutionalism recognised the shifting role of sovereignty as long as the nation embrace the role to promulgate the constitution (Hespanha, 2012: 479).

The return of the king to Portugal because of a liberal and constitutional revolution led to an upsurge of movements in support of the liberal Portuguese courts. As a result provisional government juntas were created in Brazil. The courts aimed to return Brazil to its colonial status in order to avoid the commercial disadvantages of the past few years. In practical terms, the fear of recolonisation led to the emergence of a new group of interests and diverging opinions either in favour of or against emancipation. In the 1820s, there was a tension between the Portuguese courts and the regente prince left Brazil (Fausto, 1999: 76-9).

It must be recognised that Brazil and Chile have, since the nineteenth century, been considered examples of countries in the region with political and institutional stability. Since the beginning, Chile has shown political maturity, illustrated by the fact that it is a stable and remarkable state consolidated under the 1833 Constitution.¹⁶ According to Bulmer-Thomas, the history of Brazil-Chile after independence can be characterised by its possession of a relatively high degree of stability throughout the centuries in comparison to other Latin American states (Bulmer-Thomas, 2014: 461). Therefore, ‘stability’ is a key word to understanding why both countries have significant elements in common, even though they do not share common borders or a strong relationship. From this perspective, political stability has created mutual respect between the two countries and is an important component when building their bilateral ties.

2.1.1 Chile image background

Besides stability, another significant concepts when looking at Chile are ‘singularity’ and ‘commerce’, which are essential elements for under-

¹⁵ See Patrick Wilcken (2010), *Império à deriva: a corte portuguesa no Rio de Janeiro (1808-1828)*. Rio de Janeiro: Objetiva.

¹⁶ US Library of Congress. Constitutional History. Development and breakdown of democracy, 1830- 1973. Available in: <http://countrystudies.us/chile/85.htm>. Consulted on 1 February 2013.

standing the construction of the nation brand as explained in the first chapter. Therefore, the prevailing idea that Chile is a country oriented towards commerce dates back to the nineteenth century and is key to understanding our study (Lederman, 2005: 34-35). Chile's consolidated nation brand has its roots in the country's self-perception, which defined itself without seeking outside parameters. This means that nation building began in the nineteenth century and from this period onwards, the country considered itself a Modern Republic and the model of economic expansion and ethics.¹⁷ The general perception of internal order contributed to it considering itself a model for other countries in the region.¹⁸

It should be considered that Chile's image goes back to the eighteenth century. In contrast to other Latin America states, the new Bourbon administrative organisation that assumed power in 1707, aimed to centralise power in the monarchy.¹⁹ The main goal of the dynasty was to create a bureaucratic administration and absolute government. From isolated provinces, Chile ended experiencing an increase flux of commerce due to the open of new trade routes and direct contact with Spain. Simultaneously, the boom of the mining industries was also associated with the Bourbon period.

In this way, the Bourbon administration briefly caused a balance between the internal and the external sector of the economy. Rising silver production helped to finance the Crown's military expenditures and the import of

¹⁷ Another important point to help understand Chile's image is to observe Chile ties with its neighbours such as Peru. More information in Felipe Costa Santarosa (2012), *Rivalidade e integração nas relações chileno-peruanas: implicações para a política externa brasileira na América do Sul*. Brasília: Alexandre Gusmão Foundation. See Simon Collier (2003), *Chile: The Making of a Republic, 1830-1865*. Cambridge University Press, particularly Chapter 7, 'Model Republic'.

¹⁸ Despite Chile's internal particularities and isolated position, the country encountered worldwide communist and anti-communist ideologies even before the outbreak of the Russian Revolution. Ironically, Chile's isolated nature did not distance from the international facts that exerted an important influence on the country's domestic field. See Joaquín Fernando (2011), *Chile: crisis imperial e independencia, 1808-1830*. Madrid: Fundación MAPFRE, Taurus.

¹⁹ The Bourbons adopted few colonial measures to deal the immediate problems of defence and administration. Early reforms focused on coastal defence and contraband trade problems. These adopted measures gave way after 1763. Adrian J. Pearce (2014), *The origins of Bourbon reform in Spanish South America, 1700-1763*. New York: Palgrave Macmillan, p. 9.

European products to the region increased. As a result, jobs were created in the colony, which helped to create an active market for industry and domestic agriculture. The creation of the complex and diversified internal economy paved the way for a new and complex colonial society (Bethell, 1998: 413-412).

The beginning of the eighteenth century coincided with the crowning of Spain's first Bourbon king. The new Bourbon administration that assumed power focused on structural changes to Spain's government. In this context, the colonies also received significant attention, particularly regarding defence and the economy. During this period, the Andean region relied on precious metal to finance its overseas trade. To a large extent, the Chilean mining industry originated in this period, when the price of precious metal increased (Bethell, 1998: 413-414).

However, neither the years before independence nor the period thereafter can be classified by an absence of warfare. The fact that Chile did not suffer an abrupt rupture between the colonial and the republic period played an important role in generalising the idea that it did not face significant conflicts, although the absence of consensus over the organisation of the new republic caused internal political instability.²⁰ In this sense, the prevailing thought was that independence was achieved by the conservative landowning oligarchy, even though what this actually meant needs cautious study.

According to the traditional interpretation, independence was a result of the growing contradiction between the Creole elites because the colonial system did not allow them to expand, for obvious reasons, such as the conflicts that occurred between the Creole oligarchy and Spanish officials of the Crown, the interests of the Viceroyalty of Lima and the population of the Captaincy General.²¹ Furthermore, liberalisation of Spain's imperial policies should be taken into account during the transition to independence, since the decline of Spain as a hegemonic power to the detriment of British trade and other European nations played a key role in Chile's

²⁰ See Diego Barros Arana (2003), *Historia General de Chile*. Biblioteca Virtual Universal: Editorial do Cardo.

²¹ After independence, a small oligarchy of Creoles and European Spaniards consisting of about 200 families dominated the Chilean society. Timothy R. Scully (1992), *Rethinking the Center: Party Politics in Nineteenth Century and Twentieth-Century Chile*. Stanford: Stanford University Press, p. 21.

independence.²² According to this view, independence is seen as a secondary consequence of external factors such as the European war and the deposition of Ferdinand VII. The combination of these two factors led to the establishment of the local government juntas that ruled the country as an Executive branch of government.

Local government juntas originated in the periphery of the viceroys, due to the fact that these viceroys aimed to keep the empire's organisation centralised. As Sutter highlights, "the juntas represented the first statement of independence and reflected the underlying conflicts between the Colonial Metropolis and their trade dependencies, which means between Lima and Santiago". In addition the juntas became places where local conflicts between Creoles and Spanish administration occurred. Local problems contributed to the Wars of Independence (Sutter and Sunkel, 1982: 22).

Chile's independence came through the army led by José de San Martín. The patriot victory in the Battle of Chacabuco in 1817 expelled Casimiro Marcó del Pont (the Spanish governor) and brought General Bernardo O'Higgins back to power as a Supreme Director. He declared Chile independence in February 1818. As Pamplona and Stuvén point out, his position as chief director did not mean much in terms of the political system, given that, in the beginning there was not consensus on republicanism.²³ Debate took place about the system that should be adopted, republicanism or monarchy. O'Higgins first aim was to win over the Spanish in the south of the territory in order to carry out expeditions to Peru. According to him, independence had to be consolidated with a strong government (Pamplona and Stuvén, 2010: 85).

In the beginning, O'Higgins rule (1817-1823) contributed to creating consensus among the upper class, although his authoritarianism, particularly after 1820, led to a lack of support from the upper class in the long run. This

²² In the nineteenth century, Britain had the largest empire the world, although was expensive to maintain and was based on economic sacrifice to the mother country. Matthias Morys (2014), "Cycles and depressions" in Roderick Floud et al *The Cambridge economic history of modern Britain*, vol. II 1870 to the present. Cambridge: Cambridge University Press, p. 283.

²³ For the debate on Chile's nation branding building, it is important to understand the country's historical backgrounds as well as to explore the conceptual aspects of public diplomacy. See Margaret G. Hermann (2002), "One field, many perspectives: shifting from debate to dialogue", in Donald J. Puchala (Ed.), *Visions of International relations: assessing an academic field*. Columbia, SC: University of South Carolina Press.

was the result of two aspects: aristocratic circles never recognised the supreme director with a landowner's background as someone who could strengthen the representation of their interests and the personal nature of his administration did not favored upper class participation.²⁴ Furthermore, O'Higgins encouraged religious tolerance, provoking discomfort among the Roman Catholic Church's priests, despite its status as the official state religion. Chile's republicanism arrived in not particularly stable circumstances, similar to Brazil's parliamentary constitutional monarchy political system. Exploring the two countries' different historical backgrounds includes important components to help understand both countries' nation branding projections.

During the six years of the O'Higgins administration, the issue over which political system should be adopted continued. In order to avoid what had occurred in other Latin American states, O'Higgins set up a preparatory conference in 1822, made up of provincial deputies, in an attempt to establish the constitution. According to White, O'Higgins' term provides core elements to help understand Chile's history, given that the president established a pattern of democracy that lasted until the coup that overthrew Salvador Allende in 1973 (White, 2014: 29).

Adopting pragmatic evidence of the significant aspects of Chile's became an important element in the country's brand construction. The Chilean pragmatic approach provides an important foundation to explain Brazil-Chile's stable approach. Chile's historical backgrounds contributed to its branding as a stable pragmatic nation. For obvious reasons, pragmatism does not mean that the transition to independence is without conflicts. However, the absence of the definition of Chile as a republic combined with the establishment of a strong Executive power allowing for re-election, encouraged O'Higgins attempts at staying in power.²⁵ He aimed to deploy dictatorship and got the support of the aristocracy in the first time. As the

²⁴ O'Higgins was the first governor of Chile to attempt to personally to visit every part of the country. William Edmundson (2009), *A history of the British presence in Chile: From Bloody Mary to Charles Darwin and the decline of British influence*. New York: Palgrave Macmillan, p. 60.

²⁵ The Creole hero Bernardo O'Higgins declared in 1818 that he could make Chile "the England of South America" and contributed to the long-permeated idea of exceptionalism in Chilean political culture. Jonathan Haslam (2005), *Nixon's administration and the death of Allende's Chile: A case of assisted suicide*. New York: Verso, p. 3.

result, the City Council of Santiago asked for his resignation and supported General Freire as supreme director.

According to Edwards, the aristocratic ruling class overthrew O'Higgins because of the lack of constructive dialogue. Although the political system issue remained, republican roots needed to be put down in the new nation, so the Chilean aristocracy carried out a process of republicanism. Therefore, the political strength of aristocratic interests remained, in the same way as the Church maintained its privilege and power. The ruling class acquired power based on land and trade. The power and authority of the Chilean Catholic Church was closely tied to the colonial government and contribute to the legitimisation of the state.²⁶

Interesting enough, in the early years of the regime there was a lot of evidence of O'Higgins' suspicious links to Argentina and San Martín. His membership of the shadowy Lautaro Lodge (the semi-Masonic secret society founded by San Martín) was pointed out as the reason for the violence that befell some of his most vocal adversaries (Collier and Sater, 2004: 47). O'Higgins' plan to devise a constitution in 1818 in order to legitimise his government failed, enabling him to stay in power. Indeed, his dictatorial behaviour favoured discontent in the provinces and the growth of opposition movements. Despite the Wars of Independence leading to Chile's emancipation from the viceroyalty of Peru and modifying the

²⁶ Although the struggle for independence raged, the authority of the Catholic Church was never in question. After independence, Church and State relations remained closely tied. The Constitution of 1833 established the Catholic Church as the Church of Chile and gave it exclusive jurisdiction over education and family affairs. Given that the interests of the Church and the ruling elite were so closely connected, the Catholic hierarchy generally supported the agrarian oligarchy and the Conservative party until the 1920s. In the early 1920s, the Catholic Church and the government negotiated an amicable separation of Church and State without significant resistance from the public or Church hierarchy. The separation became official in 1925, with the enactment of a new constitution. The smooth transition of the Church's status led to its more progressive role in Chilean society. Eliminating most ecclesiastical privilege placated Leftist groups as well as preventing the growth of anticlericalism. As opposed to other Latin American states in which religion was a significant source of tension, this led to the alignment of the Catholic Church and conservative parties. Chile's pragmatic policy led to the ruling class moving more according to considerations of power than according to religious commitment. Religion was a counter to the game, sometimes a very important counter. Simon Collier (1997), *Religious freedom, clericalism, and anticlericalism in Chile, 1820-1920* in Richard Helmstadter (ed.), *The making of the modern freedom: freedom and religion in the Nineteenth Century*. Stanford: Stanford University Press, pp. 302-304.

country's political situation, the emerging new nation was characterised by conservative settlements in the 1830s. The political-historical dynamics of the new nation-state paved the way for its unusual institutional continuity, in contrast to other Spanish America territories. As Collier and Sater state:

“If Chileans form, as they do, a distinctive branch of the Spanish American family, the key to understanding their distinctiveness is, precisely, in their long isolation – mitigated to an extent by the steamship in the second half of the nineteenth century, and more so by the jet airliner in the second half of the twentieth century” (Collier and Sater, 2004: 3).

The political modernity that the republic should represent was not the result of a new emerging social class, but was carried out by traditional oligarchies. Escobedo highlights that the attitude during the early stages of independence was more aligned with anti-monarchy sentiments and the result of internationalising republican principles. In this way, the ruling class adopted the republican system as an alternative to dismantling the metropolis, even though there was no clear consensus over the adequate political approach for governing the nation at that time. The short-term goal was to expel the Spaniards and changing the political regime was necessary to consolidate the new scenario (Escobedo, 2000: 125).

2.1.2 Chile's independence and the process of nation building

As a result, the first years after independence did not see the development of new economic activities. In this scenario, industrialisation and manufacturing initiatives would come later. However, influenced by European thinking and American republicanism, liberalism was shaped by one of the liberal politicians of the moment, José Miguel Infante, focused on the idea of federalism.²⁷ Infante's thoughts were very much influenced by American federalism and the constitution was to be the formal mechanism to start implementing republican law. He was elected to the newly created

²⁷ The Liberal party won the majority of provincial votes in 1829. See Diego Barros Arana (2005), *Historia General de Chile*, vol. 16. Santiago de Chile: Editorial Universitaria, p. 250.

National Congress at a time that did not favour radical changes. Problems between the National Congress and the Executive power arose to the extent that neither of Freire's two successors as president was able to deal with the unstable political scenario.²⁸

In this context, a new constitution was passed in 1828, which denoted a certain coherence on different aspects. In theory, the president had most of the power of the Executive branch. The Legislative branch consisted of two chambers, the Chamber of Deputies elected by the people, and the Senate directly appointed by provincial assemblies elected by citizens. Lastly, the Supreme Court supervised the judicial system. In doing so, the new constitution gave more power to the Legislative than the Executive power, to the extent that the chambers not only passed general laws and taxes, but also appointed public officials. The constitution that was passed intended to protect individual liberties against centralised authoritarianism, since it was endowed with significant prerogatives (Escobedo, 2000: 143).

However, from the beginning the Chilean elite assumed moderate nationalism as the mechanism for maintaining territorial integrity and socio-political cohesion. The national political project in the nineteenth century could not afford to put into liberal thinking into practice, despite continued attempts by liberal opponents within the same ruling class. The Conservative coalition took power in 1830 and laid the foundation for the country's recognised political stability. The idea of the centralised elites as part of the nation-state was not re-established prior to victory over the Peruvian-Bolivian Confederation in 1839.²⁹ More than being a simple question of territorial sovereignty, carrying out nation building requires

²⁸ O'Higgins was eventually defeated by regional leader General Freire and was forced to resign and go into exile. This conflict was relevant to understanding the period of constitutional experimentation between 1823 and 1829. Javier Couso *et al.* (2011), *Constitutional law in Chile*. Alphen aan den Rijn: Kluwer Law International, p. 20.

²⁹ Much has already been written about the important role played by Diego Portales, the Conservative leader of Valparaíso who imposed the idea of Chile as an austere nation beyond any possibility of social openness. Despite controversial opinions on Portales, there is to some degree, agreement about the importance of this public leader in unifying the country. Thus, his murder was a key component to bringing people together against the enemies of Peru and Bolivia. The cohesion that came from the fusion between pragmatic colonial Conservatives and liberal constitutionalism, combined with the passing of the 1833 Constitution, laid the groundwork for a strong national identity. The 1833 Constitution had a conservative nature and was very president-orientated. See Leslie Bethell (1993), *Chile since independence*. Cambridge: Cambridge University Press, pp. 4-5.

complex interaction between different levels of domestic processes and foreign affairs. The role of nation building becomes clear in the scenario of public diplomacy, in which interaction between public-private actors comes to redefine their participation in contemporary foreign policy goals.

In the Chilean context, rural property was the key factor to understanding nation building as an elitist centralised project. The importance of rural property persists up to the present time, even though its power has declined over the years.³⁰ Another important historical event for national identity was the Battle of Rancagua led by O'Higgins, given the fact that the defeat had important consequences that gave way to the idea of what was national. The defeat at Rancagua was significant because unified different sectors of society towards anti-Spanish sentiment. According to Chasteen, Rancagua was Chile's first experience of the collapse of self-rule and the core element that encouraged the country's independence in the long-run (Chasteen, 2008: 113).

As already mentioned in Chapter 1, external factors paved the way for the nation building and identity cohesion that are essential to understanding Chilean foreign policy. In this same way, the nature of Chile's social conflicts and contradictions helps us to understand the unique nature of Brazil-Chile ties as well as the fact that bilateral links go beyond state-centric relations. Therefore, public diplomacy, nation branding and presidential diplomacy are fundamental concepts that need to be observed in the two countries' current bilateral relations. Despite different national development policies, the two countries share important state intervention in economic development strategies.

The 1830s were emblematic in terms of nation building, since the last local resistance to central government was won over in the south and the country faced a period of internal stability combined with economic prosperity. As Scully points out, during the elections in 1858, political parties began to emerge in the country. In January 1858, the Conservatives and Liberals formed a non-ideological alliance with the common idea of maximising their political leverage. This was a unique experience for Chile,

³⁰ The importance of the rural elite can be understood from a political perspective. For rural landowners, modernisation represented a threat and investment in mining and industry intensified the process. John L. Rector (2003), *The History of Chile*. New York: Palgrave Macmillan, p. 121.

in which two opposing political parties made a common effort to oppose the government's control over the electoral process (Scully, 1992: 41).

However, it took longer for the Liberals to achieve power with this only occurring in 1871 and promote constitutional reform. According to Saylor, a series of intra-elites fusions led to the Liberal-Conservative fusion from 1861 to 1891 (Saylor, 2014: 83). Chile's response to social tensions, along with its economic prosperity, created the basis for the long-term relationship of Brazil-Chile. Moreover, Brazil and Chile have shared well-coordinated state economic development strategies throughout history as core elements of both two countries' development policies (Taylor, 2008: 68). Public diplomacy, nation branding and presidential diplomacy involve greater interaction between various actors in order to perpetuate and project the country's image in increasingly interdependent international relations. Exploring the historical backgrounds of both countries during the nineteenth century reveals interesting elements for the analysing of Brazil-Chile links from the 1990s onwards.

2.1.3 Brazil's historical roots

For four centuries, Brazil was steeped in colonial history. During the three first centuries, the country remained politically linked to Portugal as a colony. After the arrival of the Portuguese royal family (1808) and independence (1822), Brazil strengthened its economic and financial ties with England. From this period onwards Brazil became increasingly dependent on England (Schneider and Woolf, 2011: 441). During this long period of history, the interests of the planter class dominated national policy.³¹ Economic and political power was concentrated in the hands of

³¹ However, the perception of Brazil's stable independence process gave way to a more sophisticated analysis. Not only is the international context taken into account, but also the particular details of each independence movement and the participation of diplomacy, the level of political ideas and economic particularities. For instance, the slavery that configured the conservative order and occupies current studies not only concentrates on slaves and freed slaves, but also on their representation in the new political order. João Paulo G. Pimenta (2009), "The independence of Brazil: a review of the recent historiographic production", *E-Journal of Portuguese History*, vol. 7, number 1. http://www.brown.edu/Departments/Portuguese_Brazilian_Studies/ejph/html/issue13/pdf/jpimenta.pdf.

this same landowning class. Traders were dedicated to either imports-exports or the slave trade, established in the major port cities of the coast that also played an important role in determining domestic political strategy.

Like its Chilean counterpart, Brazil's rural aristocracy was the ruling class. Neither political emancipation, nor the abolition of slavery led to changes in colonial social structure. Internal revolts and rebellions did not have an effect on domestic social structure, since social revolts were isolated phenomena in terms of historic periods and geographic space.³² Like Brazil, Chile's trade activities were strongly linked to Britain's commercial empire. As long as Britain's industrialism advanced, so did demand for Chile's mining and agricultural products. Despite investment in modern transportation facilities, the pre-capitalist ways of production did not allow access to new technology.

In spite of the existence of social movements, Brazil did not face important changes concerning social inequalities. Like Chile, the country is considered stable without the unified and intense social conflicts that took place in other Latin American states. Although the Brazilian revolts showed a high level of domestic social problems, the rebellions were isolated (Skidmore, 1999: 20). The revolts mostly represented either local or regional interests without posing a real threat to the nation's social structure. On one hand, the dominant structure of the states and state oligarchy did not support the struggle to make the case for independence. On the other, there was never any opposition to the political-administrative centralisation of the empire. The isolated revolts were invariably fought with rigour and crushed in the name of the current order and national unity.

It is easy to assume that those with power and privilege were not

³² The most important revolts was that of the movement Quilombo of the Palmares movement in the state of Alagoas in the seventeenth century. The Quilombos functioned as communities of runaway blacks who had escaped their owners' control. Other slave movements attempts at revolt occurred: the Mining Inconfidencia in Minas Gerais in 1789, the Revolt of the Tailors in Bahia in 1798, the Pernambuco revolution in 1817, the Cabanagem in Pará in 1835-1840, the Sabinada in Bahia in 1837-1838, the Balaiada in Maranhão in 1838-1841, the Ragamuffin revolution in Rio Grande do Sul in 1835-1845, the Praieira revolution in Pernambuco in 1849, the Canudos in Bahia in 1893, the revolt in Contestado on the border between Santa Catarina and Paraná in 1912-1915 and the movement of Father Cicero against the federal government in Ceará for many years from 1913 onwards. Brum, Argemiro J. "O desenvolvimento econômico brasileiro/Argemiro J. Brum. – 29.ed. – Petrópolis, RJ: Vozes, Ijuí, RS: Ed. Unijuí, 2012, pp. 115-116.

interested in removing the root causes that led to the outbreak of such social movements. Mostly, the elite in Brazilian society presented historical facts according to their own interests. Moreover, the international context of Brazil's occupation did not give way to a new society seeking to create an independent state. There is no consensus among historians about working-class participation in Brazil's independence process. It is difficult to define the working-class in that period and the extent to which it exerted influence on the country's independence (Malerba, 2006: 36). On the contrary, land use and occupation by Portuguese colonisers through exploration considered the colony the largest extraction company. This means that Brazil was integrated into the mercantile system, exploited by the metropolis to provide raw materials to supply fuel to European markets.

As part of the Portuguese empire, Brazil had neither political nor administrative autonomy, since it was integrated into the metropolis. The colony functioned according to foreign interests as a source of primary materials. Hence, the Portuguese empire's policy and its political administrative apparatus sought to maintain the situation of colonial dependency. Likewise the metropolis sought to curtail the development of education, culture and science, preventing or hindering the emergence of a local intellectual elite. The lack of local elite favoured the emancipation process that would come later (Brum, 2012: 115-116). In fact, the political-administrative structure of the colony would only emerge with the arrival of the royal family, with national policy after that being structured to meet local needs.

Some researchers argue that the idea of allocating the seat and structure of the Portuguese government to the colony already existed, despite the arrival of the royal family in Brazil in 1808. Nevertheless, the importance of the royal family to cultural and artistic life in Brazil should be taken into account (Baeza, 2008: 270). The project also had English support, even though the invasion of Portugal by French troops under Napoleon's command had accelerated the process.

This fact is a key component to understanding the colony's economic aperture and Brazil's independence process. Brazil's context should not be disassociated from the Latin America process. In the course of the nineteenth century, Latin America acquired machinery, railroads, electricity, steamships and so forth. However, Latin America was no better at the end of

the nineteenth century than it had been at the beginning of it, since prolonged and underdeveloped methods of capitalist production plunged the region into deeper dependency (Burns, 1983: 11).

The measures taken by Dom João when he arrived in Brazil, particularly regarding the abolition of trade constraints for the colony through opening up the ports laid the groundwork for trade liberalisation. Some authors considered this the emblematic event that ended the colonial period, since the basic premise that trade must be restricted to the metropolis was destroyed (Lima, 1996: 136). This measure was unpopular among Portuguese traders, even if the lower tariffs were better for them. Given that Chilean independence was the result of a series of contradictions during the colonial period and that the Bourbon state in Spain collapsed, Brazil did not exert its independence until 1822.³³ It should be remembered that Spanish-speaking nations broke off their relationship with Madrid on several occasions between 1810 and 1822 (Burns, 1983: 7).

Trade liberalisation brought a new economic outlook to Brazil *vis-à-vis* the international market. The consequences of this cycle lasted until 1816, when Brazil became a united kingdom like Portugal. The new political status made it possible to diversify the input from other states, bringing lucrative gains to traders. In this respect, Brazil achieved a certain administrative local autonomy that later led to political power. The bureaucratic measures adopted during the Portuguese Court's presence paved the way for the formation of the Brazilian ministries.³⁴

³³ Despite Brazil and Chile's ethnic formation, the two countries underwent a stable independence process. Republican Chile was essentially a country in which a small Creole upper class - with an aristocratic elite at its core - co-existed with the huge mass of the working class poor, who were predominantly mestizo peasants. In contrast to Brazil's heterogeneous population, the two countries underwent a smooth transition to independence. Politically, the struggles which followed independence in Chile reflected disagreements within the upper echelons of the upper class rather than deeper conflicts in mainstream society. Simon Collier (1993), "From independence to the War of the Pacific", in Leslie Bethell (ed), *Chile since Independence*. Cambridge: Cambridge University Press, pp. 1-32.

³⁴ Political stability can be illustrated by the Brazilian tradition of lengthy constitutions. On 25th March 1824, the Political Constitution of the Empire of Brazil laid the legal groundwork for the country's stable society. Augusto Zimmermann (2010), "Constitutions without constitutionalism: The failure of constitutionalism in Brazil", in Mortimer Sellers and Tadeusz Tomaszewski, *The rule of law in comparative perspective*. New York: Springer, p. 106.

From Brazil's perspective, independence was only consolidated over several years. Although there was resistance from Portuguese troops in the Cisplatine Province, these left in November 1823. As in Chile, independence was not accompanied by maintaining continuous internal social stability, although Brazil and Chile have maintained prolonged periods of this. Brazil's independence process had its own features, as the nation emerged as separate entity and became a monarchy while the rest of the Latin American nations chose the republican system. With the arrival of the Portuguese royal family in the colony in 1808 and the subsequent transfer of the headquarters of the Portuguese monarchy, significant steps towards independence started to be taken.³⁵

Within Brazil, the main reason for the relative continuity between the two periods was twofold: first, because of the presence of the royal family in national territory and second because of how the independence process was carried out. As Fausto says, "there still remained much discontent with the court in Rio, but it was nothing compared to the dissatisfaction in some regions of the north-east, where ideas of a republic first appeared" (Fausto, 1999: 77-78). It remains to be seen whether social stability does indeed correspond to the circumstances of independence themselves or to movements for autonomy, which rose to the surface and had deeper roots. Like the Chilean elite, their Brazilian counterparts had no interest in breaking with the old consolidated colonial system. In the first few years after independence, the monarchy became a symbol of authority and stability and a way of containing insurgent groups.

Despite the consensus that Brazil achieved independence without undergoing significant upheaval, the Portuguese liberal revolution in the city of Porto in 1820 had consequences on the other side of the Atlantic. As a result of the revolution, the Portuguese formed the so-called 'Juntas Constitucionais' with Brazilians in several of the territory's provinces. Given that the Portuguese defended Lisbon's interests, there was widespread armed conflict in different regions of the country, especially in Bahia, Maranhão, Piauí and the Cisplatine Province. Consensus in Brazilian

³⁵ The presence of the Court in Rio de Janeiro determined the conservative result, the creation of an empire and a nation under the auspices of the Portuguese monarchy itself. Kirsten Schultz (2001), *Tropical Versailles: empire, monarchy, and the Portuguese royal court in Rio de Janeiro 1808-1821*. London: Routledge.

provinces over distancing Brazil from Portugal in order for it to become politically independent was widespread (Slemian, 2007: 177). The working-class masses played an active role in the movement in favour of independence, since Brazil had no official military personnel.

However, the arrival of the Portuguese court provoked opposing reactions. On one hand, there was the sector that defended maintaining links with Portugal and turned the nation's focus towards autonomy. On the other, there was the group that advocated in favour of total autonomy for the new nation. In this sense, the scenario is similar to that of Chile, with affluent rural and urban sectors seeking to convince the Emperor Dom Pedro to become emancipated from Portugal without a radical break, in other words without the participation of the working-class (Porta, 2004: 10-11).

The Brazilian aristocratic elite aimed to protect their rural property by marginalising the working-class from the independence process (Funari and Manduca, 2009: 216). Historical circumstances offer some interesting insights into the analysis of Brazil-Chile bilateral ties, since both countries have similar options for avoiding radical changes after independence. One way of exploring public diplomacy and nation branding is through looking at the country's position on a particular problem. Brazilian and Chilean policies during the course of the nineteenth century have demonstrated that they share important values, which in turn are important components when exploring the two countries' links from the 1990s onwards.

In Brazil, the central political debate in the first two years after independence focused on drawing up the constitution. In this respect, elections for a constituent assembly had occurred months before independence and an official summit had been held in Rio in May 1823. Constituents in 1823 were greatly influenced by the French Revolution and the independence of the North American colonies. These ideas exerted a significant influence on Brazil's political order (Lira, 2014: 25). There was disagreement between Dom Pedro and the assembly on which powers to bestow to the Executive branch. Moreover, differing perspectives on the role of the Executive – in other words the power of the emperor - and the power of the Legislative also led to disagreements. The assemblymen thought that the emperor would not be able to combine power to dissolve the Chamber of Deputies and call new elections (Macaulay, 1986: 157). According to them, the emperor should not have the power of absolute veto, since this gave him

the power and right to deny the validity of whatever law the legislature might approve.

In contrast, the emperor and his supporters wanted a strong Executive in order to contain democratic tendencies. This powerful Executive would help to deal with the period's political uncertainty. As a result, this discord brought about Dom Pedro's dissolution of the constituent assembly. In this scenario, the first Brazilian constitution came from above and was imposed by the king on the people, who represented white and mixed-blood minorities who had participated in political activities. The new constitution represented progress in terms of organising jurisdiction and allocating powers. Civil rights were not even considered in practical terms, although in theory they were guaranteed. Like Chile, Brazil was still a nation in which a great part of the free population depended on large rural landowners.³⁶

With only minor modifications, the 1824 Constitution remained in effect until the end of the empire. It describes the political system as monarchical, hereditary and constitutional. The empire had nobility without aristocracy, which means that titles were not passed on in order to avoid a blood aristocracy. The Legislative branch consisted of the Chamber of Deputies and the Senate. Introduction of the Legislative branch meant that both houses were elected. Election to the Chamber was temporary, while election to the Senate was for life. This means that the Senate consisted of the emperor's lifelong appointees. A key element in this political framework was the Council of State, composed of those appointed by the emperor.

What was unique was the institution of the moderating power, which illustrated the powerful features of the Executive branch. As Fausto highlights, "the king would not intervene in politics and day-to-day administration, but he would have the right to moderate more serious overarching disputes, where he would determine what the nation's will and interests were" (Fausto, 1999: 79). In practice, there was no clear definition of where the Executive power started and ended, which resulted in power being over concentrated in the hands of the emperor. The absence of mechanisms that allowed for radical breaks in Brazil and Chile have shown that both states were searching for political-social stability as a crucial part

³⁶ Additional information in Matthew Racine (2011), *The capítulos of Gabriel Soares de Sousa: court politics, Jesuits and the exploration of Brazil*. Berkeley: University of California Press.

of their state policy. The option for social stability is significant to understanding the two states' long-term links. Brazil-Chile political-social stability brought important consequences for the building of the two countries' nation brand, as well as public diplomacy foreign policy insertion.

2.2 Chile Economic Evolution During the Nineteenth Century

There is a consensus that the 1830s were characterised by Chile's consolidated political stability. Although the 1833 Constitution consolidated the power of the oligarchy as political stability was achieved, other factors played an important role in creating a stable domestic scenario. The 1833 Constitution solidified the political domination of the most traditional landed upper class of colonial origin. Therefore, the Constitutions established income and property requirements that restricted voting rights, with some exceptions for relatively wealthy men (Valenzuela, 1996: 3). Beyond the political context, economic factors should also be considered in this study. During the colonial period, Chile acquired the status of a major exporter of agricultural products to Peru, developed gold and silver mining and to a lesser extent, exported copper (Chester, 2008: 10). Internal conflicts in the country caused significant debts and expenditures. The absence of a serious social revolution led to less destruction of its agricultural production capacity and mining activities.

This favourable political-economic background - combined with the introduction of new copper mining techniques – led to prolonged boom period for production. An increase in mining activities led to an increase in demands for agricultural products and as a result the country underwent significant domestic economic development. As already mentioned, the domestic context cannot be separated from the international one: the Spanish colonial trade monopoly was attenuated by internal liberalisation in combination with increasing British economic and ideological influence. Only since independence has Chile aimed to integrate itself into the dynamic capitalist international economy. In doing so, trade between the colony and the metropolis, especially through Peru, was eliminated. This allowed for the establishment of direct links with international trade.³⁷

³⁷ In Chile's integration into the capitalist system, it is also important to analyse its

English dominance during the nineteenth century led to the expansion of commodity markets as a result of population growth, methods of production and an increase in the income of an emerging middle-class of core countries. This also meant the creation of capital surplus and a working class in these nations and their involvement in exploiting the natural resources necessary to the development of central states. Chile entered the nineteenth century with a predominantly pre-capitalist social structure dominated by the landed oligarchy alongside the rising mercantile commercial class. The country also contained a mining and agro-commercial bourgeoisie (Pregger-Roman, 1991: 115).

Chile's independence mainly meant the elimination of the institutional barriers for the colony that had prevented it from joining the international development process. Trade liberalisation had two goals: to overcome the restrictive practices of Spanish trade policy and expand domestic production to foreign markets. Since 1830, Chile's trade expansion has experienced highs and lows, with the economy mainly based on natural resources. For obvious reasons, the English economy played an important role in the process, taking into account the remarkable development of the flow of trade together with the development of communication and transport. The rapid integration of the Chilean north and south allowed access to Britain's informal empire of trade and investment, encouraging a more rapid change to pre-capitalist production relations (*ibid*). A new national society had to be built in order to reflect the shifting economic context. Since political-economic historical circumstances favoured a more stable internal scenario than other Latin American states, Chile's context ensured a stable and long-lasting national image.

Political independence had little effect on the country's class structure and together with the modernisation of production that accelerated

contemporary nation building projection as it involves complex interactions between the role of the capitalist state and emerging actors. Its historical economic backgrounds favours understanding the country's development of productive forces as well as the influence of global and social processes in a coherent projection of a national image. Alongside nation building, public diplomacy assumes a prominent role in foreign affairs and encompasses aspects of historical memories in an effort to distinguish the country from other states. Wilson P. Dizar Jr. (2014), "The future of public diplomacy", in Wilson P. Dizar Jr., *The story of the United States information agency*, p. 219. Bolder: Lynne Rienner Publishers. See also Cristián Gazmuri (2012), *Historia de Chile, 1891-1994: política, economía, sociedad, cultura, vida privada, episodios*. Santiago: RIL Editores.

economic development, laid the groundwork for a coherent nation brand. Chile's prevailing stable internal context has lasted for decades, whilst managing to transform the projection of the country's modern nation image.³⁸ Chile's international insertion has been based on the following economic activities: mining exploitation of gold, silver and copper, subject to the ups and downs of the market and agricultural exports of wheat to Peru. The key feature to understanding the period is 'domestic institutional restructuring', which fostered increasing economic activities in the foreign market. Several wars provoked a rupture within the institutional framework, giving the nation the task of creating a new one. In contrast to the majority of Latin American states, Chile experienced a relatively short period of anarchy considering that, in 1833 the institutional foundations were already firmly established.

Chile's short period of anarchy led to the long-standing perception of the country as one of the most stable in the region. Different degrees of integration between nation branding and public diplomacy can be identified based on historical roots.³⁹ The two concepts include integration and cooperation in multiple areas since nation branding and public diplomacy encompass aspects of international relations, marketing and history. Nevertheless, public diplomacy is related to different levels of integration between actors and nation branding involves much more than the idea of image cultivation, both of which have emerged from a historical approach. The importance of Chile's political stability and the growth of traditional areas of the economy – in other words, mining and agricultural exports - provide important information to understand the nature of the Brazil-Chile bilateral relationship (Collier and Sater, 2004: 60-62).

This economic background set the stage for the mobilisation of different

³⁸ More information about Chilean history and how its society was formed, in Cristián Gazmuri (2012), *Historia de Chile 1891-1994: política, economía, sociedad, cultura, vida privada, episodios*. Santiago de Chile: Pontificia Universidad Católica de Chile / RIL Editores.

³⁹ The Venezuelan humanist Andrés Bello as one of the first in Latin America to study Private International Law argued in his *Principios de Derecho das Gentes* (1832) book that international contracts should adopt the law of the place they were signed in, except when the obligation was to be performed in Chile, in which case the contract should adhere to Chilean law. Chile's image as a trustworthy and stable country has important historical roots. See Nadia de Araujo (2009), *Contratos internacionais: autonomia da vontade Mercosul e convenções internacionais*. São Paulo: Renovar, pp. 157-158.

sectors towards Chile's development strategy. Rapid production expansion accompanied by growing exports, imports and trade in 1832 led to important changes in the tax structure. The unification of customs procedures combined with discipline in organisation and management led to a sharp increase in fiscal revenues. Organising regulatory initiatives, including the repayments of debts inherited from previous periods, obtained a significant surplus. Sutter and Sunkel (1982: 26) point out that the state played a central role in Chile's economy, in the same proportion as external factors. International trade was a major source of government tax revenue, since tax collected on exports and imports remained key to the country's economy.

The trend in Chile of moving closer to international integration had mercantile and nationalistic features. In this respect, the Decree of Trade Liberalisation of 1811, passed in 1813, opened up Chile's major ports to trade and introduced a general tariff on imports. Moreover, prohibition and special protection played a significant role in helping important sectors avoid being affected by free importation. The decree was an emblematic measure to ensure new trends in the nation. As colonial monopolist power decreased, agricultural exports and mining power were strengthened.⁴⁰ Since the later aimed to expand its markets and lower the purchase price of imported products, opening ports and eliminating traditional import monopolies were key elements for promoting exports. The new state sought fiscal financing to honour its commitments allowing for the government to be maintained. The measures were carried out through protectionist policies such as high tariffs.

The conservative ideology of mercantilism prevailed at the beginning of the republic. Therefore, the State had to take responsibility for encouraging and protecting domestic production activities and in particular manufacturing and the merchant navy. The State directed its policies towards education, science, techniques and knowledge of national natural resources. The mercantilist approach demanded state central, authoritarian and hierarchical organisation as crucial elements to sustain the 1833

⁴⁰ Chile is the world's leading mining producer not only because of its natural resources, but also because of its political and economic situation, which is stable and because of its export-oriented transport infrastructure. See José Pablo Arellano (2012), "Copper mining and its impact on Chile's development", *@journal*, n° 35, vol. 16, p. 51. <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=37317800>.

Constitution.

Growing trade activities in Chile relating to international trade led to the emergence of a new sector as an alternative to the traditional oligarchy. The first cycle of economic expansion was characterised by the role of national business groups and their entrepreneurial spirit. In this context, some families enhanced their good fortune through mining, trade and finances. The economic cycle refers to the period of expansion of certain products, benefiting international economic centres at that time. The dynamics of international centres exert an influence on different parts of the world attracting economic forces, capital and workforce, causing changes in all other major sectors of society (Basu and Taylor, 1999: 3). Mining's accumulated capital assets were invested in agriculture. Some families gained large rural areas and introduced new methods of crop harvesting. As some authors explained, the changing scenario was the result of changes to tax laws introduced during the administration of President Manuel Montt (1851-1861).

Chile reaffirmed its policy of commercial supremacy in the Pacific, assigning Valparaíso's port a privileged position. The new policy approach focused on protecting the merchant navy, constructing storage warehouses in Valparaíso and included the war against the Peruvian-Bolivian Confederation. Another significant consequence of Valparaíso's increasing importance as a navigation route and trade hub was what happened to the population in the country's far south.⁴¹ Chile's heavy involvement with commerce led to a political strategy with greater access to markets. The country's strategic tool to differentiate their products has deep roots in history, since trade has been a core element in its foreign affairs (Weiner, 2007: 196). Despite the fact that the role of commerce was not consciously dealt with as a key component of international relations in the nineteenth century, the importance of trade is evident in shaping Chile's contemporary nation branding.

With respect to education, the liberal influence also played an important

⁴¹ Today Valparaíso is one of the South Pacific's most important seaports. China has become its first-ranked import partner and second-ranked export partner, with the port helping to increase the amount of trade between the two countries. Business, "Port of Valparaíso brings Chile and China close together", Wednesday 30 September 2015. <http://www.scmp.com/presented/business/topics/2015-chile-business-report/article/1862715/port-valparaiso-brings-chile>.

role during the term of President Montt, when he was both a minister and then as president. His administration coincided with the presence of the Argentine Domingo Faustino Sarmiento in Chile. Therefore, the Argentine influence on many aspects of Chile's history can easily be seen. Argentina's relationship with Brazil and Chile is an important part of this study.⁴² Spanish American education should be viewed as much more developed than its Brazilian counterpart. In contrast to what occurred in Brazil, the Spanish colonies had created their educational system a long time ago, seeking to generate a sense of belonging and obedience to the king. Nevertheless, ethnic and cultural differences between those people who made the vast Hispanic American empire and their connection to the king's fostered a stronger sense of citizenship among the Hispanics (Colvero, 2011: 311).

As a result of the growth of mining activities, navigation, railways, wheat exports, public-private construction partnerships and the urbanisation process led to the development of manufacturing. In fact, the government created a mechanism to ensure that these sectors were protected. The importance of other sectors to the national industrialisation process – such as textiles, coal, gas, sugar and breweries among others – should be highlighted. Furthermore, the government created the Banking Act in 1860 to enforce a very liberal policy. This 1860 Banking Act facilitated access to credit and reports from mining areas, which led to the purchase of the first stock and arrival of bond brokers in Santiago and Valparaíso (Jones and Lluch, 2015: 49). This reflects a certain institutional development, since the increased economic activity demanded the opening of private and public banks. After the war with Spain, Chile experienced overwhelming financial-economic development as a result of agricultural exports and the mining boom, due to the discovery of nitrate in Antofagasta in 1866.

However, the first economic cycle faced serious difficulties because of the international context combined with local problems. In the 1870s, a long recession in the world economy began, leading to falling prices, which

⁴² Sarmiento was appointed director of the Normal School of Teachers founded in 1842 and he carried out significant work in primary education. Sarmiento was among a group of Argentine émigrés who had fled from the tyranny of Rosas. These circumstances contributed to the cultural flowering of Santiago in the 1840s. Pigna, Felipe; Domingo Faustino Sarmiento, 1811-1888. Biografías. <http://www.elhistoriador.com.ar/biografias/sarmiento.php>. Consultation held on 11 October 2012.

directly affected the main Chilean exporters.⁴³ According to Harvey and Press, the drop in wheat prices in the world markets because of new technical methods introduced from other countries and the decline in copper prices which counted for more than half of Chilean exports were some of the factors that caused economic problems. Studies of copper prices and markets explain that an unsuccessful attempt to fix prices was due to the copper producers' lack of a monopoly. Despite some of the beliefs about the copper producers' monopoly, prices fluctuated significantly between the 1870s and the 1930s (Harvey and Press, 1990: 9). A foreign trade crisis began in 1873, with the falling prices and afterwards production of the main export goods. Strategic place marketing concerns understanding the country's prevailing economic model as long as historical circumstances that project the most beneficial aspects of its nation image.

Chile historical backgrounds help to understand the importance of mining activity until present time. The country economic growth is clearly connected with the value of natural resources international prices. Mining strategic relevance for domestic economy justifies natural resources importance for nation branding strategy with the aim of attracting foreign direct investment. Nation brand and public diplomacy goes also about the recognition of historical aspects to formulate the country current foreign policy goals. The multiple dimensions of public diplomacy demonstrate the interaction of different levels in Brazil-Chile relationship as well as help to understand their similar historical roots.

2.2.1 Chile's second economic cycle and its consequences

Nitrate activity was the mainstay of the second economic cycle initiated in

⁴³ The British were the chief exporters of capital, followed at some distance by the French and at the close of the century, by the Germans. As early as the 1840s, half the annual increase in wealth in Great Britain was going into foreign investments. By 1914, the British had US\$ 20 billion in foreign investments, the French about US\$ 8.7 billion and the Germans about US\$ 6 billion. A quarter of all wealth owned by the inhabitants of Great Britain in 1914, consisted of holdings outside the country. Almost a sixth of French national wealth lay in investments outside of France. All three countries had been made hostages to fortune and fortune proved unkind, for in the First World War the British lost about a quarter of their foreign investments, the French about a third and the Germans lost everything. R.R. Palmer and Joel Colton (1995), *A History of the Modern World*. Columbus: McGraw-Hill, p. 599.

1860, which lasted from the War of the Pacific to the Great Depression of 1930. Some authors argue that industrial expansion occurred during the second cycle, as a result of the domestic market expansion derived from the nitrate boom. Indeed, protectionist government policies played a significant role in Chile's industrial development. Furthermore, the nitrate industry represented economic and political power to a higher degree than silver, copper and wheat in previous periods. The nitrate industry represented a boom period in Chile and nitrate reserves transformed the country's administration. These changes occurred as a result of Chile's acquisition of vast nitrate fields in its second great war with Peru. The exports of nitrate to Europe generated taxes that provided important revenues for the State's growth (Hutchison, 2001: 3). In contrast to the first economic cycle and its exports by entrepreneurs, nitrate cycle activities were conducted using foreign, particularly English, capital.

Another important point to mention is that participation of foreign capital in nitrate activity integrated Chile into international economic system. On one hand, North American investments in the new copper industry and investments in nitrate later contributed to increasing the United States' influence to the detriment of England. On the other, after the First World War, economic investments were redirected towards and renegotiated with the consolidated North American influence in mind. However, apart from nitrate, other mining activities also advanced technically procedures and remained as important as nitrate.⁴⁴

Moreover, in the first decade of the twentieth century large mines emerged in different areas of the country. Again, foreign capital played a key role, with copper mining being considered the major industry in this period. As nitrate's importance declined, increasing copper exports led to significant changes in terms of Chile's main export product. Another component of the contrast between the first and second economic expansion cycles was the predominance of nitrate income in the national budget and in external financing commitments.

The instability caused by a primary export subject to the capital of an international monopoly negatively affected the country's economic stability.

⁴⁴ Chile ranked as the top natural nitrate producer, although world production of synthetic nitrates reduced its share of nitrate output. International Business Publication, *Mineral, mining sector, investment and business guide*. Washington D.C., p. 47.

On one side, this instability led to a boom in exports. On the other, the country's debt exerted pressure on the currency, which had consequences in terms of domestic economic development (Sicotte, 2008: 97). The expansion of the nitrate industry provided a new, emerging and well-consolidated work force, as well as a rail network and port development in the north and the proletariat creation of an inspired work-force in the centre.

Within the emerging nitrate scenario, social conflicts began to occur, especially in nitrate provinces. Therefore, pressure and tensions inside the country emerged as a result of nitrate economic expansion (Weber, 2015: 9). The fact that other sectors remained underdeveloped contributed to internal conflicts. The denationalisation of Chile's output was consolidated through their purchase by North American capital. Three decades of parliamentary irrelevance, intensified social tensions, unstable financial circumstances and the lack of state intervention regarding the decrease of Chile's predominance *vis-à-vis* other Latin American states laid the groundwork for an unstable scenario, which culminated with the election of President Arturo Alessandri Palma in 1920.⁴⁵

Chile's second economic cycle ended with the international economic crisis and its consequences for nitrate exports. German technological developments led to falling nitrate output, since the use of new synthetic products replaced it as a raw material for producing explosives and fertilizers. As Medina and Soto point out, in contrast to the second cycle, the end of the first expansion cycle in 1870 involved increase in nitrate exports to the detriment of silver, copper and wheat. Historically, business cycles in Chile have been associated with the fluctuations in this commodity's price, which represents approximately 40% of total exports and about 10% of public revenue (Medina and Soto, 2006: 18-19). However, at the end of the second economic cycle, copper emerged as the main export.

2.2.2 Chile's political roots and physical framework

In the late twenty years of the nineteenth century, two events had

⁴⁵ During the first three years of his government, laws were passed aimed at protecting industry and the working class. See Simon Collier and William F. Sater (1996), *A History of Chile 1808-1994*. Cambridge: Cambridge University Press.

consequences on the construction of the Chilean society: the War of the Pacific (1879-1883) and the Revolution of 1891.⁴⁶ The revolution encouraged the civil spirit and democratic forms of government and brought with it a parliamentary regime. The contextualisation of public diplomacy and national image has demonstrated that both concepts are influenced by the history of the particular country and therefore historical backgrounds improves our understanding of foreign policy targets in the long-run. Public diplomacy also refers to the government's goals of consistent mid and long-term targets in a historical context. Since history helps understand current international relations, historical circumstances are relevant components of foreign affairs and bilateral links. In Chile, economy and trade play significant roles in explaining the country's foreign policy strategy. The role of non-state actors as highlighted by the public diplomacy perspective - represents a core element to the study of Chile's foreign policy targets.

In the Chilean economic context, the Treasury obtained its greatest income from indirect taxes, for example, customs on imported articles and on nitrate exports combined with other mineral products.⁴⁷ Furthermore, in recent years, new taxes were introduced, with high proceeds resulting from commercial sales and industrial production. An increase in fiscal income led to domestic prosperity, which was evident in all sectors of national productivity. As already mentioned, foreign commerce was the key element to understanding domestic economic dynamics. Highly important products in the export trade were fertilizers, principally nitrate; metallic bullion, above all copper; cereals, especially wheat and some animal products, such as wool (Abreu, 2006: 105). Mercantile growth was illustrated by the development of national industry.

In this scenario, agriculture, cattle raising, lumber, fishing, mining and the industries derived from these commodities benefit from emerging labour

⁴⁶ For additional reading, see William F. Sater (2002), book review of Bruce W. Farcau's book. "The ten cents war: Chile, Peru and Bolivia, in the War of the Pacific, 1879-1884", *Hispanic American Historical Review* 82, pp. 199-200.

⁴⁷ Chile's current indirect tax system includes VAT (IVA or *Impuesto sobre el Valor Agregado*), sumptuary taxes, a beverage tax, a tobacco tax, a fuel tax, a tax for legal services and a tax for international business. Niall Campbell and Maria Menzel (2011), "Latin America Indirect Tax Country Guide", *Global Indirect Service*. Switzerland: KPMG International Cooperative, p. 17. For additional discussion on Chile's tax policy see Edgardo Boeninger (2009), *Chile rumbo al futuro: propuestas para reflexionar*. Santiago: Uqbar Editores, pp. 103-105.

and the great display of energy. According to Chilean customs authorities, Chile's exports are divided into 5,000 product categories, of which 1,000 are foodstuffs exported to 182 countries. Of this total, 10% comes from the salmon industry, which has transformed itself over the last 20 years into a global salmon producer. Chile supplies a third of all worldwide production, preceded by Norway and followed by Great Britain and Canada.⁴⁸ The government also played an active role in the policy of state protection. Firstly, the state has focused on indirect protection by spending part of public income on the opening of new roads, bridges and railroads, on improving harbours, on extending telegraph lines, on improving maritime communications and on the creation of public services like the police.

Therefore, for many years, railroads building projects were carried out, with rapid improvements in infrastructure. The Trans-Andes Railway in Central Chile, linking Buenos Aires and Santiago, was consolidated. Indeed, as part of the great project called the 'Longitudinal Railroad' uniting Tacna and Puerto Montt, the railway lines crossing the country were finished. Nevertheless, the capacity of the roads to deal with traffic did not grow in proportion to the rising demand. Therefore, the national Treasury did not earn the profits it wanted, producers tended to tighten their belt and in practical terms, individuals had to pay a high price because of the scarcity of products. Despite several implementation problems, the country benefitted from the connection provided by more than ten thousand kilometres of steel. In the context of an emerging framework, highway and commercial aviation served to connect the lines of communication (Galdame, 1941: 412-417).

Regardless of the state's liberal approach, investments in infrastructure demanded the government protect economic interests. Various laws were passed in order to establish legal support for those initiatives; among them the surcharge on customs tariffs in order to tax some products and industries. Customs duties on animals imported into the territory promoted cattle-raising. A protectionist trade policy for industrial products manufactured in Chile was adopted, with the old free trade system being intervened. Despite the fact that the Treasury lost profits due to the implementation of protectionist policies, the benefits of encouraging the industrialisation process were obvious (Lederman, 2005: 34-35).

The policy aimed at gaining energy sources was an important component

⁴⁸ *Salmon Chile*, "Production". <http://www.salmonchile.cl/en/produccion.php>.

of the execution of the national manufacturing initiative and a decisive factor in determining its rapid and constant progress. A system of paper money was established in order to complement this protectionist measure. According to economic policy, bank notes were forced into circulation as legal tender and were considered as a last resort in a passing crisis. However, paper money was indicated as the main cause of the raising cost of living, since the amount in circulation increased over thirty years (1895-1925) (Galdame, 1941: 416-418). Therefore, everyone who lived on fixed incomes - like employees - and those paid daily – like manual labour suffered the consequences. As a result, labourers sought a wage increase.

Such was the order of things that, in 1926 the government opened the Central Bank of Chile, which was the only institution authorised by the State to issue paper money with a sufficient guarantee in gold.⁴⁹ The Central Bank's opening favoured the stabilisation of the value of money. Despite the vicissitudes mentioned, the economic situation was stable, which was important for laying the groundwork for industrial development and domestic trade policy. The ideas of public diplomacy and nation branding are connected to historical analysis, since transforming the goals and image of a particular country is based on its historical roots and a multidisciplinary approach.

2.3 Brazil's Historical Economic Evolution

The so-called Brazil Company, as Darcy Ribeiro classified it, comprised four types of corporate actions: a) the slave company (the sugar mills and auriferous enterprises) that helped integrate Brazil into the world economy and ensured the prosperity of the rich; b) Jesuit community enterprises which despite competition from slave companies and conflicts with the colonial system that led to the expulsion of the Jesuits, were highly important within the context of the colonial system of production. The Jesuits created an alternative type of colonisation, relocating the Indians away from their tribes and seeking to integrated them into society, softening

⁴⁹ According to the Central Bank of Chile's first annual report on 21 March 1927, the country maintained a stable rate of exchange with insignificant fluctuations and helped lower the rate of interest. Above all, its moral effect was of great importance to the country, "First Annual Report of the Central Bank of Chile", *Federal Reserve Bulletin*, September 1927, p. 653.

indigenous resistance; c) the multiplicity of micro-production subsistence enterprises combined with livestock enterprises, which complemented the sugar mills and mining, incorporating mestizos; d) the formation of a core of urban bankers, upwardly mobile ship-owners and the emergence of export/import traders and slaver traders, leading to the development of the colonial economy (Darcy, 1995: 176).

During the colonial period, the development of manufacturing favoured the growth of industry. Official encouragement of industrialisation came in 1890, when a tariff revision provided slight protection for local manufacturing from foreign competition and also lowered the duties on the capital goods required for production (Skidmore and Smith, 2001: 149). The sugar mills themselves were an agro-industrial company. Interestingly enough, they were the largest and most complex world economic enterprises of the period. Despite the emergence of these enterprises, the slave mentality prevented the diversification of activities and economic development in general terms. Links between Portugal and England were strengthened, with the latter granting economic benefits to the former in exchange for political and military protection.⁵⁰ The Treaty of 1654 also guaranteed the British the right to negotiate directly with Brazil.

During the nineteenth century, Brazil adapted to an economic order controlled by Great Britain. The latter assumed the role of industrial economic leadership, which meant exchanging manufactured goods for raw materials from abroad. In this way, a large part of international trade consisted of the exchange of raw materials from developing countries for manufactured goods from developed nations. Brazil fitted perfectly into this process, since its economy depended on coffee exports and other secondary goods like sugar, cotton and cocoa among others. During the nineteenth century, the Brazilian economy was open to foreign-made, mainly English, goods and capital which were intended to build a financial, transport and trade framework with the goal of linking the country to the international economic order. For instance, coffee was the third most valuable international trade commodity at the end of the nineteenth century (Topik, 2004).

Since early colonisation, economic activities have been directed towards

⁵⁰ See *BBC Homepage*, “A influência britânica atingiu o ápice no século XIX”, 27th July 2001. http://www.bbc.com/portuguese/noticias/2001/010727_ukhistoria.shtml.

exports. This orientation was the result of the colonial situation and mercantile self-interests. The internal market was neither created nor encouraged at a certain point and in this way, the absence of a domestic market inhibited the industrialisation process. Colonialism and mercantilism encouraged economic growth towards foreign trade. Economic orientation towards foreign markets still existed, even after independence and after mercantilism was abandoned. During the nineteenth century, its share of exports that generated global income was slowly reduced, despite it remaining high until 1930.⁵¹

Since the 1930s, the decline in exports has been accentuated, to the extent that exports between 2001 and 2007 represented an annual average of less than 15% of the gross national product (GNP). Decreasing exports reflected the inward-looking domestic economic scenario. The percentage loss of exports in the national income was congruent with the gradual diversification of economic activities, industrial advances and internal market expansion. In this way, a key policy for gaining economic benefits was promoting the construction of railroads in the second half of the nineteenth century. Railway construction was expected to free up hundreds of workers engaged in a system of transport based on mules and bullocks (Lamounier, 2000). English companies financed railway investments and in 1870, four British companies were the owners of 72% of the railway lines. Unfortunately, the railroad network did not achieve substantial results, since it was built and operated by several different companies, which showed the network's deficiencies regarding connecting remote areas with ports. As a result, the railroad lines did not transform the country into a unified market, even though the growth of railway lines was remarkable with Brazil having 14 kms in 1854 and 3,302 kms of line being opened in 1884.⁵²

Moreover, during the nineteenth century, the central administration supported policies to encourage immigration and colonisation. However, a large-scale immigration process began after the abolition of slavery in 1888 and the Proclamation of the Republic in 1889. The goal behind this initiative

⁵¹ See Jerry Dávila, "Culture wars in Brazil: the first Vargas regime, 1930-1945", *Hispanic America Historical Review* 82, pp. 398-399.

⁵² During the Proclamation of the Republic in 1889, the federal government aimed to implement a railroad construction plan, although the financial crisis made it difficult to carry out that initiative. João Bosco Setti (2008), *Ferrovias no Brasil: Um século e meio de evolução*. Rio de Janeiro: Memória do Trem, p. 24.

was to create positive economic effect, based on immigrants' ambitions. In addition, attracting immigration was a political way of improving the quality of human resources in the economy without directly investing in formal education (Smith, 1997: 88). Some similar aspects of Brazil-Chile immigration will be pointed out in the following sections.

At the end of the nineteenth century, the government's aim was to protect strategic export sectors. Equipment exempt from import duties was offered by the government as a way of encouraging investment in the highly capitalised sugar mills. Specific policies for coffee were also implemented. If domestic coffee production surpassed international demand, coffee's value declined. These circumstances laid the groundwork for the first valorisation policy of export products. Three major, successive cycles that were particularly important to Brazil's economy were those of sugar, gold and coffee (United Nations Human Settlements Programme, 2010: 13). Along with these, the economy experienced minor cotton, rubber and cocoa cycles. Commercial exploitation of brazil wood (*pau Brasil*) was the first colonial activity and has been maintained for three centuries. In addition, the sub cycles of cattle and tobacco complemented the main cycles.

Decade	Coffee	Cotton	Cocoa	Rubber	Sugar
1821-1830	18.6%	19.9%	0.4%	0.1%	32.2%
1861-1870	45.2%	18.3%	0.9%	3.1%	12.0%
1891-1900	63.8%	2.4%	1.5%	15.8%	5.6%
1901-1910	51.4%	2.1%	2.8%	17.9%	1.2%
1921-1930	69.5%	2.4%	3.1%	2.5%	1.4%

Source: Mircea Buescu (1958). *História do Desenvolvimento Econômico do Brasil*. Rio de Janeiro, A Casa do Livro, pp. 24-25.

The above table shows the percentage of country exports of the main cyclical products from 1820-1930. At the beginning of the cycle, sugar reigned supreme, followed by cotton and coffee (Baronov, 2000: 18-19). Afterwards, coffee ranked first in exports, while sugar as well as cotton faced a sharp decline in exports. The rubber cycle was short-lived and cocoa was a regional cycle from southern Bahia.⁵³

⁵³ The state of Bahia is Brazil's largest cocoa producer and accounts for around 60% of the country's production. Vladimir Pekic (2014), "Back to the future: Brazilian federal bill re-

National manufacturing production faced significant difficulties given the open-door policy for British goods in the post-independence period. Besides British goods, which enjoyed a privileged position, European and North American goods, also increased their participation in the domestic market in 1820, after trade agreements were made. The 1828 tariff set import duty at a rate of 15% and proceeded the most liberal period. Thereafter, tariffs increased to a rate of 30% until 1844. Although Britain pursued an open-door policy in its colonies, the country continued to dominate trade through informal instruments. Britain assured direct channels between colonial administrators and home states in order to conduct trade in appropriate directions (Lake, 2000: 131). Although increasing tariffs were aimed at raising government revenue, this measure led to the emergence of textile companies. Central administration encouraged the creation of firms through the tax exemptions granted in order to import raw materials and machines.

Baer points out that most of the early industrialists were importers who at a certain point, changed their minds and opted to produce goods instead of importing them. This occurred mainly with textile products, but coffee producers also started to finance entrepreneurial activities (Baer, 2002: 47). However, the protection tariff policies adopted since 1840 did not have substantial results in terms of their contribution to industrial development. In practical terms, industrial development occurred when the government began to invest directly in specific initiatives like special concessions and subsidies for railways and foundries among others.⁵⁴ Devaluating the Brazilian currency against the British pound also played an important role in advancing the industrialization process. Brazil's industrial policy plan had its roots in the country's early history, regardless of the high impact of capital investment on industrialisation policy during the military regime (Hanley, 2010: 251-252). Brazil's industrialisation experience helps us understand its nation branding as far as selling a diverse range of manufactured products is concerned.

In 1920, coffee production reached a high level, to the extent that the product's participation in exports was 56% in 1919 and 75% of exports in

discovers sustainable cabruca bean production", *Confectionarynews.com*. <http://www.confectionarynews.com/Processing-Packaging/Brazil-protects-sustainable-cabruca-cocoa-bean-production>.

⁵⁴ Additional information in Fernando Sarti and Célio Hiratuka (2011), "Desenvolvimento industrial no Brasil: oportunidades e desafios futuros", n° 187. Campinas: IE/UNICAMP.

1924. Exports as a share of the GDP rose from 5.7% to 12.5%. The country's favourable balance and payments situation during the decade brought about as a result the valorisation of the exchange rate combined with an increase in domestic price levels. This led to disadvantage when competing with foreign goods. Moreover, the Wall Street Crash of 1929 had a negative impact on Brazil's exports, with a decline in value from \$ 445.9 millions in 1929 to \$ 180.6 millions in 1932. In 1906, 82% of the world's coffee harvest came from Brazil. From 1929 to 1932 the value of Brazil's exports and coffee beans declined by 75% (Levine: 1999: 21).

In 1931, coffee prices were at a third of the average price that they had reached between 1925 and 1929. Besides the fact that exports revenues declined, the entry of foreign capital into the country diminished significantly in 1932. Chile's economy was also affected as a result of the 1929 crisis, which led to a devaluation of products' value. The devaluation of copper and saltpetre exports had serious consequences for the domestic economy, with falling tax revenues and declining stocks. Chile was one of the countries greatly affected by the Great Economic Crisis, forcing the suspension of the payment of its foreign debt for the first time on 16th July 1931 (Toso and Feller, 1983: 47).

At the same time, the constraints on imports, together with the continued domestic demand generated by the revenue from the coffee programme, led to a shortage of manufactured goods and an increase in prices. As occurred in the First World War, increasing industrial production during the first half of the 1930s was based on making better use of existing capacities. Steel capacity rose because of the emergence of small firms and the capacity to produce cement and paper rapidly increased. Furtado pointed out that "the maintenance of domestic income and purchasing power accompanied by the fall in imports and the rise in prices, led to a dynamic domestic market" (Furtado, 1972: 188). As long as the country reined in industrial overcapacity and the small capital goods industry grew, rising domestic demand fostered domestic industrial production. The result of all this was growth in domestic income.

In our view, public diplomacy incorporates some of the aspects of nation branding, given that they share common grounds *vis-à-vis* complex foreign policy goals. Trade, infrastructure development and industrialisation are core elements for developing the basis for Brazil's and Chile's economic

policies. Economic-historical aspects have important implications when evaluating the differences and similarities in the two countries' trajectories. Exploring historical backgrounds binds together significant elements, providing a broader view for analysing public diplomacy and a nation branding multi-faceted approach. Instead of addressing complex relationships based on traditional diplomacy, historical facts identify key elements that gave rise to Brazil and Chile's contemporary foreign policies. Major historical events contribute specific means for understanding the nature of Brazil-Chile bilateral links throughout history. Historical understanding of the past is relevant, as it creates a better understanding of Brazil and Chile's current public diplomacy, nation branding and presidential diplomacy.

2.3.1 Brazil's industrialisation during the First and Second World Wars

As in the First World War, the Second World War also led to a rise in production, although investment activities went into decline. However, foreign investments bounced back in 1945, mainly due to the imports of capital goods during the war. An increase in investments provided the opportunity to build the Volta Redonda foundry. The Brazilian National Steel Company (Companhia Siderúrgica Nacional or CSN) was the main state-owned company and its main industrial enterprise in the mid-twentieth century. During the Estado-Novo government (1937-1945), President Getúlio Vargas developed the company to encourage the import-substitution industrialisation model (ISI) and laid the groundwork for an expansion of domestic industrial production (Dinius, 2011: 14-15).

Apart from the cement and foundry industry, there was little creation of capital during the war. At the same time, an intense use of existing equipment increased production. The post-war period was characterised by the deterioration and obsolescence of industrial capital. During the war, the export of manufactured products grew significantly, although the re-emergence of traditional supply sources led to a fall in Brazil's exports (Coes, 1995: 8-9). The result of the dismal performance of domestic exports - caused by delivery delays and inadequate quality controls - was a fall in

manufactured goods ‘share of exports.

The start of Brazil’s industrialisation process, initiated in 1890, was not smooth. In this sense, the sustainable industrial growth in the three decades that preceded the First World War can be seen, even though the lack of investments in that period should be highlighted (Curado and Cruz, 2008). The import-substitution development model encouraged the industrialisation process in Brazil and Chile as will be seen, despite their domestic differences and differences in how they responded to international economic crisis.⁵⁵ Brazil’s industrialisation process was not marked by continuity since the sector relied on agricultural exports and the country did not experience the necessary structural shifts in the economy.⁵⁶ The country’s industrial base would be only shaped once and for all when it was considered the foremost economic sector.

It should be pointed out that the period from 1919 to 1939 focused on light industries, which meant a more consumer-oriented than business-oriented industry, at first seeking industrial development rather than industrialisation per se. In this context, textiles, clothing, food products, the beverage industry and tobacco were to be found among the main domestic industries. However, since 1939, heavy industry sectors have experienced significant growth, given the rise of metallurgical products, machinery and electrical products. Heavy industry’s increasingly important role in the economy contributed to industrialisation as a driving force behind domestic growth. However, Brazil’s economy at that time was dominated by simpler

⁵⁵ The same can be said about Mexico. The 1940s heralded important changes in this country. Despite an authoritarian administration, the post-revolutionary period was characterised by public policies aimed at industrialisation using the import substitution model. Mexico’s policy strengthened its domestic market in the post-war period and the manufacturing sector gained importance within the country’s economy. The import substitution industrialisation model provided internal market protection, economic expansion and the opportunity for resources to be channeled into development policies. In a social sciences’ context, Mexico, Chile, Brazil, Argentina and Uruguay experienced a research boom through the strengthening of and increase in the number of research institutions. José Luis Reyna. “A institucionalização das ciências sociais no México”, in Hêlgio Trindade. *As Ciências Sociais na América Latina em perspectiva comparada: 1930-2005*. Porto Alegre: Editora UFRGS, 2006, p. 269.

⁵⁶ Among the sectors involved in the industrialisation process, credit financing with the North-East Bank played a significant role in encouraging industrialising initiatives in the region. Arnaldo Santos. “Industrialização do Nordeste: impactos da parceria BNB-Sudene no desenvolvimento regional”. *BNB 60 anos*. 2005. IDESP, p. 6.

consumer goods. The most important industrial sector, the cotton industry, had fewer than fifty factories in 1885. Only in the 1930s did Brazil begin to invest in industrial development (Hanley, 2010: 12). The development of the heavy industry field created an important segment for Brazil's nation brand identifying the country as an exporter of manufactured products.

2.3.2 Chile's economic roots

It should be remembered that, during the colonial period, Chile consolidated itself as an important exporter of agricultural products to Peru, combined with developments in the mining of gold, silver and to a lesser extent, copper. However, the decrease in gold production was overcome by the discovery of silver in Chañarcillo in 1832. This made up a significant part of Chile's economy. Indeed, the new extraction techniques implemented using the English system contributed to long-term mining production. The expansion of mining activities in the northern provinces caused economic development and a growing demand for agricultural products (Miller, 2002: 18).

Chile's industrialisation came later and lacked the depth of industrialisation in Brazil. CORFO played a central role in Chile's industrialisation process and like other Latin American states the country implemented an import-substitution industrialisation model (ISI).⁵⁷ In Chile, three initiatives paved the way for the industrialisation process: guaranteeing a domestic energy supply as a prerequisite for powering new industries, creating steelworks as key elements to laying the groundwork for industries and establishing new industries.⁵⁸

The search to safeguard the energy supply was considered a key factor in

⁵⁷ CORFO is an agency that carries out government policy in the field of entrepreneurship and innovation. CORFO, <http://www.corfo.cl/sobre-corfo>

⁵⁸ In contrast, Colombia was one of the first countries in the continent to implement the ISI in the 1950s, although Colombian industrial policy was not accompanied by significant social reforms. Fernando Urrea Giraldo. "Dinámica de reestructuración productiva, cambios institucionales y políticos y procesos de desregulación de las relaciones asalariadas: el caso colombiano". In: Enrique de la Garza Toledo and Julio César Neffa (eds), *Trabajo y modelos productivos en América Latina: Argentina, Brasil, Colombia, México y Venezuela, luego de la crisis del modo de desarrollo neoliberal*. Buenos Aires: CLACSO, 2010, p. 143.

the execution of the industrialisation policy. In 1944, the creation of ENDESA (*Empresa Nacional de Electricidad* or the National Electricity Company) to harness hydroelectric energy served as a mechanism for carrying out the industrialisation programme. State policy also encouraged the development of the coal industry. Another significant step towards industrialisation was reducing the country's dependence on foreign oil. As Collier and Sater argue, "thanks to CORFO, the oilfields satisfied three-quarters of the country's petroleum requirement by the 1960s" (Collier and Sater, 2004: 270). Diminishing the dependence on foreign oil led to an increase in Chile's exportation of by-products such as butane and propane gas. Energy and the economy are key factors to understanding Chile and Brazil's special relationship, since both areas exert an overwhelming influence on the approach to bilateral foreign policy. Chapter 5 describes the growing importance of energy issues in international relations in more detail, since energy supply has become a crucial element in strategic foreign policy. Faced with ever-rising demands for energy resources, increasing import dependency occupies an important position in Chile's domestic agenda. At the same time, Brazil's position as an emerging energy superpower because of the diversity of its energy matrix has enabled Brazil-Chile bilateral dialogue.

Despite their territories having different dimensions, the differences in their socio-economic structure, their Iberian and Portuguese backgrounds, political differences and so forth, Brazil and Chile share historical similarities, opening up opportunities for dialogue and interaction. Their similar immigration policies demonstrate the same concerns about territorial occupation, as well as common strategic policies to solve similar problems. Brazil and Chile's option for German immigration differentiates them from other Latin American states and created certain historic similarities that facilitate mutual understanding. Both governments encouraged German immigration - as opposed to the region's other countries - adopting similar political views to deal with domestic issues. German immigration illustrates a similar pragmatic approach to domestic matters.

2.3.3 Brazil-Chile similarities to German immigration aspects

German immigration to Latin America began after the region gained

independence. The governments of the newly emancipated Republic of Chile and the Empire of Brazil shared common concerns about their unoccupied regions in central and southern Chile and in the south of Brazil. Another similarity between both German colonisation processes is that they were made up of communities of smallholders that survived by subsistence farming several basic commodities.⁵⁹ Smallholdings primarily sought to ensure their family's survival and then to supply the market with food and other raw materials. This type of colonisation was a counterpoint to the states that led the trend for a monoculture, especially in the case of Brazil. This substrate gave rise to a subsistence economy to supply urban consumers, forming organised communities and a rural middle class.

The German presence in Chile emerged after independence and was extended to the whole country. Later on, other German immigrants laid the foundations for an ambitious immigration settlement, with families setting up in the south from the mid-nineteenth century onwards. Immigration to the south became legal through the Colonisation Law of 1845, which added security to the process. Immigrants came to Chile or Brazil from all over Europe where there was a so-called 'German order'. As in Brazil, no German community in Chile was ever a national colony or German protectorate (Heberlein, 2008: 22). According to a report in 1940, Germans or their descendants occupied about 1.5 million hectares, equivalent to 7.5% of the country's arable land. Until 1898, legislation prevented autochthonous Chileans from colonising the south. This is one of the reasons for the predominance of German immigration in the region.

Among Latin American countries with German immigration programmes, Brazil was the first country to implement colonisation projects for German immigrants. The reason for choosing Germans, Italians and others was summed up by their tradition of old peasant smallholdings and the fact that they never threatened the country's sovereignty.⁶⁰ However, German colonisation predominated in entire regions of parts of the country,

⁵⁹ See Margrit B. Krewson (1991), *Immigrants from the German-speaking countries of Europe: a selective bibliography*. Washington D.C.: Library of Congress.

⁶⁰ Additional debate on German immigration in Charles R. Haller (1993), *Across the Atlantic and beyond: the migration of German and Swiss immigrants to America*. Berwyn Heights Maryland: Heritage Books. Charles R. Haller (2000), *The ABCs of German-American migration: annotated guide to German-American migration records*. Asheville, N.C.: Money Tree Imprints.

particularly in the three southern states: Rio Grande do Sul, Santa Catarina and Paraná. Europeans occupation of large empty areas was part of Brazil's project of projecting the empire, which focused on systematic and intensive land colonisation, the setting up of smallholding, the formation of the rural middle class, increasing production of different types of food, whitening the race, providing supplies for troops involved in border wars and consolidating national borders (Rombo, 2003: 107-125).

Since the nineteenth century in Brazil and Chile, immense economic, social and political areas beyond the central government can be noted. In the context of Chilean state sovereignty, given that the country was newly independent, the consolidation of the southern border assumed an urgent nature. German colonisation in Chile and in Brazil fulfilled the same function: it populated empty regions with immigrants, making them productive, putting these regions on the national map, encouraging an agricultural model as an alternative to the existing one and attempting to reduce social inequalities through building a strong middle class.

2.4 The Triple Alliance War and the War of the Pacific: Brazilian and Chilean Positions

2.4.1 The Triple Alliance War (1864-1870)

The consequences of the Paraguayan War influenced Brazil-Chile relations during the War of the Pacific, as will be studied in the following section. The result of Brazil's most significant external conflict led to a cautious approach to subsequent explicit war alliances. Before getting into a brief analysis of the Paraguayan War, the national nature of this war should be considered since it helped consolidate the national identity of the Empire of Brazil. In contrast to Chile, the existence of the region's only monarchy did not bring with it prior discussions on national identity. The national issue in Brazil was attributed to a set of circumstances, namely ideas originating from Europe, the development of new sectors of domestic intellectual elites, the impact of the Triple Alliance War and the influence of the abolitionist movement (1880-1888).

As Salles highlights, in the context of the Empire of Brazil, the

Paraguayan War was closely related to three facts: first, the conflict occurred during the expansion of the capitalist economy – particularly British capitalism in the Platine region – although its influence was indirect. Secondly, the conflict followed a period of consolidation of the imperial government's stability. Thirdly, Brazil's government provided a series of modern technological resources for the war effort. The conflict helped to strongly consolidate the Empire of Brazil, given national scale mobilisation (Salles, 2010: 125-7).

As should be remembered, the Viceroyalty of the River Plate did not survive as a political entity after Spanish colonialism ended early in the nineteenth century, with diverse struggles occurring in the area and it being absorbed into the nations of Argentina, Uruguay, Paraguay and Bolivia.⁶¹ As opposed to the stable scenario in which the nations of Brazil and Chile emerged, the Republic of Argentina emerged in fits and starts, as well as amid internal conflicts and fights between Federals and Unitarians.

The old province of Paraguay was largely occupied by the descendants of Guaraní Indians who would not submit to the Buenos Aires' bourgeoisie. The Paraguayan people began to govern themselves in the second decade of the nineteenth century.⁶² However, the country's independence was not recognised by Buenos Aires, which reacted by attempting to stop Paraguayan commerce with the outside world. Buenos Aires blocked the Plate estuary, which was Paraguay's natural route to the sea. As a result, the Paraguayan leader José Gaspar de Francia isolated Paraguay and became its dictator.

The government expropriated lands belonging to the church and to a sector of the elite and became the main manager of production and commerce in Paraguay. The most influential clergy in Paraguay were the Jesuits. The Jesuit province of Paraguay spread over the colonial jurisdictions that became the modern nations of Brazil, Argentina, Uruguay

⁶¹ By the end of the eighteenth century, the Spanish Crown had created the Viceroyalty of the River Plate in order to deal with smuggling and violations of the colonial trade system. The idea was to give centrality to the city of Buenos Aires. Alejandro Grimson (2012), "Nation, nationalism and 'borderisation' in the Southern Cone" in Thomas M. Wilson and Hastings Donnan (eds), *A companion to border studies*. Malden: Wiley Blackwell, p. 196.

⁶² Brazil's recognition of Paraguay's independence was announced by its envoy José Antonio Pimenta Bueno on 14th September 1844. Andrew Nickson (2015), *Historical dictionary of Paraguay*. London: Rowman & Littlefield, p. 307.

and part of Bolivia (Saeger, 2007: 16). The country was formed by small landowners under the command of a visionary state administrated by Francia as a dictatorship. After Francia's death, Carlos Antonio López became president and declared Paraguay independent in 1842. His son, Francisco Solano López, came to power in 1862 after the death of his father. Solano López saw Brazil and Argentina as countries with expansionist aims, which would suffocate Paraguay in the foreseeable future. He decided to take a risk and on 11 November 1864, a Paraguayan gunboat captured the *Marquês de Olinda*, a Brazilian ship on the Paraguayan River.

The act marked the break of relations between both states. War operations were put into practice on 23 December 1864 summarized by Solano López offensive in the Brazilian state of Mato Grosso. As Fausto points out, "there is much speculation about why Solano López was moved to begin the conflict, seeing that it could bring a union against Paraguay of two old rivals, Brazil and Argentina". The fact is that Solano López might want to turn Paraguay into an active participant in regional geopolitics (Fausto, 1999: 120-3).

What in fact happened was that Brazil put Venancio Aires - the Colorado - in charge. In March 1865, Paraguay also declared war on Argentina and on 1st May 1865 the Brazilian, Argentine and Uruguayan governments signed the Triple Alliance Treaty. From Brazil's point of view, Caxias's appointment as commander of the Brazilian forces in October 1866 was important. At the beginning of 1868, Caxias also took command of the allied forces because of Presidente Mitre had been obliged to return to Buenos Aires to deal with internal matters. This meant that the Brazilian troops carried the defence almost single-handedly (*ibid*: 124).

The Triple Alliance War had undesirable consequences for both sides. Paraguay was devastated by the conflict and lost part of its territory to Brazil and Argentina. Brazil ended the war with a large public debt to Britain and it had a disastrous impact on the national economy. However, the Brazilian army emerged from the conflict with a definite form and its own aims. The war served to reinforce Brazil's national identity through the presence of a true external enemy. Chile, on the other hand, was neutral during the Paraguayan War. In diplomatic circles, some authors defended Chile's support of Brazil, although the existence of this alliance has never been explicitly proved. Before the Triple Alliance War, Paraguay was

Brazil's strongest regional ally. However, after the war, the Empire of Brazil sought to achieve strategic alliances with other countries, such as Chile. According to Canaveze, the Brazil-Chile alliance was never explicit because the Empire of Brazil decided to maintain external neutrality instead of promoting new regional alliances and counter-alliances (Canaveze, 2008: 3). Whether Chile backed Brazil or not and to what extent gains importance in the analysis of the War of the Pacific, since Brazil-Chile's 'apparent neutrality' was significant in this context.

2.4.2 The War of the Pacific

The War of the Pacific, which pitted Chile against the Peruvian-Bolivian alliance and lasted from 1879 until 1883, had a significant impact on regional geopolitics. The acquisition of the Peruvian province of Tarapacá and the Bolivian province of Antofagasta by Chile should not be underestimated, since it caused changes to the map of South American and denied Bolivia access to the ocean. The War of the Pacific is of overwhelming importance to the study of Brazil-Chile links, given the diplomatic situation between the two countries, either prior to or during the conflict. Chile's position, which attempted to neutralise Argentina activity, was important since it assured the benevolent neutrality of Brazil or even its active cooperation. One Chilean minister reminded the Emperor that Brazil and Chile could form a powerful alliance based on their common predominance in the southern regions (Burr, 2013: 56). Moreover, the War of the Pacific, showed that Brazil and Chile had a kind of political alliance, although it could not be said that they had an explicit partnership.

According to Chilean diplomatic sources, prior to the war, Brazil's intelligence operations informed Chile about the secret pact between Peru and Bolivia, establishing cooperation in a war.⁶³ Indeed, Brazil's information about building warships like the *Huascar* was important

⁶³ Chile's war with Peru and Bolivia had its origins in the severe Peruvian economic crisis, as a result of the decline of guano resources for fertilizers, combined with their mismanagement. Rory Miller (2013), *Britain and Latin America in the Nineteenth and Twentieth Centuries*. New York: Routledge. p. 64. At the end of the nineteenth century, Peru feared the ramifications of a Brazilian-Chilean alliance, given its interests in the Amazon basin on the border of Brazil. João Resende Santos (2007), *Neorealism, states, and the modern mass army*. Cambridge: Cambridge University Press, p. 163.

intelligence information for Chile at the time. The Brazilian Emperor Dom Pedro II provided vital information that was essential for creating Chilean military strategy. In this section, the isolated circumstances that help to sustain this perception of Brazil-Chile ties before and after the conflict will be explored. This episode demonstrated that enduring friendship was a crucial characteristic of their bilateral affairs. However, at present, the bilateral relationship encompasses a broader range of actors and sectors, prompting the adoption of dynamic concepts such as public diplomacy and nation branding to address the multi-faceted aspects of Brazil-Chile links (Bruit, 1985: 132).

The Paraguayan War and the War of the Pacific should be considered as the most important military conflicts in the region's history. Nevertheless, the War of the Pacific shed light on the Brazil-Chile relationship and contributed to understanding their bilateral links in the long-run. In fact, some authors argue that the War of the Pacific should not be studied as Chile's war against Peru but England's war against Peru, under which Chile served as a tool for executing English interests. Those interests were based on the ownership of nitrate companies, which had been nationalised by the Peruvian government. However, less contradictory topics existed, such as the clear interests of Chile's bourgeoisie, who sought to protect their investments in Bolivia and Peru, with the country aiming for an international monopoly on nitrate exportation.

In this way, authors such as Bruit indicate that the Chilean bourgeoisie did not, in the war, act to carry out imperative extra-national interests. He argues that Chile's participation in the war did not occur because of English diplomatic pressure, but rather because the State sought to defend its own economic interests. This means that Chile played an active role in the war to sustain its own economic goals, which, in previous years, had been concentrated in the north, first on silver exploitation, then on copper and lastly on nitrate (Bruit, 1985: 132).

The military conflict began due to the struggle between Chile and Bolivia for the Atacama Desert from 1842 onwards. The desert was unimportant during the colonial period, but emerged as a significant economic territory due to the exploitation of guano and nitrate deposits.⁶⁴ Despite Peru's

⁶⁴ The agreement of 1874 protected Chilean capitals and investments in the Bolivian Atacama. Nevertheless the decision of the Bolivian Congress in 1878 to impose new taxes

attempts to mediate in the conflict, given the secret treaty of 1873, the lack of guarantees about its neutrality contributed to the failure of the peacemaking initiative. The quickness with which the war occurred was unexpected from a Brazilian diplomacy viewpoint. The military conflict caused surprise, since Brazil thought Chile-Argentina tensions were the main problem faced by Chilean diplomacy.⁶⁵ In contrast to Brazilian diplomatic interpretations, Chile confronted Bolivia instead of Argentina, despite Chilean boundary disagreements with the former. Brazil's formal answer to the invasion of Bolivian territory in February 1879 was that the Chilean government should seek a peaceful solution to the conflict between Bolivia and Peru.⁶⁶

Brazil assumed its neutrality in the war and reaffirmed the absence of a secret treaty with Chile. Brazil's chancellery in Santiago was not indifferent to the warfare and without actually taking part offered support to avoid war. Brazil's support came later to such an extent that the conflict had already begun (Haas and Schmitter, 1994: 55-56). For the Chilean government, the peaceful solution suggested by Brazil did not apply to the current circumstances of war. Brazil's support provided the conditions for a long-term harmonious relationship between the two states.⁶⁷

Chile's chancellery insisted on asking Brazil for support in the conflict to the extent that the Chilean minister asked what Brazil's reaction would be *vis-à-vis* Argentina's support for Bolivia and Peru against Chile. Again, Brazil avoided getting explicitly involved in the conflict and did not make any public pronouncement on the war. In 1883, Brazil took a decisive step

on nitrate output caused discomfort and the subsequent occupation of the Atacama Desert by the Chilean military.

⁶⁵ Like the Triple Alliance War, the War of Pacific brought significant development in terms of network telegraph expansion and technology in general. Leonardo Ferreira (2006), *Centuries of silence: The story of Latin American journalism*. London: Greenwood, p. 104.

⁶⁶ Territorial disputes in the Atacama Desert were temporarily absent after 1826, while Bolivia and Peru attempted to form union. Initiatives were carried out between Peru and Bolivia to create a confederation which ended with the defeat of Peruvian forces at Ingavi in 1841. Ronald Bruce St John (1994), "The Bolivia-Chile-Peru dispute in the Atacama Desert", *Boundary & Territory Briefing*, vol. 1, number 6. Durham, p. 4.

⁶⁷ Bolivia was not the only country affected by the border dispute with Chile, with a War of the Desert being started by Buenos Aires in the 1870s Argentines believed that Chileans occupied large portions of Argentine land, so Buenos Aires claimed not only Patagonia but also the eastern mouth of the Strait of Magellan. William F. Sater (1990), *Chile and the United States: Empires in conflict*. Athens: The University of Georgia Press, p. 32.

towards challenging Chile's position as the leading naval power in the region and at the same time as the Peruvian diplomat made an official visit to Rio de Janeiro, Chilean diplomat José Manuel Bamaceda attempted to pressure the Argentine Congress to be able to sanction the Fierro-Sarratea pact ratified by Chile (Sondhaus, 2001: 153). This pact restricted the boundaries between Chile and Argentina.

Santiago nominated Lastarria as a plenipotenciary minister in May 1879 in Brazil and Uruguay. This minister intended to form an alliance with the Empire of Brazil, diminishing Peru's diplomatic actions while also attempting to buy a warship (Fernandez, 1959: 89-90). Therefore, the Chilean diplomat paid an official visit to Rio, seeking to form a military alliance with Brazil. From Brazil's perspective, the difficulties of the national treasury combined with economic problems as a result of the Triple War reinforced the tendency towards a peaceful approach (Reyes and Sawyer, 2016: 30-31). In this scenario, even the sale of warships could have led to the end of Brazil's neutrality, therefore this sale was cancelled and Brazil's support of Chile made itself felt in a much more implicit way.

However, the Chilean chancellery considered the presence of the minister in Rio as a symbol of the strong intelligence approach of both states. In August of that year, the Argentine Congress refused to sign the Fierro-Sarratea pact, increasing tension between the two countries. It should be remembered that Argentina was key to understanding Brazil-Chile links and the geopolitical balance relied heavily on the quality of the relationship between the three states (Shelley, 2013: 181). Chile's tensions with the neighbour caused the country to establish closer ties with Brazil. Brazil-Chile bilateral links were profoundly influenced by Argentina's separate ties to each country. A potential alliance between Argentina, Peru and Bolivia would have disastrous consequences for Chile, hence the last-ditch attempt to strengthen Chile-Brazil bilateral links.

Despite Brazil's insistence on not taking part in the Pacific conflict, the country's declaration of neutrality demands cautious analysis. The precise interpretation made by Alvaro Díaz is that:

“Brazil had neither the economic resources nor the political power to declare explicit support for its Chilean counterpart. Within the post-war scenario, Brazilian foreign policy opted to announce its neutrality. Brazil and Chile can summarise their ties

during the conflict as ‘neutralidad con preferencias’ taking into account both countries attitudes towards each other”.⁶⁸

After Chile’s occupation of the Atacama Desert, the War of the Pacific meant there was military conflict between Chile and Peru. It was almost impossible to gain Brazil’s support for the war as a strategy to lessen Argentina’s influence in the conflict, since the Brazilian Empire had internal problems, which, in fact, would lead to its end. Internal difficulties would have made achieving the consensus necessary for political support unlikely and for this reason, neutrality was the easiest and the most comfortable position to adopt. Moreover, the Triple War caused a serious deficit in public finances, as well as political instability.

The War of the Pacific was clearly economically motivated and was not, therefore, the result of deep-rooted values, but of, evident economic considerations. The military conflict occurred in an attempt to gain a monopoly over nitrate and guano. The acquisition of the provinces of Antofagasta and Tarapacá determined Chile’s international nitrate monopoly. Nitrate exports were essential for tackling the economic crisis that had existed in the country since 1874 and a new prosperous phase for the economy began (Aftalian, 2001: 100). Nevertheless, Chile had to take into account the large sums of foreign capital in the production sector in contrast to the previous model.

At the end of the 1880s, the denationalisation of the nitrate industry was a consolidated fact. The War of the Pacific is a perfect example of how economic factors exerted an influence over foreign affairs, at the same time economic circumstances encouraged diplomatic bilateral dialogue between Brazil and Chile. Given that economic aspects exert an influence over diplomacy, public diplomacy offers a broader interpretation of international relations, since it embraces the interrelated relations between different actors concerning foreign policy goals.

At the end of the War of the Pacific, four courts of arbitration were created in order to deal with European complaints about the conflict. Brazil contributed one judge to the court to analyse the complaints of the countries that had declared their neutrality in the war. The choice of the Emperor Dom

⁶⁸ Interview with Alvaro Díaz, former Chilean Ambassador to Brazil during the administration of President Michelle Bachelet. Brasília, 24 January 2013.

Pedro II as Baron Aguiar de Andrada - the ancient representative of Brazil in Santiago - reinforced the idea of a bilateral alliance between both countries (Dennison, 2006: 206-207). Although it was not formally consolidated, the alliance did have an informal and secret nature during the war.

Curiously enough, the end of the conflict led to the perception of Chile as the South American military power. Chile insisted on showing Brazil as its closest ally. From an international perspective, there were signs of the Brazil-Chile partnership on isolated occasions. For instance, the North American minister in Lima Christiancy, remembered that the houses that had the Brazilian flag outside were not burned down during Chile's occupation of Lima.⁶⁹

In practical terms, the perception of an informal alliance between Chile and Brazil was convenient for both sides. Chile's government sought to obtain Brazil's help in order to contain Argentina, preventing the latter from siding with Peru and Bolivia in the conflict. According to Chile, Argentina's association with Bolivia and Peru would have had disastrous consequences for regional geopolitics. Despite the absence of an explicit Brazil-Chile partnership, the apparent nature of the association contributed to sustaining balance in the region (Dennison, 2006: 207-208).

The situation of the Brazilian Empire discouraged the opening of new fronts for the war. The difficult economic situation produced by the Triple War did not favour the adoption of an explicit position regarding Argentina. Despite the tensions in Brazil-Argentina relations since the Triple War, the costs of military conflict did not favour any kind of participation in the War of the Pacific. In contrast, Argentina took advantage of the benefits of the new international division of labour, since meat and wheat exportations led to a prosperous economic cycle in foreign trade.

The idea of an informal alliance between Chile and Brazil was also convenient for both countries. The boundaries between Brazil and Argentina were not totally consolidated, therefore maintaining the idea that a Brazil-Chile alliance was a strategic part of foreign policy. The fact that Chile emerged from the War of the Pacific as a military power encouraged

⁶⁹ LIB em Lima. In: AHI (231/2/13). Despacho n. 17, de 1/06/1882 *apud* Santos, Luis Claudio Villafañe Gomes. "O império e as repúblicas do Pacífico: as relações do Brasil com Chile, Bolívia, Peru, Equador e Colômbia. Curitiba: UFRP, 2002, p. 145.

Brazil's interest in closer bilateral ties. However, the weakness of the Brazilian Empire did not favour the creation of stronger links with Chile and so, Brazil opted not to make their bilateral ties obvious, given the difficult economic situation *vis-à-vis* Argentina.

The study of the Brazil-Chile approach goes beyond the analysis of exclusive bilateral ties, since Argentina is important to understanding why both states were reluctant to externalise closer ties at some point. The importance of Argentina within the Brazil-Chile relationship should not be overestimated, although it does play a significant role in regional geopolitics and therefore should not be underestimated. With this in mind, we believe that the study of Brazil-Chile bilateral links needs a conceptual foundation (public diplomacy, presidential diplomacy, para-diplomacy and nation branding) and concern to be shown about the fact that Argentina is a key partner for Brazil and Chile. One of public diplomacy and nation branding's most important influences are the historical background that helps us observe the importance of strategic sectors to a particular country. For obvious reasons, historical facts are connected with the current foreign policy context.