

**POWER STRUGGLES IN THE URUGUAYAN POLICY-MAKING  
PROCESS**



**A STUDY OF THE POWER RELATIONS REVEALED BY THE DEBATE  
SURROUNDING A POTENTIAL FREE TRADE AGREEMENT WITH THE  
UNITED STATES**

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# CONTENTS

<b><u>LIST OF ABBREVIATIONS .....</u></b>	<b><u>2</u></b>
<b><u>TIMELINE OF EVENTS .....</u></b>	<b><u>3</u></b>
<b><u>ANALYTICAL FRAMEWORK.....</u></b>	<b><u>4</u></b>
<b>POWER, INFLUENCE, AUTHORITY AND INTERESTS.....</b>	<b>4</b>
<b>RESEARCHING POWER .....</b>	<b>5</b>
<b><u>NOTE.....</u></b>	<b><u>5</u></b>
<b><u>INTRODUCTION.....</u></b>	<b><u>6</u></b>
<b><u>WHO GOVERNS?: COMPOSITION OF THE EXECUTIVE AND LEGISLATIVE POWERS.</u></b>	<b><u>7</u></b>
<b><u>ACTORS AND GROUPS INVOLVED IN THE DECISION-MAKING PROCESS .....</u></b>	<b><u>9</u></b>
<b><u>REASONING BEHIND POLICY-MAKING .....</u></b>	<b><u>12</u></b>
<b><u>WHO WINS?: SUCCESS AND FAILURE OF ACTORS IN ACHIEVING THE INTENDED EFFECTS.....</u></b>	<b><u>15</u></b>
<b><u>WHO GOVERNS AND WHO WINS?.....</u></b>	<b><u>17</u></b>
<b><u>SQUARING THE CIRCLE: ALTERNATIVE ANALYTICAL FRAMEWORK .....</u></b>	<b><u>19</u></b>
<b><u>CONCLUSION.....</u></b>	<b><u>21</u></b>
<b>TABLE 1. CONSTITUTION OF THE CABINET OF MINISTERS AND PARTY/FACTION ALLEGIANCE OF MINISTERS (2006). .....</b>	<b>8</b>
<b>TABLE 2. CONSTITUTION OF THE SENATE AND PARTY/FACTION ALLEGIANCE OF SENATORS (2006).....</b>	<b>8</b>
<b>TABLE 3. CONSTITUTION OF THE CHAMBER OF REPRESENTATIVES ACCORDING TO PARTY/FACTION ALLEGIANCE (2006). .....</b>	<b>9</b>
<b>TABLE 4. PARLIAMENTARY DISCIPLINE ACCORDING TO PARTY (AVERAGE OF THE TERM).....</b>	<b>14</b>
<b>TABLE 5. ACTORS RANKED BY THE POWER INDICATORS <i>WHO GOVERNS?</i>, AND <i>WHO WINS?</i>. .....</b>	<b>18</b>
<b>TABLE 6. ACTORS RANKED BY THE INDICATORS <i>WHO HAS THE INTERESTS?</i>, AND <i>WHO WINS?</i>. .....</b>	<b>21</b>

## LIST OF ABBREVIATIONS

<b>AU</b>	Asamblea Uruguay (Uruguayan Assembly)
<b>AP</b>	Alianza Progresista (Progressive Alliance)
<b>BIT</b>	Bilateral Investment Agreement
<b>EP-FA-NM</b>	Encuentro Progresista-Frente Amplio-Nueva Mayoria (Progressive Encounter-Broad Front-New Majority)
<b>FTA</b>	Free Trade Agreement
<b>FTAA</b>	Free Trade Area of America
<b>MERCOSUR</b>	Mercado Comun del Sur (Southern Common Market)
<b>MPP</b>	Movimiento de Participacion Popular (Popular Participation Movement)
<b>NE</b>	Nuevo Espacio (New Space)
<b>PC</b>	Partido Colorado (Red Party)
<b>PCU</b>	Partido Comunista del Uruguay (Communist Party of Uruguay)
<b>PI</b>	Partido Independiente (Independent Party)
<b>PIT-CNT</b>	Plenario Intersindical de Trabajadores – Convencion Nacional de Trabajadores (Inter-unions Plenary of Workers – National Convention of Workers)
<b>PN</b>	Partido Nacional (National Party)
<b>PS</b>	Partido Socialista (Socialist Party)
<b>VA</b>	Vertiente Artiguista (Artiguista Source)

## TIMELINE OF EVENTS

<b>28<sup>th</sup> December 2005</b>	The Uruguayan Senate ratifies the Bilateral Investment Treaty (BIT) that was signed with the United States on 4 <sup>th</sup> November 2004.
<b>5<sup>th</sup> January 2006</b>	Minister of Economics and Finance, Danilo Astori, first mentions to a national newspaper his interest in signing a FTA with the US.
<b>15<sup>th</sup> March 2006</b>	Press conference given by President Hugo Chavez and President Tabaré Vázquez in Venezuela. President Vázquez touched upon the FTA issue.
<b>April 2006</b>	The Joint Commission on Trade and Investment (created 2002) is reactivated with the aim of widening, increasing, and intensifying commercial exchange between Uruguay and the US.
<b>4<sup>th</sup> May 2006</b>	President Vázquez and Minister Astori meet President George W. Bush in Washington.
<b>8<sup>th</sup> May 2006</b>	Cabinet meeting. No discussion about FTA.
<b>29<sup>th</sup> May 2006</b>	President Vázquez meets with the leaders of PIT-CNT to discuss the government's intentions regarding the FTA.
<b>22<sup>nd</sup> June 2006</b>	PIT-CNT organized a 4-hour strike that was carried out by approximately 2500 people as a protest against the potential signing of a FTA.
<b>17<sup>th</sup> July 2006</b>	Frente Amplio Plenary concluded in the rejection of the FTAA.
<b>3<sup>rd</sup> August 2006</b>	The US Senate ratifies the BIT signed with Uruguay.
<b>7<sup>th</sup> to 9<sup>th</sup> August 2006</b>	Visit to Montevideo of the commercial representative for the United States, Everett Eissenstat, to discuss the future commercial relationship between Uruguay and the US.
<b>9<sup>th</sup> August 2006</b>	Demonstration against the US and the FTA organized by the Partido Comunista and the PIT-CNT.
<b>22<sup>nd</sup> August 2006</b>	The Partido Nacional requests information from Danilo Astori, Minister of Economics and Finance, and Reinaldo Gargano, Minister of Foreign Affairs, with the aim of clarifying the Ministers' opinions regarding the FTA.
<b>12<sup>th</sup> September 2006</b>	Representatives of the PIT-CNT and other social organizations (environment, pensioners, etc.), set up the 'Commission in Defence of Sovereignty' with the aim of triggering a critical debate regarding the FTA between Uruguay and US.
<b>27<sup>th</sup> September 2006</b>	Eleven protesters burned US flags in front of the Presidential Residence as a sign of protest against the signing of a TIFA or FTA between Uruguay and the US.
<b>28<sup>th</sup> September 2006</b>	In a press conference, President Vázquez announced the rejection of a FTA through the 'fast track' procedure, and presented as an alternative further discussions regarding bilateral commerce.
<b>2<sup>nd</sup> and 4<sup>th</sup> October 2006</b>	First meeting of the Joint Commission on Trade and Investment for the negotiation of a TIFA.
<b>25<sup>th</sup> January 2007</b>	Uruguay and the United States sign a TIFA.

## ANALYTICAL FRAMEWORK

### POWER, INFLUENCE, AUTHORITY AND INTERESTS

Any systematic study of power has to be based on a specific definition of the concept since research procedures and measures are derived from definitions. An exhaustive literature review of the study of power would touch upon almost all major social and political scientists and philosophers, from Plato to Marx. When defining and studying power authors have focused on different characteristics. While a dispositional conception of power equates power with a set of capacities possessed by the agent (Hobbes 1651), a facilitative conception regards power as the means through which to attain goals (Machiavelli 1532). In both conceptions power is considered to be operational (Parsons 1963a) and relational (Lukes 1988). Furthermore, power can be classified according to the aims of its exercise. In defining power, some authors (Weber 1918; Aron 1988) focus on the gain of the high-power actor and the ability to obtain set goals<sup>1</sup>, while others (Dahl 1957; Lukes 1988) focus on the low-power actor and the way it is affected by the power wielders. Wrong's definition combines the dispositional and facilitative conceptions, and takes into account both the power wielder and the subject of that power: "Power is the capacity of some persons to produce intended and foreseen effects on others" (1979). The study that follows will regard power as the structurally influenced ability to obtain favoured payoffs in relations where interests are opposed. Power will be identified as dispositional through the study of authority, as well as facilitative by assessing the success of ego's actions and its effects upon alter.

For the purpose of this study it is also necessary to complement the concept of power with that of influence and authority. Many authors (Weber 1922; Russell 1938; Wrong 1977) have given a definition of power that encompasses influence. Others, like Parsons, regard influence alternatively as the result of the effective use of the medium power, or as a means in itself<sup>2</sup>. Authority is always associated with social positions or roles. If leadership is associated with influence, then office is with authority. Geuss (2001) further distinguishes between *de facto* and *de jure* authority<sup>3</sup>. Attempting to demarcate the concepts of influence and authority from that of power sheds light on the strong relationship between the concepts, which are either related through links of causality, or equated in the same concept (Willer, Lovaglia and Markowsky 1997). Rather than treating power as separate from authority and influence, this study will try to identify the origins of exercised power in the dynamic relations between agents who occupy a specific position in a network and affect the behaviour of other agents to different extents.

A further factor affecting the possession or exercise of power is that of ego and alter's *interests*<sup>4</sup>. Varying the extent to which interests are coincident or opposing can affect the extent to which ego exercises power over alter, or affect ego's success in achieving its goals. The distribution of interests in a network will affect the distribution of power. It will be necessary to take into account the role of 'interest groups', which will try to impose their will either through authority, influence or power, or all three combined. Power must be studied not only in its distributive form, as a scarce resource in a zero-sum game, but also as a collective quality of interest groups.

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<sup>1</sup> Weber defined power as "the chance of a man or a number of men to realize their own will in a social action even against the resistance of others" (1922)

<sup>2</sup> "Influence is a generalized mechanism of persuasion without power" (Parsons 1963b)

<sup>3</sup> While *de jure* authority is associated to a position or social status and legitimizes the use of power through law, *de facto* authority is associated with effective leadership or actual exercise of power.

<sup>4</sup> Whitmeyer defines 'interests' as the "preference an actor has for a particular outcome relative to alternative outcomes" (1999).

## RESEARCHING POWER

A formal definition of power does not explain how the concept is to be measured. In the case of power research, one is limited to using indicators of power which are arbitrarily defined by the researcher. The second half of the 20th century saw the development of methodologies for the systematic study of power in communities and states. For the study of the “Community Power Structure” (1953), Hunter applied what is called the reputational method<sup>5</sup>. This approach focused on the identification of a power elite and was taken to the national level by Mills in his work “The Power Elite” (1956)<sup>6</sup>. The power elite theory was strongly criticized by the pluralists who saw power as widely dispersed among groups and classes. Dahl (1961) measured power by looking at the ‘winners’ and ‘losers’ of the policy-making processes. While Hunter and Mills regard power as stemming from the possession of desired facilities, for Dahl it can only be identified when actors actively intervene in the political life. Domhoff attempts to combine these approaches to overcome their weaknesses by measuring power through four different indicators: *who benefits?*, *who governs?*, *who wins?*, *who stands out?*. This approach requires the identification of those in possession of the valued goods in society, the creation of a membership network to identify who occupies the positions of power, the analysis of the outcome of decision-making processes, and the application of the reputational methodology to identify who is believed to have power.

This study will combine both the pluralist and elite theory approaches. It is the study of an elite because it focuses on agents that either have *de jure* or *de facto* power. It is, however, also the study of collective and dispersed power because it looks at interest groups outside office. It will also measure power through the most widely accepted and used of the four indicators (Domhoff 2002): *who governs?* and, *who wins?*. A major reputational analysis has not been carried out mainly due to spatial and temporal constraints. By missing this indicator, this study will lack people’s definition of the power wielders. I hope to deduce this from opinion polls and newspaper articles. While very limited in scope, a reputational approach was adopted for the initial definition of those involved in the decision-making process regarding a Free Trade Agreement (FTA) between Uruguay and the United States. Informal interviews were carried out with a Senior Researcher in a Uruguayan think-tank, and with a business executive. The great overlap between the two experts justifies limiting the scope of my study to a certain number of protagonists. A first phase of analysis will define the structural position of the actors (*who governs?*) and outline their policy preferences. A second phase will focus on the success or failure of the actors in achieving their aims (*who wins?*). Through this particular study of leadership and power relations of exploratory character, I aim to investigate how policy is made in Uruguay and what this process suggests regarding the power struggles between interests and actors within and without the government apparatus.

### NOTE

- All translations from Spanish to English are my own.
- For readers unfamiliar with the Uruguayan political system see Appendix for a brief overview.

<sup>5</sup> This consists of asking people who should be informed, such as journalists, interest group leaders, business executives, to list the people they deem most influential at the time of policy decision-making. After tallying the score for each person one can compose a list of those thought to be the most powerful.

<sup>6</sup> Mills concentrated on defining the unequal power distribution in America by focusing on the over-representation of a social class, racial group, or occupational group in government. He studied power as a dispositional quality through a network analysis, which outlined the close relationship between corporate and state leaders.

## INTRODUCTION

The 2004 presidential elections marked a radical change in Uruguay's political landscape. For the first time, the leftist party Encuentro Progresista-Frente Amplio-Nueva Mayoría (EP-FA-NM) defeated the two traditional parties, Partido Colorado (PC) and Partido Nacional (PN) (*see Appendix for electoral evolution and 2004 results*), with Tabaré Vázquez obtaining 51.7% of the valid votes in the first round. As President, Vázquez enjoyed a privileged starting position counting, for the first time in forty years, with an absolute majority in Parliament. While Uruguayan institutionalized multiparty system and electoral process usually leads to coalition governments, Vázquez did not need to form inter-party government coalitions. Nevertheless, he faces the challenge of juggling the interests of the various factions united under the EP-FA-NM banner<sup>7</sup>, described by *The Economist* as “a weird and unpredictable mix of radicals and reformers, including ex-Tupamaro guerrillas, Communists and Socialists along with European-style social democrats” (2004).

The first major issue that confronted factions within the EP-FA-NM involved the potential signing of a FTA with the US. Rumors of the potential FTA struck the Uruguayan media by surprise. Starting in January 2006 and continuing even after Uruguay signed a Trade Investment Framework Agreement (TIFA) with the US a year later, articles and reports in the media allowed a heated debate to break out not only within the EP-FA-NM between its factions, but also with the opposition parties, the regional neighbors and other interest groups. The particularity of the controversy involving the FTA with the US stems from the lack of formal discussion between the key decision-makers. The debate about the benefits and costs of a FTA was opened up to all social and political groups which felt strongly about it. Contradictory views and statements ranged from arguing that a FTA was not in the President's agenda, to stating the month of its signature. On the 28<sup>th</sup> of September, President Vázquez publicly rejected the US offer of a FTA via ‘fast track’ and proposed the signing of a TIFA. The debate surrounding the finally dismissed FTA exposed the power struggles within the government apparatus and has hinted at the very real difficulties the EP-FA-NM faces when designing and carrying out a consistent public policy agenda.

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<sup>7</sup> Effective Number of Parties Index (Taagepera and Laakso 1979): Electoral ENP 2.5; Deputies ENP 2.4; Senate ENP 2.3. Effective Number of Factions in EP-FA-NM 4.5. See Appendix for ENP evolution and constitution of EP-FA-NM.



## WHO GOVERNS?: COMPOSITION OF THE EXECUTIVE AND LEGISLATIVE POWERS

By appointing all the leaders of the main factions of EP-FA-NM as Ministers, Vázquez attempted to secure a harmonious balance of power both at the level of the Executive and Legislative Powers.

**Table 1.** Constitution of the Cabinet of Ministers and party/faction allegiance of Ministers (2006).

Mariano Arana*	Minister of Housing, Territorial Organization and Environment	EP-FA-NM, VA Artiguista
Danilo Astori*	Minister of Economics and Finance	EP-FA-NM, Asamblea Uruguay
Marina Arismendi*	Minister of Social Development	EP-FA-NM, Partido Comunista
Azucena Berruti	Minister of Defence	EP-FA-NM, Partido Socialista
Eduardo Bonomi	Minister of Employment and Social Security	EP-FA-NM, MPP
Jorge Brovetto	Minister of Education and Culture	EP-FA-NM, Frente Amplio
Jose Diaz	Minister of Internal Security	EP-FA-NM, Partido Socialista
Reinaldo Gargano*	Minister of Foreign Affairs	EP-FA-NM, Partido Socialista
Jorge Lepra	Minister of Industry, Energy and Mining	Independent, Independent
Hector Lescano	Minister of Tourism and Sport	EP-FA-NM, Alianza Progresista
Jose Mujica*	Minister of Livestock, Agriculture and Fishing	EP-FA-NM, MPP
Maria Julia Munoz	Minister of Public Health	EP-FA-NM, Vertiente Artiguista
Victor Rossi	Minister of Transport and Public Works	EP-FA-NM, Alianza Progresista

\*Leader of the respective faction.

Source: Based on Data Bank of Area Política y Relaciones Internacionales, Facultad de Ciencias Sociales, Universidad de la Republica, Uruguay

**Table 2.** Constitution of the Senate and party/faction allegiance of Senators (2006).

Rodolfo Nin Novoa (President)	EP-FA-NM, Alianza Progresista
Eduardo Rios	EP-FA-NM, Alianza Progresista
Carlos Baráibar	EP-FA-NM, Asamblea Uruguay
Alberto Cid	EP-FA-NM, Asamblea Uruguay
Alberto Couriel	EP-FA-NM, MPP
Susana Dalmás	EP-FA-NM, MPP
Eleuterio Fernández Huidobro	EP-FA-NM, MPP
Leonardo Nicolini	EP-FA-NM, MPP
Jorge Saravia	EP-FA-NM, MPP
Lucia Topolanski	EP-FA-NM, MPP
Víctor Vaillant	EP-FA-NM, MPP
Rafael Michelini	EP-FA-NM, Nuevo Espacio
Eduardo Lorier	EP-FA-NM, Partido Comunista
Jose Korzeniak	EP-FA-NM, Partido Socialista
Mónica Xavier	EP-FA-NM, Partido Socialista
Margarita Percovich	EP-FA-NM, Vertiente Artiguista
Enrique Rubio	EP-FA-NM, Vertiente Artiguista
<b>Total</b>	

<b>EP-FA-NM</b>	<b>17 seats, 54.8% of the Senate</b>
Asamblea Uruguay	2 seats, 6.5% of the Senate
Alianza Progresista	2 seats, 6.5% of the Senate
MPP	7 seats, 22.6% of the Senate
Nuevo Espacio	1 seat, 3.2% of the Senate
Partido Comunista	1 seat, 3.2% of the Senate
Partido Socialista	2 seats, 6.5% of the Senate
Vertiente Artiguista	2 seats, 6.5% of the Senate
Sergio Abreu	Partido Nacional
Enrique Antía	Partido Nacional
Eber Da Rosa	Partido Nacional
Francisco Gallinal	Partido Nacional
Luis Alberto Heber	Partido Nacional
Gustavo Lapaz	Partido Nacional
Julio Lara	Partido Nacional
Jorge Larrañaga	Partido Nacional
Ruperto Long	Partido Nacional
Carlos Moreira	Partido Nacional
Gustavo Penadés	Partido Nacional
<b>Total</b>	<b>11 seats, 35.5% of the Senate</b>
Isaac Alfie	Partido Colorado
Juan Justo Amaro	Partido Colorado
Julio María Sanguinetti	Partido Colorado
<b>Total</b>	<b>3 seats, 9.7% of the Senate</b>

Source: Based on Data Bank of Area Política y Relaciones Internacionales, Facultad de Ciencias Sociales, Universidad de la Republica, Uruguay.

**Table 3.** Constitution of the Chamber of Representatives according to party/faction allegiance (2006).

<b>Party/Faction</b>	<b>Number of Seats</b>	<b>% of the Chamber</b>
<b>Total</b>		
EP-FA-NM	52	52.5
Asamblea Uruguay	8	8.1
Alianza Progresista	3	3
MPP	21	21.2
Nuevo Espacio	3	3
Partido Comunista	1	1
Partido Socialista	10	10.1
Vertiente Artiguista	4	4
Other	2	2
Partido Nacional	36	36.4
Partido Colorado	10	10.1
Partido Independiente	1	1

Source: Based on Data Bank of Area Política y Relaciones Internacionales, Facultad de Ciencias Sociales, Universidad de la Republica, Uruguay.



## ACTORS AND GROUPS INVOLVED IN THE DECISION-MAKING PROCESS

### PRESIDENT TABARÉ VÁZQUEZ

Vázquez's attitude was characterized by a constant "zigzagging" (Bottinelli 2006). Whether this was a strategy to let the discussion run its course without having to commit himself to one position, or whether the matter got out of hand is debatable. In a joint press conference with President Chavez (March 2006), Vázquez clarified "a FTA with the United States is not in the agenda of the Uruguayan government" (Presidency 2006a). He spoke against the "developed, powerful, rich countries" that took advantage of the "small countries [...] that opened their doors and windows", and finally concluded, "How are we supposed to sign a FTA like this? Where is the free trade here?" (Idem.). When commenting on the possibility of a FTA two months later, he explained that negotiations between the two countries regarding a commercial intensification had started and "if they result in a FTA, then it will be a FTA" (Observa 2006a). With reference to MERCOSUR Vázquez urged for "more and better MERCOSUR" (Idem.). Basing his argument on Uruguay's FTA with Mexico, Vázquez was "optimistic that Uruguay could receive an authorization of the MERCOSUR members allowing a FTA with the US" (Observa 2006b). In a conference organized by the Uruguayan-American chamber of commerce, Vázquez warned "sometimes the train only comes once" (Presidency 2006b). This comment was quickly taken to imply Vázquez support to the FTA. On the 28<sup>th</sup> of September, after rejecting the US offer of a FTA via 'fast track' because "it would not leave enough time to seriously assess the proposal in depth", Vázquez explained, "we reject this proposal, but we do not end the negotiations" (Presidency 2006a).

### MINISTER OF ECONOMICS AND FINANCE AND LEADER OF ASAMBLEA URUGUAY, DANILO ASTORI

The Economist described Astori as "a moderate in the mould of Chile's ruling centre-left coalition" (2007). Astori first manifested his interest, sparking the polemic debate, when he explained "it would be good for Uruguay to develop a balanced strategy towards the world; one that allows Uruguay to remain related to the region but that also opens up new possibilities outside" (January 2006) (El País 2006c). He urged for a thorough discussion of the issue by explaining "we should not argue whether one is in favour or against the agreement, but rather discuss its content, because the former would be taking an a priori stand that frequently leads to incorrect decisions, that are embedded in dogmatism" (Presidency 2006c). This comment was aimed at those within the EP-FA-NM party that rejected the FTA on anti-imperialist grounds. "The worst that could happen to Uruguay is to decide that this matter is not under debate", Astori stated and added, "I am sure no one in the EP-FA-NM is unwilling to discuss a matter as important as this one, whatever their attitude towards it" (Idem.). While he saw the decision to reject the 'fast track' offer as a "prudent decision, very much in sync with the national interest" (Presidency 2006d), he does not rule out a future Uruguay-US FTA even though it is not in the programme of the EP-FA-NM. "Political programmes are not eternal, rather, they should be sufficiently flexible to take into account the changes of reality," explained Astori (Presidency 2006c).

MINISTER OF FOREIGN AFFAIRS AND LEADER OF PARTIDO SOCIALISTA, REINALDO GARGANO

A day after Astori's first statement regarding a FTA, Gargano clarified, "*there is no governmental initiative aimed at achieving a FTA with the US*"(El Pais 2006d). Gargano explained he was "*not against the US because of ideological reasons*", but because the FTA "*ruled out 300 'sensible' products that Uruguay would not be able to export*"(Observa 2006). Regarding the official position of EP-FA-NM, Gargano explained it was already defined in the party's manifesto ("*We reject the FTAA project and any potential bilateral trade agreement with the US conceived according to this framework*"(Grandes Lineas Programaticas)) and that "*there is nothing to be changed*"(El Pais 2006e). In repeated occasions, Gargano emphasized a FTA was "*not under discussion*" and confirmed "*Uruguayan commitment with MERCOSUR*"(El Pais 2006d). Gargano pursued the President's metaphor when he commented that while "*the train may only come once, there are people that place themselves in front of it and are run over*"(La Republica 2006a).

#### OTHER FACTIONS WITHIN EP-FA-NM

Factions within the EP-FA-NM had different opinions regarding the FTA. Asamblea Uruguay (AU), Alianza Progresista (AP) and Nuevo Espacio (NE) appeared to be in favour. While Astori was straightforward with his support, others manifested it by not criticizing the trade negotiation with the US. Nin Novoa, Vice-President and leader of AP, was optimistic that TIFA negotiations "*might well end in a FTA*"(Presidency 2006e). Mujica, leader of MPP, favoured a pragmatic approach, arguing Uruguay should "*negotiate with the US and Iran and Libya*" and that "*it is necessary to separate free trade from politics or from what I like or dislike. Good sales are part of good work*"(El Pais 2006f). However, as the debate progressed his attitude became more critical of the FTA. While the Board of Directors of Vertiente Artiguista (VA) explained "*the FTA with the US was not in the agenda of EP-FA-NM*"(El Pais 2006j), the legislator of VA, Bentancor, declared "*Uruguay should maintain international and commercial relations as broad as possible, not only with the countries in the region*"(La Republica 2006b). The Partido Socialista (PS) published a resolution stating it "*would back the actions of Chancellor Gargano*", and "*would reaffirm its commitment to regional integration as a pillar of our foreign politic*"(El Pais 2006f). Lorier, Senator for the Partido Comunista (PCU), condemned the "*imperialist country's program for the whole of Latin America*" by arguing it would "*limit our sovereignty, and any possibility to develop with some degree of autonomy a popular and democratic conception of a national country*"(Observa 2006d). PCU also contributed to the organization of some demonstrations against the agreement. The leader of the Movimiento 26 de Marzo, Rubio, accused President Vázquez of "*ignoring historical concerns of the left for the sake of aligning himself with the policies put forward by Washington*"(Observa 2006e).

#### OPPOSITION/TRADITIONAL PARTIES

The PC and PN showed a unified front in favour of a FTA with the US. Former President Batlle emphasized the need to pursue a FTA, because "*there is no other way*"(Observa 2006f). The decision to sign the TIFA was for him "*absurd, since it meant the end of all negotiations with the US*"(Observa 2006g). Batlle concluded that what succeeded with the rejection of the FTA was "*the EP-FA-NM thesis, this means: nothing with the US, nothing with the IMF, nothing related to open markets and nothing outside MERCOSUR*"(Idem.).

#### PIT-CNT, CENTRAL LABOUR UNION

From the very beginning, the central labour union was against the FTA. *“We don’t want a FTA because it jeopardizes the sovereignty of the country”*, said union leader Castillo. A commission set up by the Cuesta-Duarte institute<sup>8</sup> to analyze in depth the implications of a FTA concluded it would be a mistake for Uruguay to sign one. Leaders of the PIT-CNT also complained about the President being *“confusing”* and *“contradicting himself permanently; first he says yes, then it’s no”*(Observa 2006i). Abdala, a member of the Executive board of PIT-CNT, further explained that a FTA with *“the centers of capitalism”* would be *“disastrous from the perspective of a development strategy based on the region”*(El Pais 2006g). The trade union, together with other social and political associations, organized numerous demonstrations against the FTA with a strong anti-American rhetoric.

#### MERCOSUR, REGIONAL COMMITMENT

The legislation of MERCOSUR clearly states, all bilateral negotiations involving trade issues with any member of the bloc need to be done in conjunction with the rest of the members. In January 2006, Amorim, Brazil’s chancellor, explained *“Uruguay would have to leave MERCOSUR if it negotiated with the US unilaterally”*(El Pais 2006g). Some weeks later, however, the members of MERCOSUR gave Uruguay permission to negotiate with the US explaining: *“If between Argentina and Brazil we cannot give Uruguay what it needs, it is not wrong that they sign an agreement with the US”*(El Pais 2006h). With the official approval of the members of MERCOSUR, the issue regarding the interests of the region became ideological rather than real since it came to represent the degree of commitment to the region. At no point during the year of negotiations was it seriously proposed to leave MERCOSUR.

#### CITIZENS: PUBLIC OPINION

A public opinion poll carried out by Equipos MORI (*see Appendix*) in February 2006 determined that 57% of Uruguayans were in favour of a FTA with the US. The rate of approval varied according to party affiliation with 67 and 65% of voters of PC and PN respectively and 47% of EP-FA-NM voters supporting the agreement. The highest rate of approval (59%) was found among the more moderate factions of EP-FA-NM (AU,VA,AP,NE), while 36% of the voters of MPP and PS, and 60% of those of the more radical factions (PCU, Movimiento 26 de Marzo) rejected the FTA.

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<sup>8</sup> An institute founded by PIT-CNT to study matters of social and political policy.



## REASONING BEHIND POLICY-MAKING

In the last instance, the decision to sign a TIFA instead of a FTA was taken by Vázquez, who stated “*decisions had to be made these last days and I assumed all responsibility [...] Uruguay is not going to sign a FTA with the US*” (El País 2006b). To define the power relations affecting the policy-making process it will be necessary to analyse what Vázquez envisioned before taking a decision.

There is enough evidence to suggest that Vazquez was not completely against the agreement. Otherwise, discussions surrounding the topic would have never gone as far<sup>9</sup> nor would the President have urged the Ministers to “*open their heads to the discussion*” (El País 2006i). Furthermore, in February 2006, a majority of the population thought Vázquez was in favour of the agreement (Equipos MORI). It is possible that an analysis such as this is unnecessary and that Vázquez’s negative resulted from a detailed analysis of the implications of a FTA on the Uruguayan economy. However objective the nature of such analysis, it would be unrealistic to neglect the influence the controversy regarding the FTA within the EP-FA-NM must have had on the President’s decision. If we assume the President was not against it from the beginning and that, following a common pattern in politics, he took into account his interests as President and those of the actors and groups surrounding him, then we could hypothesize Vázquez’s motives for rejecting a FTA. Following a rational choice approach (with all the limitations that this implies) we could attempt at defining the costs and benefits for the President of approving and rejecting a FTA.

The acceptance of trade policies has to follow a formal procedure (*see Appendix*). From the fourteen people constituting the Executive Power we could predict that at least five (Vázquez, Astori, Lepra, Lescano, Rossi) would have voted in favour of a FTA. From the remaining nine, four (Arismendi, Berrutti, Diaz, Gargano) would have voted against it. Mujica and Bonomi would have voted in favour in the first months of the negotiations, but maybe against later on. The votes of Arana, Munoz and Brovetto are uncertain. If Vázquez had openly backed the FTA he would have probably achieved the approval of the Cabinet of Ministers in the first months of the negotiations.

The signed agreement would have had to be ratified by an absolute majority in both Chambers of the Legislative Power. The number of voters and the lack of detailed information about their preferences make voting behaviour harder to predict. However tentative, we could base our suppositions on historical trends of party discipline (*see Table 4*).

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<sup>9</sup> There is evidence of issues for which the President emphatically stood up against in the past. For example: as a staunch opponent of legalizing abortion in Uruguay, President Vázquez repeated in various occasions that he would veto any initiative presented by the Legislative Power.

**Table 4** Parliamentary discipline according to party (average of the term).

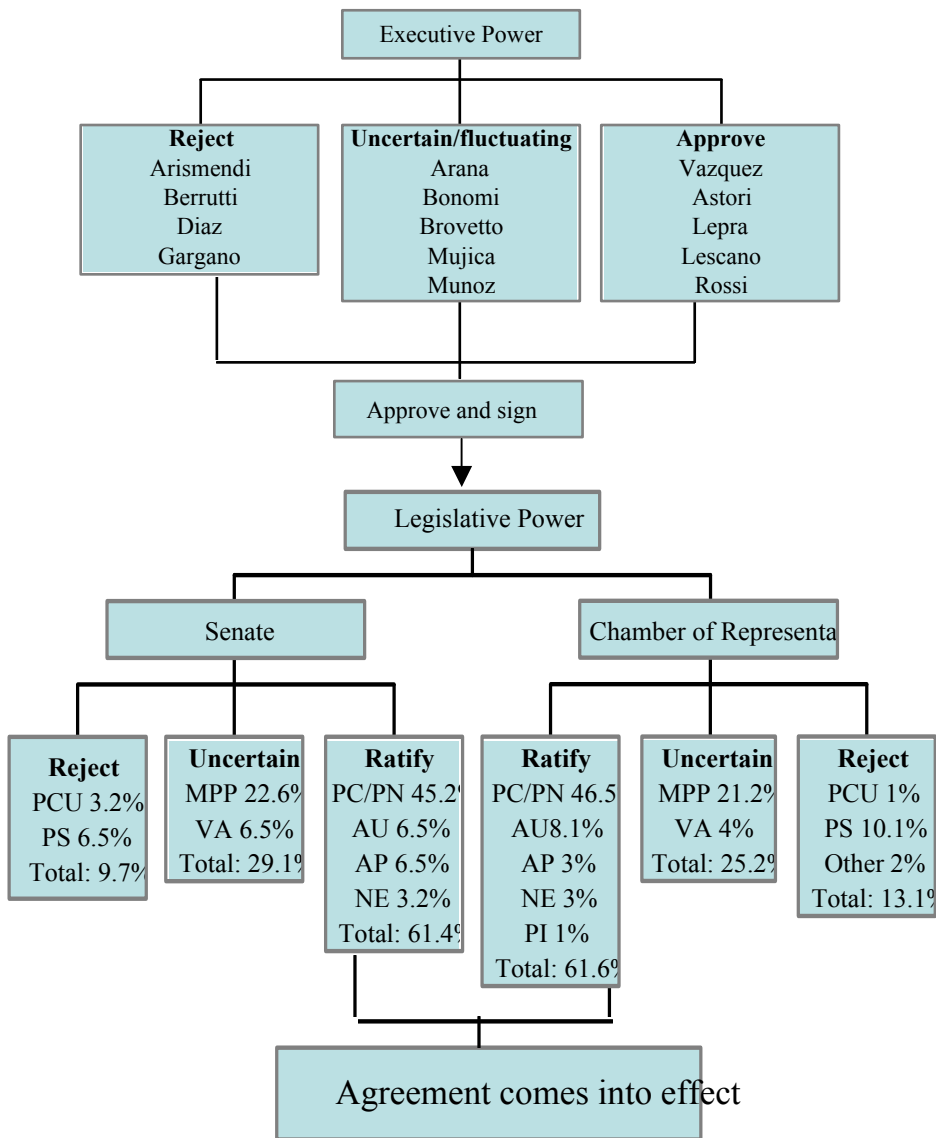
<b>Rice Index</b>	<b>1985-90</b>	<b>1990-95</b>	<b>1995-00</b>	<b>2000-05</b>	<b>Average</b>
EP-FA-NM	100	100	92	96	97
Partido Colorado	91	87	99	100	94
Partido Nacional	94	90	99	94	94

Source: Buquet and Chasquetti (2005)

The EP-FA-NM has been the most disciplined party. This could be a consequence of the need to act as a homogenous group to resist the initiatives of the traditional parties. In the case of the FTA decision, party discipline cannot be defined because, while there is *de jure*, there is no *de facto* party stand but rather each faction has its own view. With all major faction leaders represented in the Executive Power, and supposing faction allegiance is maintained by all legislators<sup>10</sup>, a FTA agreement would have been ratified by at least 61.4% of the Senate and 61.6% of the Chamber of Deputies (*see Figure 1*).

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<sup>10</sup> Due to the authority of the faction leaders to nominate candidates for their respective lists, legislators not only are used to being disciplined but also have strong incentives to follow the line of the faction leader.



**Figure 1.** Hypothetical policy outcome regarding the FTA.

If the risk of depending upon party allegiance was considered too high, Vázquez could have organized a referendum<sup>11</sup>. According to the Equipos MORI opinion poll (February 2006) cited above, a FTA would have been approved by 57% of Uruguayans (*see Appendix*).

If we assume Vázquez was not completely against the FTA, why did he ultimately decide not to sign one? In order to answer this question, which seeks to define the power struggles affecting the policy-making process, we must look at the way in which Vázquez’s decision determined the success of some actors over others.

<sup>11</sup> 25% of potential voters can reject or ratify a law.



## **WHO WINS?: SUCCESS AND FAILURE OF ACTORS IN ACHIEVING THE INTENDED EFFECTS**

Based on the *who wins?* indicator we can define those with power in the FTA decision-making process, as those actors or groups that achieved their initial aim with the decision not to sign the agreement. While most actors and groups claimed to have won in one way or another, their conflicting attitudes regarding the FTA make it hard to believe this was so.

### **PRESIDENT VÁZQUEZ**

Because of the ambiguity of Vázquez's performance during the deliberation stage it is complicated to measure his success. In early 2006, Vázquez appeared to step back and allow anyone who felt strongly about the issue to participate in the debate. The arising controversy challenged the unity of the leftist party and as a consequence the source of his power. He regained control of the Cabinet of Ministers when he announced "*as a result of the controversies present in the core of the government regarding the exploratory commercial negotiations with the US, the President of the Republic declares himself the only official spokesman regarding that matter*" (El País 2006a), and when he made the decision to reject the FTA. As a consequence of his cautious or undecided attitude towards the FTA, the final decision cannot be regarded as a complete victory or a complete loss for Vázquez.

### **MINISTER ASTORI**

Astori was committed to achieving a FTA with the US. As the main defender of a FTA, Astori was also seen as the main loser as it was argued "*his line had lost against Gargano's group*" (Presidency 2006d). Astori, however, remained the second most popular minister (*see Appendix*). His power might even have increased amongst those that support his moderate politics, such as the opposition. Although he might still be optimistic that negotiations with the US will ultimately lead to a FTA, he did not achieve his aim in 2006.

### **MINISTER GARGANO**

Like Astori, Gargano occupied a powerful position for influencing, if not determining, trade policy. He fully achieved his aim of rejecting a FTA under the offered conditions. Not only did Gargano succeed through the rejection of the FTA, but also because, in the debate, he embodied the power of all those against the FTA. As the person against the agreement occupying the highest office, Gargano became the spokesperson, not only of his faction, but of those group not represented in the Cabinet of Ministers that, for one reason or another, were against the FTA.

#### OTHER FACTIONS WITHIN EP-FA-NM

While the MPP and VA did not play a decisive role during the negotiations, both had by the second half of 2006 manifested a moderate disagreement with the FTA. Mujica, the leader of the most popular faction within the EP-FA-NM, had the power to tilt the debate either way but acted as the fulcrum of the party by limiting his involvement and thus securing a limited victory. AP suffered the same fate as AU but to a lesser degree, because their support for the FTA had been more cautious. For PS and PCU the rejection of the agreement was a success.

#### OPPOSITION/TRADITIONAL PARTIES

For the opposition, as stated by Batlle, “*President Vázquez suffered a political defeat within his own collectivity*”(Observa 2006g). Dismissing this unique opportunity was regarded as a terrible mistake, and as such the defeat was allotted to the government. Nevertheless, the traditional parties did not achieve their aims.

#### PIT-CNT

As the group outside the government apparatus that was most involved, the central trade union achieved the effect it intended through the demonstrations and protests and “*celebrated as a victory the rejection of a FTA*”(Observa 2006h). Those with anti-imperialist views saw the signing of the TIFA as a minor defeat.

#### MERCOSUR

The rejection of the Uruguay-US FTA was not a success or defeat for the members of MERCOSUR. The importance of MERCOSUR was reasserted unanimously by all leaders, and for those who opposed regional to international integration, the rejection of the FTA emphasized Uruguay’s commitment to MERCOSUR.

#### CITIZENS

According to the opinion poll cited above, the factions/parties whose voters supported the FTA represented approximately 70% of the total electorate in the presidential elections 2004. The electoral weight of the factions/parties that opposed the agreement was ten times less, 7%. If we base our argument on this information, the citizens’ desires seem to have been ignored in this instance. Unlike PIT-CNT, the general public lacks an “organizational base for making direct contact with legislators, which makes it very hard for people to formulate and express opinions on complex and detailed legislation”(Domhoff 2002).



### WHO GOVERNS AND WHO WINS?

After analyzing the two chosen indicators (*who governs?* and *who wins?*) separately it is necessary to combine the conclusions drawn from each to create a more complete picture of the exercise of power.

**Table 5.** Actors ranked by the power indicators *who governs?*, and *who wins?*.

Power*	Who governs? **	Who wins? ***
High	President Vázquez Minister Astori/Asamblea Uruguay Minister Gargano/Partido Socialista Minister Mujica/MPP	Minister Gargano/Partido Socialista PIT-CNT Partido Comunista Factions of the radical left
Intermediate	Traditional parties Other factions of EP-FA-NM MERCOSUR <sup>12</sup>	President Vázquez Minister Mujica/MPP Vertiente Artiguista Alianza Progresista MERCOSUR
Low	PIT-CNT Citizens	Minister Astori/Asamblea Uruguay Traditional Parties Citizens

\*Degree to which the actor possesses what is most valued by each indicator.

\*\*Based on the position of the actors within the governmental apparatus.

\*\*\*Based on the success of the actors in achieving desired aims.

As Table 5 shows, the actors tend to present different levels of power according to each indicator. The inconsistency between the degrees of power allotted to each actor according to each indicator sheds light on the limitations of this methodology, especially in this study where the two other indicators (*who benefits?* *who stands out?*) have been omitted. It would not be possible to predict the power of an actor, defined as its ability to achieve intended effects, from its *de jure* authority. While the inconsistencies between the power indicators might undermine the predictive power of this approach, they also demand more complex explanations. Such indicators can obscure how actors outside government might exercise influence<sup>13</sup>. When analyzing power relations by looking only at static structural positions or definitive outcomes, we neglect the ties between the first and second indicator. It is in the policy-making process that these inconsistencies are produced and where the power struggles take place. Unfortunately, a study of this process would require extensive investigation and will be, in most if not all cases, incomplete because of the inaccessibility of back-channel negotiations.

I will suggest, however, that the power indicators measured in this study can be complemented in such a way as to put forward a consistent measure of power which takes

<sup>12</sup> While MERCOSUR is not part of the government, its constitution regulates to a certain extent Urugayan trade policy.

<sup>13</sup> For example, they ignore the citizens' power as the electoral force or the trade unions' mobilization power.

into account the particularities of each decision-making instance. While the degree of power of actors according to the office they occupy will tend to remain stable throughout a presidential term, the degree of power as determined by the success in policy-influencing will vary according to the particular matter being debated. For a study of the decision-making process regarding the FTA it is thus necessary to focus especially on the distribution of power according to the second indicator and on what this reveals about the power struggles at play during the policy-making process.



## SQUARING THE CIRCLE: ALTERNATIVE ANALYTICAL FRAMEWORK

An analysis of the distribution of actors according to the *who wins?* indicator suggests that while the divisions do not correspond to an occupation of office, the actors occupying the same category of power seem to share the same or similar interests, what Whitmeyer calls ‘interest coincidence’ (1999). While the *who governs?* indicator situates Gargano and PIT-CNT at the two ends of the scale, they share a category in the second indicator together with PCU and other radical factions. All these groups are closely related both through actors and interests<sup>14</sup>. Interest coincidence can be identified also between those in favour of the agreement<sup>15</sup>. In the intermediate category are those actors that neither supported nor opposed the agreement openly and emphatically. By doing so, some attempted to juggle opposed interests (Vázquez at the level of EP-FA-NM, and Mujica at the level of the faction and party), and others to reconcile the interests taken to the extreme by the above mentioned interest groups.

Whitmeyer (1999) calls the distribution of interests among network members the ‘*interest structure*’. According to Whitmeyer, the “power ranking of actors varies according to the structure of interest coincidence for a given network structure”. In this case, the interest groups at the higher and lower categories of the *who wins?* indicator were composed in similar fashion: a member in a higher government position (Astori/Gargano), support by some parties/factions (PC,PN,AP/PS,PCU), and by non-governmental groups or individuals (public opinion/trade union, pensioners and environmental groups). Organizing the actors into interest groups, however, is useless unless we determine which and whose interests tend to be prioritized by the President, who in last instance takes the decisions. Similar to the *who benefits?*<sup>16</sup> indicator omitted in this study, we could measure power through the possession by an actor of those interests that are most valued, this time not within society, but rather by the party in government.

The ambiguity of Vázquez’s attitude towards a FTA with the US makes it difficult to establish the interests he would respond to the most. More generally, we could look for them in the EP-FA-NM manifesto. This document describes the US as an “*imperialist power*” that has the “*intention to dominate and achieve global hegemony*” and proposes “*an investment in the region and the reinforcement of MERCOSUR*”(Grandes Lineamientos Programáticos). The strong opposition of some voters of EP-FA-NM to the FTA can be explained by the

<sup>14</sup> Gargano’s PS and PIT-CNT organized together some of the demonstrations against the agreement. Of the fourteen members of the Executive of PIT-CNT, fourteen belong to EP-FA-NM, five belong to ‘Grupo Pluna’ which tends to be more supportive of the President, four to the PCU, two to MPP, two to the PS, and one to the radical left group, PVP. On the other hand, people occupying positions in government have close ties to the trade unions. For example Gargano was co-founder of the National Workers Convention (CNT), Secretary General of the Federation of University Students (FEUU), and Secretary General and President of the Association of Judicial Workers of Uruguay. Also amongst others, the PCU leader, Arismendi, belonged to the Executive board of different trade unions including the Uruguayan Federation of Teachers (FUM) and participated as a delegate in the general PIT-CNT congresses.

<sup>15</sup> AU is the faction situated most to the right in an ideological scale (Buquet and Chasquetti 2005). The percentage of its voters in favour of the agreement is also closest to the percentage of those that vote the traditional parties.

<sup>16</sup> The powerful are those who have the most of what people want.

emphasis laid by the party manifesto on the ideological differences with the US. Domhoff argues public opinion can be shaped in foreign and ignored in domestic economic issues (2002). While the Uruguay-US FTA was in theory a matter of international economics, it involved for many that opposed it, a highly charged ideological dimension, which served to strengthen the conviction against it and decrease Vázquez power to shape public opinion. Vázquez would not only regard the compatibility of the interests with the party line, but also the party allegiance of those that hold those interests. While 70% of the electorate belonged to parties or factions that supported the agreement, only 42% of the voters of EP-FA-NE did (Equipos MORI). For the President the views of his electorate will carry greater weight, since they are the ones he made promises to and on whom his party depends for a reelection. The President will have higher incentives to pay special attention to those interests compatible to the line of his party and to those of his party's electorate.

**Table 6.** Actors ranked by the indicators *who has the interests?*, and *who wins?*.

Power	Who has the interests?*	Who wins?
High	Minister Gargano/Partido Socialista PIT-CNT Other factions of EP-FA-NM	Minister Gargano/Partido Socialista PIT-CNT Partido Comunista Factions of the radical left
Intermediate	President Vázquez Minister Mujica/MPP MERCOSUR	President Vázquez Minister Mujica/MPP Vertiente Artiguista Alianza Progresista MERCOSUR
Low	Minister Astori/Asamblea Uruguay Traditional parties Citizens	Minister Astori/Asamblea Uruguay Traditional Parties Citizens

\*Based on the possession by the actor of the interests valued by the President and party.

Based on this, we could hypothesize why Vázquez ultimately decided to reject the agreement. While we suppose Vázquez could have successfully put forward a FTA with the US, the costs for his party and him as President with half a term to go would have been much higher than the benefits because it would have implied a formal confrontation between factions of the same party with different interests. The first alternative (signing by the Executive and consequent ratifying by the Legislative) would have represented a direct defiance of a significant sector of his party, which would not only erode intra-party relations but would also polarize the more radical groups of the left. It would also require a coalition with the traditional parties, which would be condemned by the EP-FA-NM electorate and undermine EP-FA-NM's cohesion in Parliament. Furthermore, Vázquez could have been humiliated in the eyes of the world and especially MERCOSUR if the Executive approved a FTA but the Legislative did. The second alternative (popular referendum), aimed at avoiding a break in EP-FA-NM party unity by putting the decision in the hands of 'the people'. Vázquez could, however, be accused by the Legislative of bypassing their authority and, again, this could weaken EP-FA-NM's internal cohesion. A referendum would also politicize the matter further by provoking electoral campaigns and triggering the active opposition of voters of the party against their own party, such as PIT-CNT. Mass demonstrations could not only destabilize the peaceful situation of the country, but could also influence the results of previous opinion polls<sup>17</sup>, not to mention undermine the power of Vázquez and reinforce that of radical factions.

<sup>17</sup> The opinion-shaping network achieves its clearest expression and greatest success in the area of foreign policy, where most people have little information or interest, and are predisposed to agree with top leaders out of patriotism and a fear of whatever is strange or foreign (Domhoff 2002).



## CONCLUSION

The debate surrounding a Uruguay-US FTA illustrates the complexity of policy-making for a government dealing not only with the opposition and interest groups, but also with a factionalized party. Tsebelis (1995) argues, the number of laws passed in a country is inversely related to the number of parties in government, the ideological distance between them, and their internal cohesion. In the Uruguayan case, the number of parties in government and their ideological distance are not especially prone to complicate the policy-making process<sup>18</sup>. Internal cohesion, however, defined as the similarity of policy positions of the veto players<sup>19</sup>, is deteriorating within the ruling party. With the increasing level of ideological polarization, any decision the president makes will inevitably prioritize a set of interests over others. The selection of a certain type of policy outcome and interests will be equivalent with the selection of certain groups and actors. The decision to sign a TIFA instead of a FTA constituted a conciliatory measure, in that it allowed opposing interests to claim success, while remaining loyal to their initial argument. With the post-election ‘honeymoon’ being over and the pre-election ‘surge’ still distant, however, the conflict between the factions within EP-FA-NM will tend to increase, thus further undermining the internal cohesion of the ruling party and the privileges derived from its majority in Parliament. The president will have to choose between uncontroversial and inconsistent policies that tend to maintain the status quo, and the polarization of the factions within the left resulting in the reorganization of coalitions. Rather than coalitions based on office or party allegiance, we might find inter-party temporary coalitions created for the purpose of pursuing a specific aim, what Schneider (2005) calls ‘policy coalitions’.

As this study attempts to show through the analysis of a specific policy-making instance, the study of power relations in Uruguayan politics cannot be reduced to the study of *de jure* authority nor to that of policy outcomes. As a consequence of the organization of actors into interest groups which include both institutional and partisan veto-players, the exercise of power cannot be allotted to a single individual but rather to that which unites many into a collective actor. In the case of the FTA, we can appreciate how interest groups can channel their demands through political factions creating informal channels of interest representation. Since political decisions do not depend solely on the political institutions but mainly on the transaction-cost of each policy under debate, a study of power relations in policy making will have to determine the set of political and social actors involved, divide them into interest groups and assess the costs and benefits for those in government of selecting a set of interests over another. Aspects of the decision-making process remain, however, hidden in back channels and unavailable through the methodology applied in this study. The current inconsistencies and divergent preferences within the ruling party do not allow us to generalize who has power in government, but rather suggest that the power struggles affecting the dynamics of policy making are inextricably linked to the matter under discussion. Further studies would benefit from comparing different policy-making instances by applying all four

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<sup>18</sup> There are less parties in government than in the past four presidential terms and the ideological distance both between parties and within factions of EP-FA-NM is less than that presented by the governments of Brazil and Chile (Buquet and Chasquetti, 2005)

<sup>19</sup> “A veto player is an individual or collective actor whose agreement is required for a change in policy.” (Tsebelis, 1995)

power indicators used by Domhoff (2002) and taking into account the interest network structure as defined by Whitmeyer (1999).

## APPENDIX

### BRIEF OVERVIEW OF URUGUAYAN POLITICS

#### ELECTORAL PROCESS

Since 1996, after a constitutional reform, the President and Vice-President are elected for a five-year term with no reelection by majority runoff. Apart from voting for the President, the first round determines the composition of the bicameral Congress. In the same vote citizens support a presidential candidate and a Vice-President, a list of candidates for the Senate and one for the lower chamber. While a party can present only one candidate for the Presidency and one for the Vice-Presidency, the factions within a party may present different lists of candidates for the Senate and lower chamber. Seats in both chambers are allocated proportionally to the amount of votes received. The Senate has 30 members elected in a single national district plus the vice-president. The chamber of Representatives has 99 members elected in 19 multimember electoral districts. Once in power, after achieving an absolute majority in the first or second round, the President selects the Cabinet of Ministers. Each of the 13 Ministers is in charge of one area of governmental concerns and, together with the President, forms the Executive Power.

#### TRADE POLICY

Trade policy is in the hands of the Ministry of Economics and Finance and the Ministry of Foreign Affairs. While the Minister of Economics and Finance tends to define the country's unilateral trade policy, the Minister of Foreign Affairs tends to negotiate trade agreements in the international ambit. The development of trade policies is dependent on the President and the Ministers he chooses to consult. Resolutions are voted by the 13 Ministers and the President, all votes being equal in value unless there is a draw, in which case the Presidential vote would decide. Any agreed policy or signed agreement needs to be ratified by a majority in the Senate and the lower Chamber (*see Figure i*).

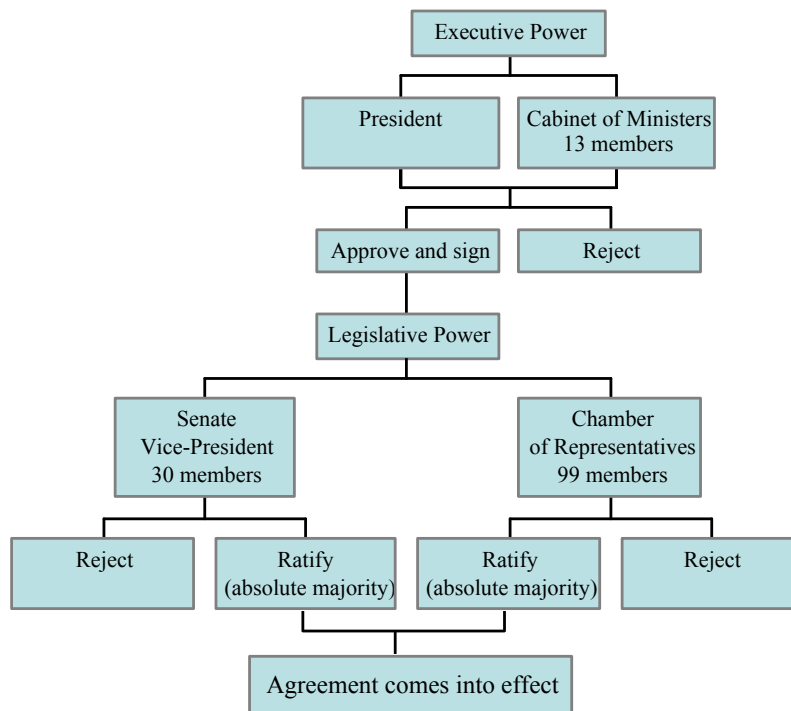


Figure ii Formal policy-making process.

## **THE URUGUAYAN PARTY SYSTEM**

Two political parties have dominated the scene since the country's origin: the Partido Colorado (PC) and the Partido Nacional (PN). Both formed in 1836, they have thenceforth fought each other in civil wars and political campaigns, but have also made power-sharing arrangements that allowed both to participate in national and local political life and to exclude minor political actors. Until 1971, the two major political parties combined received about 90% of the votes in every election. The formation of the Frente Amplio (FA), a coalition of members of the Partido Comunista, Partido Socialista, Christian Democrats, and other groups of the left, as well as some factions of the traditional parties (Senatore and Yaffe 2005), transformed the political format into a multiparty system. In 1989 the left split in two resulting in the formation of a fourth party Nuevo Espacio, which is now, however, on the verge of extinction. In the 2004 FA, under the banner Encuentro Progresista – Frente Amplio – Nueva Mayoria (EP-FA-NM) won the presidential elections. Uruguayan parties are very fragmented into numerous internally competing factions. Some of the factions are clearly ideological; others are based on the personal following of particular leaders (Cason 2002). However, Uruguayan electoral laws offer the different factions within a party a significant incentive, the Presidency, to remain united. Voting patterns have shown that while Uruguayan voters may have loyalties to factions within parties, they are also loyal to the larger entities (Cason 2002). Nowadays, the EP-FA-NM occupies an extensive ideological space from the left to the center, while the PC and PN share the space from the center to the right (Bergara 2005).

## **TRADE UNIONS IN URUGUAY**

The existence of trade unions in Uruguay can be traced back to the beginning of the century, in 1905, but it was not until the early 1940s that unions started playing an active role in wage setting. In the 'Wage Councils', representatives of the workers, the firms and the government negotiated salaries. In 1964 the first central union was created under the name of CNT (Convencion Nacional de Trabajadores). It included representatives of all workers in the market. During most part of the military dictatorship 1973-1982, unions and all activities related to them were declared illegal. In 1982, trade unions reorganized into a central union during the Inter-unions Plenary of Workers (PIT, Plenario Intersindical de Trabajadores). In 1984, with the end of the dictatorship, the PIT changed its name to PIT-CNT as a sign of recognition to the historic continuity between the two organizations. The role of the central union has been one of coordinating the claims of all unions and federations. In 1991, the government abolished Wage Council as one of the neo-liberal structural reforms most governments in Latin America carried out during the 1990s. Its aim was to promote both firms and workers to negotiate at a more decentralized level. In the years to follow membership to the central union dropped from 39% of the workforce in 1987 to 15% in 2000. In the last 15 years, PIT-CNT has shifted the struggle to the political arena, and has opposed with great political weight the pro-market reforms put forward by the traditional parties. In 2005, the EP-FA-NM government reintroduced the Wage Councils. (All information in Cassoni 2000; Senatore and Yaffe 2004)

## **MERCOSUR (SOUTHERN COMMON MARKET)**

MERCOSUR was set up in March 1991 by Argentina, Brazil, Paraguay and Uruguay under the Treaty of Asuncion. Its longer-term aim is to create a continent-wide free-trade area. This regional trade agreement was amended and updated by the 1994 Treaty of Ouro Preto. Since 1995 all members work under a common external tariff. Bolivia, Chile, Colombia, Ecuador and Peru are associate members; they can join free-trade agreements but remain outside the bloc's customs union. On the 4<sup>th</sup> July 2006, Venezuela became the fifth full member.

## **FTA AND TIFA**

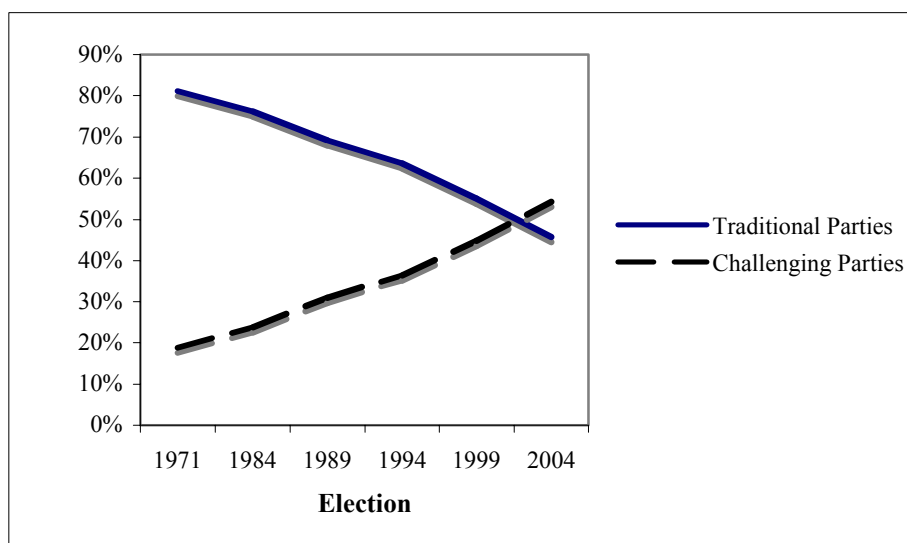
In the case of the potential FTA between Uruguay and the US it is not possible to outline what such an agreement would specifically entail, since the negotiation stage never got as far as to draft a document. Free Trade Agreements in general imply a preferential commercial relation between two nations. An agreement would include clauses regarding mutual preferential external tariffs, a reduction of the barriers to the commerce of goods and service, investments, e-commerce, telecommunications, environmental and sanitary issues, and intellectual property, amongst others. Instead of signing a FTA Uruguay signed on the 25<sup>th</sup> January 2007 a TIFA with the US. Unlike a FTA, a TIFA does not have to include clauses on intellectual property, copyrights and the treatment of foreigners regarding governmental sales, nor does it affect the common external tariff of MERCOSUR. On signing the TIFA, a Uruguay-US joint statement expressed the nations' commitment to expanding economic opportunities between Uruguay and the United States while simultaneously coordinating their efforts to promote greater trade liberalization through the World Trade Organization (WTO). Rather than establishing an obligatory reciprocal relation regarding the different matters under discussion, through the agreement, the parties established a Uruguay-United States Council that will negotiate all matters regarding trade and investment between the countries. The aim of the agreement is to promote a climate favorable for investment and study the possibilities for diversifying the bilateral commerce of goods and services. There is no clause relating a TIFA to a FTA, and only five of the twenty TIFA signed by the US ended in TLC. A group of economists consulted by El Pais was pessimistic about the value of a TIFA, arguing "a TIFA on its own will not bring any commercial benefit to the country, unless it leads to a FTA"(El Pais 2007). The former Minister of Economics and Finance, Posadas, argued "we should not expect anything from this agreement" since it is only intended to "safe face"(El Pais 2007). Others, like Dovat, highlighted "the psychological character" of the agreement, which might promote a better relation between the countries but "no economic benefit for Uruguay"(El Pais 2007).

**Table vii**

Electoral results 2004.

Party	Candidates for Presidency and Vice-Presidency	Votes	%
EP-FA-NM	Vazquez-Nin Novoa	1124761	51.7%
Partido Colorado	Stirling – Viera	231036	10.6%
Partido Nacional	Larranaga – Abreu	764739	35.1%
Partido Independiente	Mieres - Posada	40981	1.9%
Partido de los Trabajadores	Fernandez – Suarez	513	0.0%
Partido Intransigente	Lissidini – Ducuing	8572	0.4%
Partido Liberal	Vera - Borlandelli	1548	0.1%
Union Civica	Lamorte - Evangelista	4859	0.2%

Source: Data Bank of Area Politica y Relaciones Internacionales, Facultad de Ciencias Sociales, Universidad de la Republica, Uruguay.



Source: Based on information from the Data Bank of Area Politica y Relaciones Internacionales, Facultad de Ciencias Sociales, Universidad de la Republica, Uruguay.

**Figure iii** Electoral evolution according to party (first round).**Table viii** Performance of the main factions within EP-FA-NM in the Internal Party Elections (November 2006)

Faction	% votes Internal Elections
MPP	32.9
Asamblea Uruguay	14.1
Partido Socialista	13.7
Partido Comunista	10.0
Alianza Progresista	7.2
Vertiente Artiguista	7.1
Nuevo Espacio	4.6
Corriente de Izquierda/ Movimiento 26 de Marzo*	3.8

\*These two faction run together in 2006.

Source: Busqueda 2006.

**Table ix** Evolution of the Effective Number of Factions in Uruguayan parties.

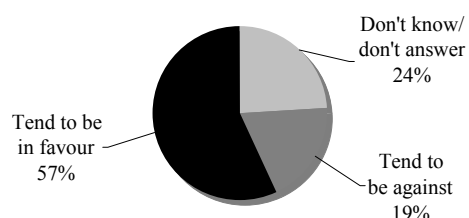
	1985-90	1990-95	1995-00	2000-05	2005-10
<b>Frente Amplio (EP-FA-NM)</b>	2.6	2.3	3.5	4.8	4.5
<b>Partido Colorado</b>	2.3	2.5	1.9	2.0	1.9
<b>Partido Nacional</b>	1.8	2.9	4.2	1.7	2.7

Source: Buquet and Chasquetti (2005)

**Table x** Effective Number of Parties Index (Taagepera and Laakso 1979).

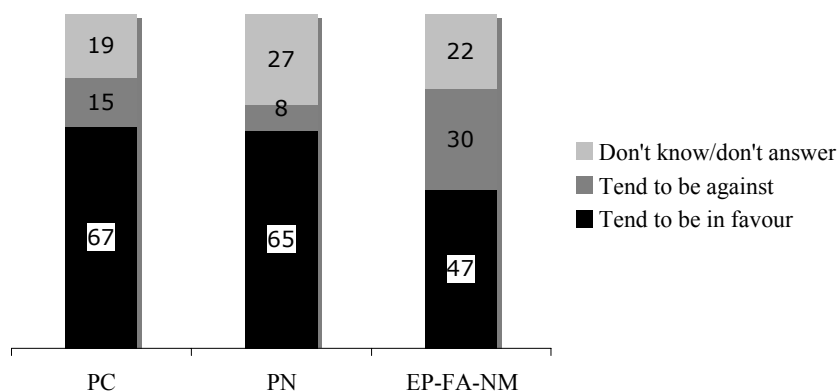
Elections	Electoral	Deputies	Senate
1946	3.0	12.9	2.6
1950	2.6	2.6	2.2
1954	2.6	2.5	2.3
1958	2.5	2.4	2.2
1962	2.4	2.4	2.3
1966	2.4	2.3	2.1
1971	2.7	2.7	2.6
1984	2.9	2.9	2.7
1989	3.4	3.3	3.2
1994	3.4	3.2	3.2
1999	3.3	3.3	3.2
2004	2.5	2.4	2.3

Source: Bergara et al. (2005)



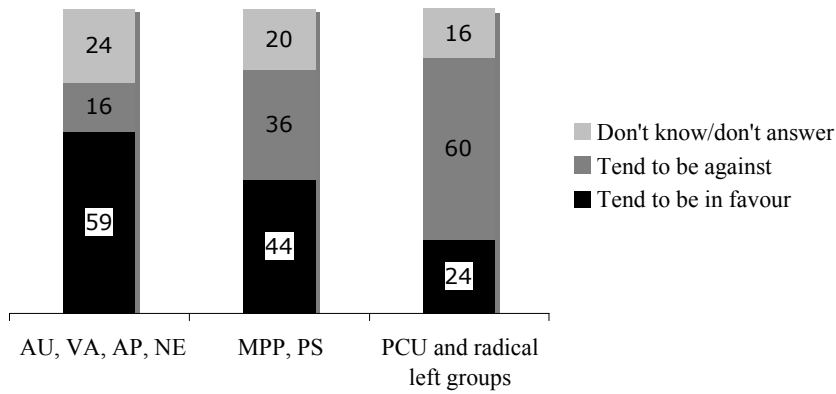
Source: Equipos MORI, public opinion study February 2006.

**Figure iv** Opinion regarding the FTA with the US.



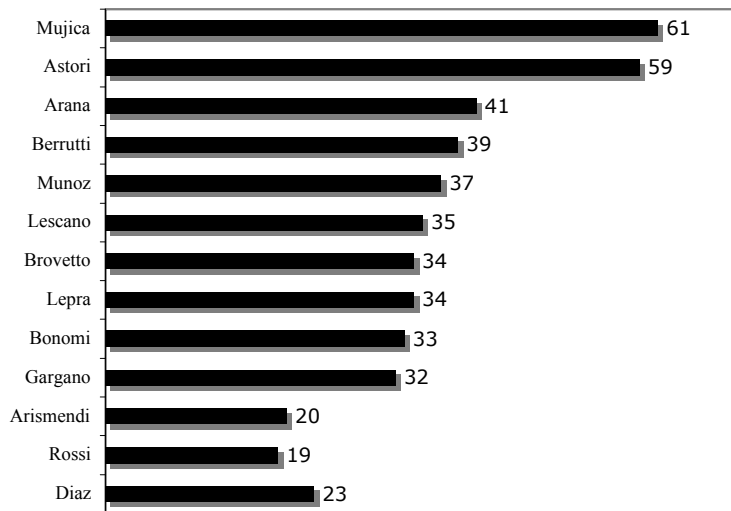
Source: Equipos MORI, public opinion study February 2006.

**Figure v** Opinion regarding the FTA with the US according to party voted in 2004.



Source: Equipos MORI, public opinion study February 2006.

**Figure vi** Opinion regarding the FTA with the US according to EP-FA-NM faction voted in 2004.



Source: RADAR, public opinion study October 2006.