THE PLAYERS IN THE FIELDS

National Identity and the Politics of Domestic Preferences of Brazil and India in the Doha Development Round (2001–2008)

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Thesis submitted in partial fulfilment of the requirements for the degree of DPhil in International Relations in the Department of Politics and International Relations at the University of Oxford

August 2014

Word Count: 98,929

(Includes footnotes, tables, and figures, but excludes Abstract, Acknowledgements, Table of Contents, List of Figures and Tables, Methodological Appendix, and Bibliography)

ABSTRACT

I argue that a country's preferences in an international trade negotiation ultimately reflect the domestic distribution of power across economic sectors not only in the field of the market, but also in the field of society. Fields correspond to arenas of power. Whereas in the market societal actors have economic capital (EC), their position in society determines their identity capital (IC). The more a sector is associated to the dominant conception of national identity, the higher is its IC. Both types of capital impact a sector's political power (PP). IC manifests itself in the phase of ratification either instrumentally, when in dispute in the political field, or structurally, if embedded in state institutions. Hence, when IC is instrumentalised, only if the coalition in government espouses a social paradigm to which a sector is mostly associated it will be able to convert its level of IC into PP. As ratification shadows negotiation, constraints in this latter phase tend to be false positives in explaining the formation of the national interest. The hypothesis on the role of IC in shaping the weight of sectors' preferences in trade negotiations is tested along with a process of theory-building through a multi-method structured-focused comparison. For the comparison, two countries were chosen as their societies are diverse in terms of identity, yet each represents a variety of the effects of IC. Brazil and India have identity-based social cleavages that are expressed in structural and instrumental terms respectively. They are key players in the World Trade Organisation's (WTO) multilateral system of trade, having participated of the Doha Development Round of trade liberalisation. Brazil expressed interest for liberalisation as the mostly racially-diverse sectors had offensive demands. In turn, protectionist demands prevailed in India, as defensive sectors are associated to the dominant secularist paradigm of national identity.

ACKNOWLEDGEMENTS

First and foremost, I would like to dedicate this work to my fiancée, Nathalia, as well as to my parents, Francisco and Regina. Their support was essential for the completion of this thesis as it stands. Equally important were the intellectual and personal incentives I had from my supervisor, Andrew Hurrell, who has always stimulated me to produce academic research based on the highest standards of theory-development and empirical analysis. I also acknowledge the useful feedback Kalypso Nicolaïds, Karolina Milewicz, Kate Sullivan, Timothy Power, and Yuen Foong Khong provided at earlier stages of my work, enabling me to sharpen my arguments as precisely as possible. Moreover, I highlight Laurence Whitehead's and Amrita Narlikar's willingness to evaluate the final version of the thesis, making up a combination of intellectual strength that few academics can experience at the stage of graduate training.

Beyond my closest relatives and academic assessors, the following individuals have provided helpful academic and personal guidance and comments as I developed this thesis: Adagamos Sartini, Adriana Schor, Albany Henriques da Costa, Alexandre Gomide, Alexander Debs, Amancio Jorge Nunes Oliveira, Analice Martins, Ana Carolina Martins, Ana Carolina Moreno, Anna Mackin, Anthony Pereira, Arunabha Ghosh, Barbara Harriss-White, Ben Allen, Caio Grottone Teixeira da Mota, Carlos Santana, Carsten-Andreas Schultz, Catherine de Vries, Chinmaya Kumar, Christophe Jaffrelot, Claire Palmer, Claudio Calcagno, Cleide Henriques da Costa, Cristiane Lucena, Danilo Limoeiro, David Blagden, David Malone (to whom I am forever grateful for having facilitated the organisation of my fieldwork in India), Deepshikha Kumari, Desmond King, Duncan Snidal, Edney Cielci Dias, Elisa Andrade Buzzo, Eliza Gheorghe, Elizabeth Grant, Ellen Jenny Ravndal, Fabio Santos, Fernando Antunes

Lopes, Florian Foos, Francesca Giovannini, Haroldo Ramanzini Jr., Indrajit Roy, Irene Menendez, Isaura Piedade, Ivan Paganotti, Ivan Tiago Machado Oliveira, James Holloway, Janina Onuki, Jeff Garmany, Jeff Schauer, Jessica Chen-Weiss, Jiajun Xu, J.P. Singh, Judith Goldstein, Julia Costa Lopez, Julian Gruin, Kate Millar, Kathryn Sikkink, Lance Toyoshima, Loïc Wacquant, Lucia Boldrini, Makio Yamada, Maria Luiza Gatto, Mariana Tavernari, Martha Finnemore, Matthew McCartney, Mathias de Alencastro, Matias Spektor, Nancy Bermeo, Neide Osada, Nemanja Džuverović, Nicole de Silva, Nina Hall, Nitzan Peri-Rotem, Nora Stappert, Oliver Stunkel, Parthasarathi Shome, Patrycja Stys, Pedro Martins Neto, Pooja Sharma, Quentin Bruneau, Rebecca Tarlau, Renata Bichir, Ruben Reike, Sarah Jane Cooper-Knock, Sérgio Piedade, Seth Johnston, Silvana Tarlea, Stefanie Reher, Sukriti Issar, Surupa Gupta, Susan Stokes, Suwita Rani Randawa, Tanu Goyal, Thania Sanchez, Tristen Naylor, Tumi Makgetla, Varadi Vijay, Yanjun Lin, and Yuge Ma.

I am also highly indebted to the Department of Politics and International Relations of the University of Oxford and Nuffield College for having offered during my doctoral studies very generous grants without which I would have been unable to develop this project. Both supported my fieldwork in India (August-October 2011) and Brazil (May-August 2012) too. In order to travel to India, it was also crucial the financial support of the Cambridge Commonwealth Trust and the Rajiv Gandhi Foundation and the intellectual and material structure of the Indian Council for Research on International Economic Relations (ICRIER). In Brazil, I was supported by the Santander Travel Grant and based at the Centre for the Study of International Negotiations (CAENI) of the Institute of International Relations of the University of São Paulo (IRI-USP). The Foundation for Foreign Trade (FUNCEX) provided on a free

basis essential data for this project. My periods in Brasília, Geneva, Rio de Janeiro, and São Paulo would have been much harder without the generous offer of accommodation from my friends Adriano Sartini, Joseph Marques, Regina Sartini, Romulo Neves, Ana Milhomem, and William Santos.

This work also benefited from the feedback on early chapter versions provided by participants of various seminars and workshops, including the International Relations Research Colloquium at Oxford (May 2011 and April 2013), the World International Studies Conference (August 2011), the GOA Project Seminar at Oxford (December 2011), the DPhil IR Workshop at Oxford (December 2011 and March 2013), the 53rd and 54th Annual Meetings of the International Studies Association (ISA, April 2012 and 2013), the European Consortium for Political Research (ECPR) Joint-Sessions (April 2012), a presentation held at the Institute of Applied Economic Research (IPEA) in Brasília (June 2012), the CAENI Research Seminar (August 2012), and the 71st Mid-west Political Science Association (MPSA) Meeting (April 2013).

The statistical analysis, without which the core argument of the thesis could not be proved, benefited enormously from the insights provided by Sergi Pardos-Prado, Dingeman Wiertz, and Lucy Barnes, then based at Nuffield College, and Steven Wilkinson and Tariq Thachil, faculty members of the Department of Political Science of Yale University, where I spent Fall 2012 improving my regression models. My period at Yale was also crucial for enlarging my knowledge on qualitative methods, to which I was introduced at Oxford during the research seminars organised by Edward Keene.

Last but not least, I would like to remember those who contributed significantly to the earlier steps I took in my academic development. At the University of São Paulo, I would not have ambitioned to pursue further challenges without the support of Carlos

Roberto Azzoni, César Bolaño, Gilson Schwartz, and José Luiz Proença. At Vanderbilt University, where I had my first academic experience outside my home-country, Brazil, I was decisively supported by Jane Landers, Klint Alexander, and Marshall C. Eakin. Louis Segall, Kent Eaton, Neil Fligstein, Steve Vogel, and Peter Evans in particular were great examples and supporters of my work at the University of California at Berkeley between 2008 and 2010.

Finally I must say that perhaps I would have given up the ambition of developing the theory here presented were it not for a casual conversation with Professor Amartya Sen after a presentation he gave at the Saïd Business School, University of Oxford, in June 2011. After I explained the core argument applied in this thesis (identities empower economic sectors in the process of defining a nation's trade preferences), he agreed that it is applicable at least for the Indian case, although such an idea would be hard to be proved empirically. Probably he does not remember our conversation, although I hope I have at least started to address the challenge he posed.

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LIST OF ACRONYMS AND ORGANISATIONS

ABI – Argentina, Brazil, and India joint-proposal in NAMA

ABIEC – Brazilian Association of Beef Exporting

ABINEE – Brazilian Association of Electrical and Electronic Industry

ABIQUIM – Brazilian Association of Chemical Industries

ABIT – Brazilian Textile and Apparel Industry Association

AIAWU – All India Agricultural Workers Union

AIKS – All India Kisan Sabha, Peasant Organisation

ANFAVEA – National Association of Automobile Manufacturers, Brazil

AoA – Agreement on Agriculture, WTO

APEDA – Agricultural and Processed Food Products Export Development Authority, India

ASEAN – Association of South East Asian Nations

ASSOCHAM – Associated Chambers of Commerce and Industry of India

ATC – Agreement on Textiles and Clothing, WTO

BJP – Bharatiya Janata Party, Hindu Nationalist Party, India

BJS – Bharatiya Jana Sangh, former political party, India

BKS – Bharatiya Kisan Sangh, Peasant Organisation, India

BKU – Bharatiya Kisan Union, Peasant Organisation, India

BRASSCOM – Brazilian Association of ICT Companies

BRICS – Brazil, Russia, India, China, and South Africa group

CAE – Commission on Economic Affairs, Brazil

CEB – Brazilian Business Coalition

CECA – Comprehensive Economic Cooperation Agreement

CIFA – Consortium of Indian Farmers' Associations

CII – Confederation of Indian Industry

CNA – National Confederation of Agriculture, Brazil

CNI – National Confederation of Industry, Brazil

CONSEA – National Council of Food Security, Brazil

CPI – Communist Party of India

CPI(M) – Communist Party of India (Marxist)

CONTAG – National Confederation of Workers in Agriculture, Brazil

CRE – Commission on Foreign Affairs and National Defence, Brazil

CUT – Central Union of Workers, Brazil

CUTS – Consumer Unity and Trust Society, India

DAM – Division of Market Access, Itamaraty, Brazil

DAPB – Division of Agriculture and Raw Materials, Itamaraty, Brazil

DDA – Doha Development Agenda, WTO

DEINT – Department of International Negotiations, MDIC, Brazil

DELBRASGEN – Brazil's Permanent Mission to the United Nations and Other International Organisations in Geneva

DFID – Department for International Development, United Kingdom

DoC – Department of Commerce, MoC, India

EC – Economic capital

EU – European Union

FICCI – Federation of Indian Chambers of Commerce and Industry

FIEO – Federation of Indian Export Organisations

FIESP – Federation of Industries of the State of São Paulo, Brazil

FIPS – Five Interested Parts (EU, US, Brazil, India, and Australia)

FTA – Free-Trade Agreement

FTAA – Free Trade Area of the Americas

FUNCEX – Foundation for Foreign Trade, Brazil

GATT – General Agreement on Trade and Tariffs

GoI – Government of India

GICI – Group on International Trade of Goods and Services, Brazil

GICI-SV – Subgroup on Services of the Group on International Trade of Goods and Services, Brazil

GTI – Informal Technical Group, Brazil

G-8 – Group of the eight (Canada, France, Germany, Italy, Japan, Russia, United Kingdom, and United States)

G-20 – Group with offensive interests in agriculture in the DDA

G-33 – Group with defensive interests in agriculture in the DDA

HS – Harmonised System, WTO

IAS – Indian Administrative Service

IBGE – Brazilian Institute of Geography and Statistics

IC – Identity capital

ICCFM – Indian Coordination Committee of Farmers' Movement

ICONE – Institute for the Study of Trade and International Negotiations, Brazil

ICRIER – Indian Council for Research on International Economic Relations

ICT – Information and Communication Technology

IFS – Indian Foreign Service

IIFT – Indian Institute of Foreign Trade

IO – International organisation

ISI – Import Substitution Industrialisation

LMG – Like-Minded Group

LTFR – Less than Full Reciprocity

MAPA – Ministry of Agriculture, Brazil

MERCOSUR – Common Market of the South

MDA – Ministry of Agrarian Development, Brazil

MDIC – Ministry of Development, Industry, and Foreign Trade, Brazil

MEA – Ministry of External Affairs, India

MIC – Ministry of Industry and Commerce, Brazil

MoA – Ministry of Agriculture, India

MoC – Ministry of Commerce and Industry, India

MoF – Ministry of Finance, India

MOSPI – Ministry of Statistics and Programme Implementation, India

MP – Member of the parliament

NAMA – Non-Agricultural Market Access, WTO

NAMA-11– Group formed by Argentina, Brazil, China, Egypt, India, Indonesia, Namibia, Pakistan, the Philippines, South Africa, and Venezuela.

NASSCOM – National Association of Software and Services Companies, India

NCRB – National Crime Records Bureau, India

NDA – National Democratic Alliance, India

NSS – National Sample Survey, India

NSSO – National Sample Survey Office, India

PNAD – National Sample Survey of Households, IBGE, Brazil

OBCs – Other Backward Castes

PP – Political power

PSDB – Party of Brazilian Social Democracy

PT – Workers' Party, Brazil

REBRIP – Brazilian Network for People's Integration

RIS – Research and Information Systems, India

RSS – Rashtriya Swayamsevak Sangh, National Volunteer Organisation, India

SACU – Southern African Customs Union

SAF – Strategic action field

SCs – Scheduled Castes

SDT – Special and differential treatment

SEADE – State of São Paulo Foundation for Data Analysis, Brazil

SECEX – Secretary of Foreign Trade, MDIC, Brazil

SP – Special products

SSMs – Special safeguard measures

STs – Scheduled Tribes

TPD – Trade Policy Division, MoC, India

TPR – Trade Policy Review, WTO

UNCTAD – United Nations Conference on Trade and Development

UNCTAD-India – Project Strategies and Preparedness for Trade and Globalisation

UNSD – United Nations Statistics Division

UPA – United Progressive Alliance, India

US – United States

WTO – World Trade Organisation

1. INTRODUCTION

> The essence of ultimate decision remains impenetrable to the observer – often, indeed, to the decider himself.
>
> (John F. Kennedy)[1]

In economic diplomacy, the essence of decision is often associated with rational processes and is analysed within frameworks that attribute different weights to ideas, interests, institutions, and information. However, contrary to Max Weber's prediction in the early 20th Century, the impacts of the expansion of capitalism on economy, government, and society did not produce a full 'disenchantment of the world'. Rationalisation – here understood as related to economic, utility-driven action – did not eliminate the influence of other factors. Those factors include social identities – patterns of mutual identification that arise from non-economic processes. In social life, the material is needed as much as the symbolic. Both embed social orders.[2] In sum, markets did not displace societies.[3] Rather, market and society, and economic interests and social identity, interact with each other, empowering certain actors over others.

In light of this, it is worth discussing what leads a country to adopt a set of demands in economic diplomacy. To begin with, one has to open the state's 'black box' and ask why certain domestic players have more power – here conceived as an element without which a certain goal could not be reached[4] – than others. Is their power able to impact the state's task of dealing with domestic preferences in a negotiation and defining the national interest, and if so, how?

Conventional arguments explain the formation of the national interest and the power of economic sectors and bureaucracies involved in an international negotiation

[1] According to Allison 1971, vi.
[2] Granovetter 1985; Fligstein 2001.
[3] Polanyi [1944] 2001.
[4] Dahl 1957, 202-203.

based on ideas, interests, institutions, and information. Ideas frame players' perceptions of issues that are at stake,[5] enabling them to assess the impact of trade-offs they and their respective countries will face once a deal is reached. Hence, ideas may generate imbalances among sectors, favouring a coalition of sectors over another. Economic interests, in turn, tend to prevail as long as they benefit key actors within the state, such as elected officials who ratify agreements and receive campaign donations from business, and are organised into lobbying groups.[6] Organisation of sectors in lobbying groups facilitates the defence of interests in opposition to those dispersed actors who, despite sharing similar demands, face problems of collective action.[7] Institutions can also generate asymmetries of power between liberalising and protectionist coalitions of sectors as long as not all bureaucracies involved in policymaking have the same weight in the final positions defended abroad.[8] As a result, the interests aligned with key state units are more likely to prevail. Finally, holders of information related to the negotiation process can favour their own interests, benefiting one set of players over another.[9]

Yet most of those explanations arise from studies that focus only advanced industrial democracies in the Global North, broadly defined as the United States (US), members of the European Union (EU), Canada, Japan, Australia, and New Zealand. In those societies, well-defined organised interests usually act on the behalf of business actors within economic sectors with the purpose of lobbying the state to develop policies, including those relevant to foreign trade. Moreover, in the Global North, class cleavages tend to prevail over other social divisions, such as those based on ethnicity and religion, in political-economic issues. Capitalism, however, takes different forms in

[5] Goldstein and Keohane 1993.
[6] Grossman and Helpman 2002.
[7] Olson [1965] 1971.
[8] Ikenberry 1988.
[9] Milner 1997.

each society. Such economic system has reached almost all parts of the globe, so much so that traditional poles of political and economic power in the Global North run the risk of being displaced in the near future by emerging powers, such as Brazil, Russia, India, and China – the so-called BRICs.[10] Being latecomers in capitalist development and having societies with multiple cleavages, non-Western and, in particular, post-colonial states are expected to have gone under complex processes in the task of defining the national interest in economic diplomacy.

Furthermore, studies based on ideas, interests, institutions, and information generally overlook a crucial characteristic of international trade negotiations: they are two-level games, to use Putnam's metaphor. They involve a stage of negotiation among countries, followed by ratification in their respective domestic dimensions.[11] Then ratification constrains negotiation. Despite its succinctness, such a conclusion does not problematise the source of power of sectors affected by the trade-offs that decisions related to international agreements imply. In the Global South, aside from the often unclear separation between state and non-state actors, most countries espouse definitions of national identity that have not yet been consolidated. Hence, politics in such a context is as much economic as it is symbolic. Players struggle not only for material needs, but also for symbolic ones, with implications for government and the development of public policy, including foreign policy. Moreover, causality does not arise only from deliberate human action. We are all embedded in a broader context, formed by arenas resulting from historical processes and made up of social elements that precede our decisions, just as the rules of a game often exist before it is played.

[10] BRICs is an acronym that refers to the fast-growing developing economies of Brazil, Russia, India, and China. It was coined by the bank Goldman Sachs in 2001. These countries now have regular meetings and, in the end of 2010, invited South Africa to join them, forming the BRICS.
[11] Putnam 1988, 436.

The actual sources of domestic players' power and their impact on the politics of domestic preferences in international negotiations may therefore be located beyond the traditional 'I's upon which students of domestic–international interactions structure their analysis. National preferences in trade are not given or shaped only by economic ideas, interests, information, and the access of players to institutions through systematic lobbying. There is a missing 'I' in this puzzle – identity – which has been overlooked by the literature on domestic constraints on international economic negotiations.

The Argument

Based on the cases of Brazil and India in the negotiation of the Doha Development Agenda (DDA) at the World Trade Organisation (WTO) between 2001 and 2008, I demonstrate that the economic sectors whose preferences tend to prevail in the process of forming the national interest within a given country are not necessarily those that hold higher levels of economic capital (EC). A sector can also be empowered vis-à-vis others through its identity capital (IC). The larger the number members of a sector associated with the social paradigm that informs the dominant conception of national identity, the higher its IC. The dominant conception is the one most legitimised by the state as informing nationhood.[12] Identity matters because a country is never only made up by the market and the state. It is also a community where people are bounded by identity ties, which are historically enhanced by state policies and discourses.[13] As a core element of the formation of a country, identity impinges on a relationship of constitutive causality[14] that affects all players embedded within a given social space. Therefore, identities attached to the set of ideas that defines nationhood are expected to

[12] Gellner [1983] 2006; Smith 2003.
[13] Anderson [1983] 2006; Gutmann 2003, 43.
[14] Lebow 2009.

define part of the power 'DNA' of collective players (such as economic sectors) at the domestic level.

Under this logic, the political power (PP) of a sector in the process of defining the national interest is a function of its EC and IC. IC causes asymmetries of PP at the ratification stage. This is manifested either structurally (when effects of identity are embedded in the design of institutions)[15] or instrumentally (as identities may be employed in political disputes).[16] Identities do not have an intrinsic value. Nor their 'values' (understood as the set of ethical procedures they espouse) correspond to the actual origins their IC. The political value of identities arises from the meaning that, with state legitimation, social actors confer on them as being part of the idea of the nation. Hence, IC either adds strength to sectors that already have high EC or is what allows economic segments to counterbalance coalitions with opposed demands in a two-level game.

Thus material and symbolic power may play an equal role in influencing the formation of the national interest[17] at the ratification stage. Insofar as ratification shadows negotiation, such a conclusion is valid even if minor policy enactments during the negotiation stage reflect other factors. These are the organisation of interests in associations, ideas on economy, the format of institutions in charge of diplomacy, and, to a smaller extent, asymmetries of information. Given the emphasis on ideational factors – without leaving aside material elements – this analysis demands a framework that goes beyond visible state-market interactions. In addition, the framework has to account for dynamics at the international dimension that potentially impact the formation of national demands and allow for comparisons over time. This is because a

[15] Lieberman and Singh 2012.
[16] Snyder and Ballentine 1996. The division structural-instrumental is inspired in Jacob and Pierson 2002.
[17] Finnemore 1996.

sector's interests and power may vary as negotiations evolve. Yet current theories that analyse the impact of ideas, interests, institutions, and information in causing asymmetries of power among domestic social actors face limitations on framing the forces at stake in a two-level game. Those forces do not exist in a vacuum. Nor is that the case with individual and collective players. They are embedded in the social world, which structures and is structured by power.

This thesis therefore develops a theoretical framework based on the concept of fields.[18] A field consists of a social space bounded by paradigms (sets of norms) in which both individual and collective players are embedded. Hence, when acting towards a given objective, players are underpinned by different levels of capital that stem from either adjacent fields or the paradigm that bounds action within that field. As paradigms change in a given field and adjacent arenas of power, so does the level of capital of the players. Consequently, nothing within a field can be taken for granted. In contrast to rational models, constitutive factors, such as identity, are assumed to have causal effects in a framework based on fields. Therefore, the players in the fields do not have to be aware of owning certain type of capital to be empowered in a given political process, such as foreign policymaking in a two-level game.

Following other sociological/constructivist works, this is then a political–cultural approach. It presupposes that each field is composed of competing paradigms, which define relations between the actors embedded in those arenas. The proposed framework locates sectors within each country as being embedded in two major fields: economic and social. The field of the market[19] is where EC is reproduced based on economic paradigms (e.g., Keynesianism and neoliberalism). In turn, in the field of

[18] Bourdieu [1984] 2010, [1989] 1996 and 1991; Fligstein 2001; Fligstein and McAdam 2012.
[19] For a theory of markets as fields, read Fligstein 2001.

society, IC is underpinned by the social paradigm that informs the dominant conception of national identity. The overlap between market and society[20] corresponds to the political field, which results in access to the state, and therefore to policymaking.

The state, in turn, is also conceived as a field that seeks legitimacy in the domestic dimension and is an actor vis-à-vis other states in the international dimension. Such a dimension is also made up of a market and a society. At the negotiation stage, bureaucrats and politicians within the state are limited by the dynamics of power in both dimensions to reach a deal. During the ratification stage, however, immediate constraints come only from the domestic dimension. The chief negotiator, here defined as the head of government even if he/she does not participate directly in the talks,[21] connects the two stages. Hence, the size of the win-sets (briefly defined as limits in bargaining) during negotiations is ultimately defined by the distribution of interests and PP at the ratification stage.

The hypothesis on the crucial role of IC in shaping the weight of sectors' preferences in trade negotiations is then tested along with a process of theory-building through a multi-method, structured, focused comparison.[22] Brazil defended liberalising stances in the DDA. In turn, India did so until 2004, then favouring the status quo afterwards. Studying such a difference is relevant because, aside from being key players at the WTO, Brazil and India have identity-based social divisions expressed in structural and instrumental terms respectively. It allows inferences to be drawn about the impact of sectors' IC on national interests. Whereas in the structural variety preferences tend to

[20] As Hurrell (2007) argues, market and society (or, as he mentions, civil society) are, along with the state, the major units of analysis in contemporary politics.
[21] Putnam 1988, 436.
[22] George and Bennett 2005.

remain constant, the instrumental manifestation of IC allows room for changing national demands if coalitions with different conceptions of national identity dispute power.

The Empirical Puzzle

The DDA has a focus on development, having concentrated on changes in the Agreement on Agriculture (AoA), Non-Agricultural Market Access (NAMA), and the General Agreement on Trade and Services (GATS). In contrast to conventional wisdom, Brazil's and India's national interests in the DDA talks were not obvious. Also, they cannot be totally explained under conventional frameworks based on ideas, interests, institutions, and information, which do not distinguish clearly the weights of constraints present at the ratification and negotiation stage in the size of a state's win-set.

On the one hand, Brazil's offensive demands had as a main goal expanding market access abroad for its commercial agriculture, particularly in developed countries, such as EU members and the US. However, this meant a trade-off at the expense of industry, as the EU and the US foresaw opportunities in the developing world for their manufactured goods. Although industry lost in relative terms vis-à-vis commodity-exporting after economic liberalisation after 1990,[23] it remained as relevant as the primary sector for Brazilian exports and economy. On the other, India's liberalising stances until 2004 consisted of seeking market opportunities in services and reducing the level of protection of agriculture, which mainly consists of subsistence farmers.[24] With liberalisation, as the Government of India (GoI) suggested at that time, agriculture would have to be reformed to increase exports, even against the will of the peasantry, which equates economic openness with social disruption. Thereafter the country moved towards a more cautious approach, notwithstanding that this implied leaving aside the

[23] Bresser-Pereira 2009.
[24] Narlikar and Tussie 2004, 961.

interests of information and communication technology (ICT) services. The sector is one of the main winners in the process of economic liberalisation, launched in 1991.

In Brazil, the preference for favouring agriculture in the DDA is often explained by considering the implementation of liberalising economic ideas in the country. Under such a view, the Brazilian economy had an inherent comparative advantage in commodities which was boosted with globalisation. However, in the first 13 years after liberalisation in Brazil (1990–2003), industry's participation in exports of goods and services remained higher than that of the agricultural sector.[25] Being based on an import substitution strategy (ISI), the Brazilian process of industrialisation was one of the most successful industrialising experiences after the Second World War. Industrial output grew four times between 1965 and 1980. Such a rate is even higher than in Japan, which expanded three times in the same period.[26] Also, when the DDA was launched, Brazil was moving towards an export-led strategy that included an emphasis on both commodities and manufactured goods.[27]

The organisation of interests does not provide insights into Brazil's preferences as both liberalising and protectionist sectors lobbied the state as the DDA negotiations evolved. Business organisations in industry had already been following foreign trade policymaking since mid-1990s, with the negotiations aimed at forming the Free Trade Area of the Americas (FTAA).[28] Moreover, agriculture did not just have offensive interests. Peasants and small producers which favoured the maintenance of the status quo followed negotiations at the WTO level as much as commodity segments that had gained strength with economic liberalisation.

[25] World Bank 2010.
[26] Calculated based on data collected by World Bank 2010.
[27] Rodrigues Vieira 2014.
[28] Mancuso and Oliveira 2006.

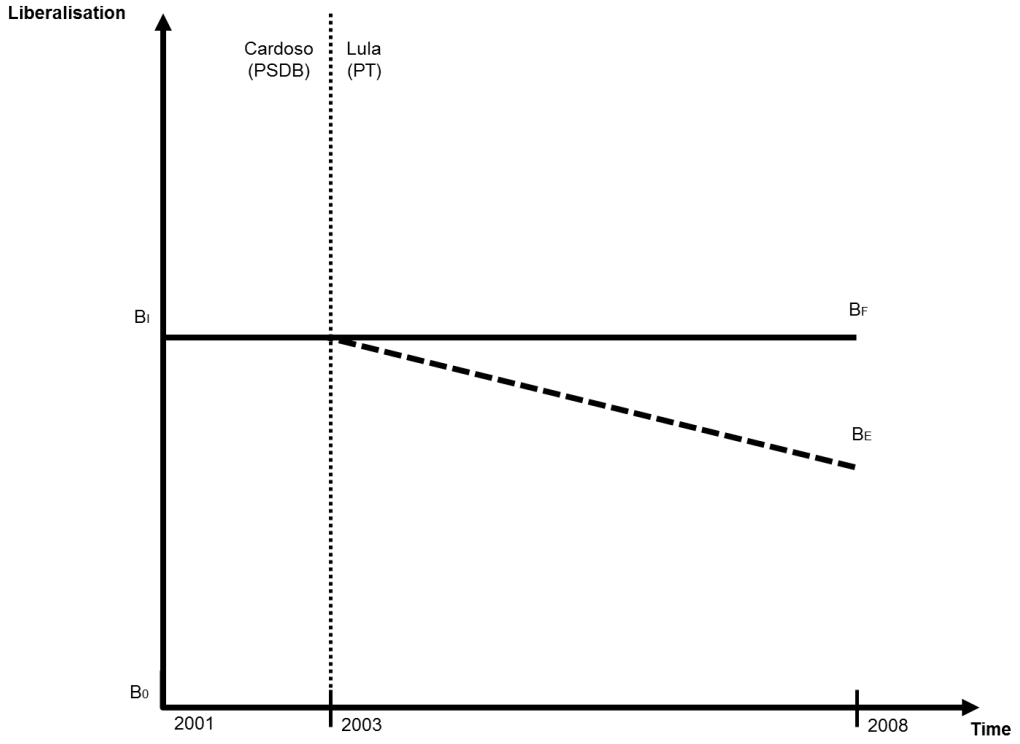
Institutional arguments cannot explain Brazilian preference for liberalisation either. The Ministry of Foreign Relations (known as Itamaraty) and the President (who retains the constitutional prerogative of conducting foreign affairs) counted on diverse inputs to formulate foreign trade policy in general. On the one hand, the Ministry of Agriculture (MAPA) contributed to establishing links with agribusiness. On the other, the Ministry of Development, Industry, and Foreign Trade (MDIC) provided a channel for defensive industrial interests. Therefore, the supposed 'natural' preference of the Brazilian state for defending agricultural exports does not hold as there were channels created that clearly favoured participation of non-agricultural sectors in policymaking.

Finally, the impact of the chief negotiator's preferences also falls short of providing a straightforward answer for Brazilian positions. The DDA negotiations started under Fernando Henrique Cardoso's government (1995–2003). He and his Party of Brazilian Social Democracy (PSDB) are reputed to have been more favourable to economic liberalisation than their successors in power, President Luiz Inácio Lula da Silva, the leader of the Workers' Party (PT). However, prioritisation of gains in agriculture continued even under PT in spite of the fact that the party's traditional basis of support was industrial workers organised into strong labour unions. Moreover, under Lula, Brazil faced stronger competition from Chinese manufactures while Brazilian exports became more and more composed by commodities. In such context and in the light of industry's enduring economic power, Brazil's final win-set (with a maximum limit at B_F) would have been expected to narrow (with an upper-limit represented by B_E and a lower limit at B_0) under PT's administration (figure 1.1).

In India, economic liberalisation also consisted of balancing winners and losers, yet signalling towards increasing openness of the domestic market. On average, most of

services gained strength vis-à-vis agriculture.[29] India's GDP added value from industry remaining more or less stable at around 28 per cent. However, manufacturers lost part of their share in exports to services, out of which 70 per cent of the trade is related to ICT.[30] India also saw a steady decline in its GDP share from the primary sector, which now accounts for less than 20 per cent of GDP and exports.[31] Therefore, under the point of view of ideas, it was expected in India that national preferences would always support the status quo. In fact, the country initially opposed the launch of the DDA. Yet the concerns were less with agriculture and more with the so-called 'Singapore Issues' (transparency in government procurement, trade facilitation, trade and investment, and trade and competition), which, in practice, ended up not being negotiated on.[32]

Figure.1.1. Actual and expected win-set in the DDA (Brazil, 2001–2008)



[29] World Bank 2010.
[30] Ibid.
[31] Ibid.
[32] Narlikar and Wilkinson 2004.

Organisation of sectorial interests, in turn, provides a persuasive explanation for the defence of liberalisation. However, considering that they did not change after 2004, therefore the turn to protectionist stances remains puzzling. Industry and services had divided interests on the DDA. Nonetheless, across time, sub-sectors within services other than those related to ICT foresaw advantages in liberalisation, such as opportunities for sending professionals to attend clients in developed markets. Industry and ICT services are organised as a typical interest group. In turn, small farming (one of the most defensive sectors) acted outside national associations.

Hence, the cause of empowerment of protectionist sectors may be found at the level of institutions. In fact, bureaucrats' and politicians' concerns with stability could explain the power of India's peasantry. Nonetheless, as organisation of interests, the major institutional setting involved in negotiations remained constant between 2001 and 2008. The Ministry of Commerce and Industry (MoC), which has direct connections with industrial and services lobbying groups, is the nodal bureaucracy responsible for trade negotiations.[33] However, it is in constant interaction with other units within the field of the state, in particular the Ministry of Agriculture (MoA), which sides with protectionist interests in the sector, and the Ministry of External Affairs (MEA). The MEA expanded its participation in economic diplomacy throughout the Doha Development Round timeframe. This suggests that negotiators increased their perception of how hard it would be to extract concessions from the EU and the US.

Yet what marked the major change in the Indian win-set was the transition of government in 2004. Under the government of the National Democratic Alliance (NDA), led by the centre-right Hindu-based Bharatira Janata Party (BJP), India was

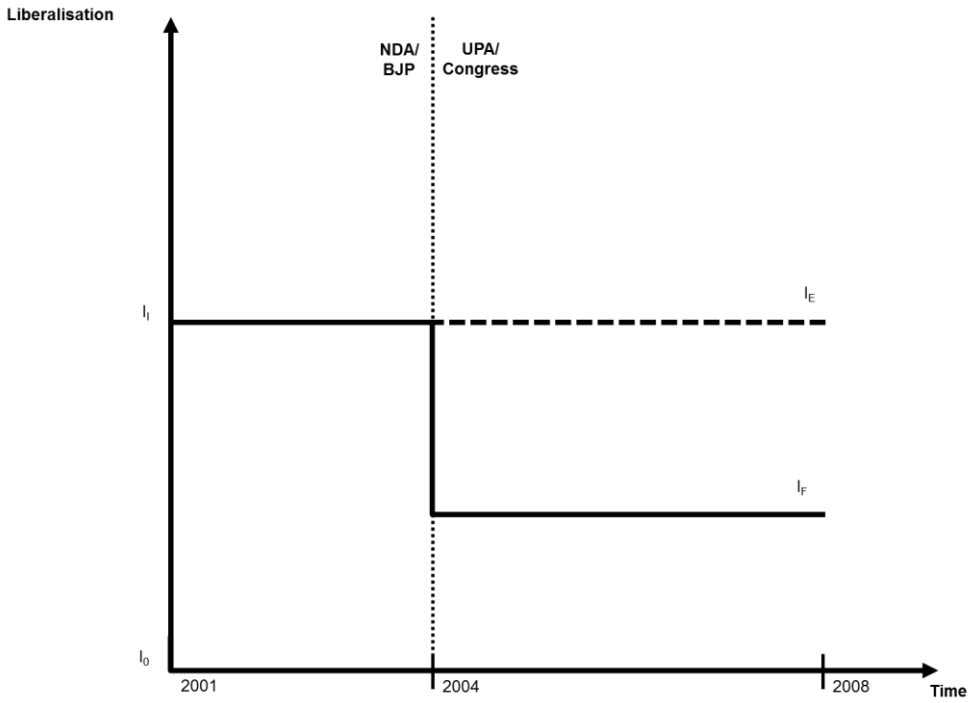
[33] Narlikar 2008 and 2013.

more committed to liberalisation than after, when the United Progressive Alliance (UPA) headed by the Indian National Congress (henceforth the Congress) ascended to power. Insofar as both BJP and the Congress took measures towards economic liberalisation,[34] one could not expect relevant differences in foreign trade policy between the administrations they led. However, NDA aligned India with Brazil in the Cancun Ministerial, in September 2003, to counter the developed world's agenda that circumvented liberalisation in agriculture.[35] The G-20, a coalition composed of developing countries, predominantly with offensive interests in agriculture, lost importance for India's diplomacy under the UPA administration. Instead, it emphasised membership in the G-33, which advocated special treatment in agriculture for developing countries. Figure 1.2 represents the shift in India's win-set size between the NDA and the UPA governments. Without change in the coalition ahead of the GoI, one could expect that the limit in the negotiations would be I_E, therefore equal to the initial limit (I_I) rather than I_F, closer to the lowest limit (I_0).

In fact, the opposed trajectories of Brazil and India in the negotiations became evident in July 2008, during a crucial meeting in Geneva. Brazilian representatives agreed to concede on NAMA and other non-agricultural issues to guarantee access to agricultural markets in the Global North. The US and the EU would, thus, progressively eliminate most of their agricultural subsidies. India, however, refused the proposal, maintaining its stance on embracing protectionist interests, in particular the demands from the small peasantry who produce for the internal market or their own subsistence. Given the lack of agreement, the Doha Development Round went into deadlock.[36]

[34] Acharya 2002; Kohli 2009.
[35] Until the Cancun meeting in March 2003, the Quad, composed by the US, EU, Canada, and Japan dominated the negotiations in the multilateral system of trade.
[36] Blustein 2009; Jones 2010; Narlikar and Van Houten 2010, 142.

Figure 1.2. Actual and expected win-set in the DDA (India, 2001–2008)



For this, the puzzle of Brazil's and India's national interest in the DDA is more complex than it appears at a first glance. Given that WTO's agreements imply on single undertaking, more than an opposition between liberalising agriculture and protectionist industry in the Brazil and between protectionist agriculture and liberalising services in India, there is in both cases a cleavage between offensive and defensive sub-sectors within each of those major economic segments.

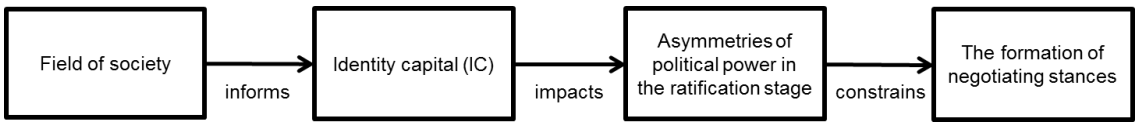
Applying the Argument

The missing 'I', identity, can explain Brazil's liberalising stances and India's move from the acceptance of further economic openness towards the preference for the maintenance of the status quo (henceforth equalised to a protectionist position). The solution for the puzzle is straightforward. In Brazil and India, the coalition that ended up prevailing in the domestic trade-off is the one whose sub-sectors tend to be more

associated with the dominant conception of national identity. As defined in this thesis, these sub-sectors have more IC than others.

In a nutshell, I argue that a country's preferences/demands in an international trade negotiation ultimately reflect the domestic distribution of power across economic sectors not only in the field of the market – associated with EC – but also in the field of society – related to IC. Both types of capital impact a sector's PP. IC manifests itself in the phase of ratification either instrumentally, when in dispute in the political field, or structurally, if embedded in state institutions. PP can be briefly defined as the capacity that social actors have to influence the state in two main respects: 1) the elaboration of public policy, including foreign policy;[37] and 2) the legitimation, even implicit, of ideas and norms, including social paradigms. Hence, when IC is instrumentalised, only if the coalition in government espouses a social paradigm to which a sector is mostly associated will it be able to convert its level of IC into PP. As ratification shadows negotiation (figure 1.3), constraints in this latter phase tend to be false or incomplete positives in explaining the formation of the national interest.

Figure 1.3. Linking identity with outcomes in policymaking



One can assume that a sector has EC if it contributes significantly to the stability of the domestic market in helping to prevent exogenous shocks and domestic turbulence. The operationalisation of EC depends on how the field of the market is configured. For instance, a market in which a Keynesian paradigm predominates tends to empower economic sectors that do not originally have comparative advantage and focuses more

[37] Lentner (2006) suggests that foreign policy should be understood as a public policy.

on the domestic than on the international market. In turn, a market that works with liberal principles is more likely to favour sectors that already have comparative advantage, as regulation over foreign trade is reduced. To define IC, one has to look at social paradigms that embody relevant identities in the field of society. Dominant social paradigms in a given country determine the level of IC of social actors. This is crucial nowadays as most countries are complex societies[38] with competing identities. Predominant paradigms are those historically legitimated by the state as they define what is different about a country's people, building its distinctiveness by contrasting it with other polities. One can consider religion, regional, and ethnic identity as the most relevant social paradigms that exemplify the notion of IC as defined in this work insofar as they potentially inform conceptions of nationhood.

Here a caveat is necessary: unlike most Foreign Policy Analysis (FPA) works that discuss identities, this thesis does not follow a behavioural or psychological approach,[39] one which focuses on the impact of paradigms at the individual level (first image theories). Paradigms here frame accepted and expected social identity even if the process of framing happens through diffuse means and is embedded in institutions.[40] Nor does this thesis follow recent works which, based on sociotropic assumptions analogous to those employed in social psychological accounts of identity,[41] correlate trade preferences within the US with ethnic factors without a clear theory to explain their effects over positions[42] or without exploring which interests prevail.[43] Finally, identity here is not employed as a synonym for ethnic-based lobbies, a topic to which

[38] Following Banton's (1966) definition.
[39] One of the classical works that follows such approach is Sprout and Sprout 1956.
[40] Lieberman 2003; Lieberman and Singh 2012.
[41] An example of such approach in social science in general is Tajfel 1981.
[42] Mansfield and Mutz 2009.
[43] Guisinger 2009.

FPA has already devoted considerable attention, especially in security issues.[44] The conceptualisation of social players as having positions in the fields of the market and society makes clear the existence of two autonomous arenas in which sectors are embedded. The concept of lobbies presupposes the existence of deliberate action to influence a policy. Instead, I argue that IC empowers sectors, traditionally conceived as solely economic, such as the subdivisions of agriculture, industry, and services.

To understand how IC matters in shaping PP, we can consider predictions for Brazil's and India's situation (table 1.1., scenario 1) in which EC alone correlates with PP. We shall also suppose that there is a bargain between a liberalising and a protectionist coalition. High levels of any type of capital score 1, whereas low levels score 0. Brazil would have faced a deadlock at the domestic level, as protectionist sectors have as much EC as liberalising ones, whereas India would have pursued a continuous position in favour of liberalisation. With the inclusion of IC in the equation that forms PP (scenario 2), the results of each case become congruent.

Table 1.1. Impact of identity capital in a trade-off (Brazil and India, 2008)

Sector	EC	IC	PP	Trend in a bargain
Scenario 1 – IC does not matter, then PP=f(EC)				
Brazil				
Liberalising	1	NA	1	Maintenance of the current levels of protection
Protectionist	1	NA	1	
India				
Liberalising	1	NA	1	Liberalising demands prevails
Protectionist	0	NA	0	
Scenario 2 – IC matters, then PP=f(EC, IC)				
Brazil				
Liberalising	1	1	2	Liberalising demands prevails
Protectionist	1	0	1	
India				
Liberalising	1	0	1	Maintenance of the current levels of protection
Protectionist	0	1	1	

[44] An example is the Jewish lobby in the US. For a discussion on this, read Lieberman 2009.

In Brazil, the patterns of extensive racial mixing among whites, blacks, and indigenous peoples since colonial times reveal the country's predominant preference for diversity rather than segregation.[45] Segments of agriculture are among the sectors with the highest IC, as rural areas tend to be more racially mixed. Most high-added value sectors, which are among the largest losers of liberalisation in Brazil, are overwhelmingly white.[46] In sum, agriculture in general and other liberalising sectors have a higher PP than most of the protectionist-leaning segments as they combine strength in both EC and IC. This means that agriculture, along with other winners in liberalisation, tends to prevail in bargains that imply concessions in protectionist sectors.

One can hardly think of modern India without the notion of secularism, created to bring together diverse cultures and religions, particularly Hindus and Muslims, who have historically lived in the subcontinent for more than a millennium. However, since early 1990s, there has been an expansion of the middle class among the Hindu population. Such an expansion, among other factors, opened space for the emergence of Hindutva, an ethnically- and religiously-based nationalist movement that challenges the secular basis of the Indian state[47] – the social paradigm upon which post-colonial India was built. In India, software-related services are overwhelmingly made up of Hindus, who comprises about 90 per cent of the sector.[48] India's sectors are in a deadlock as the PP of agriculture and other sectors that oppose further liberalisation, such as textiles, are similar to the PP of non-agricultural sectors, including ICT-related activities.

The IC of a sector is channelled from society to institutions within the state responsible for ratification through the political field. In democracies, the mechanism of

[45] Freyre [1933] 1946; Ribeiro 1995.
[46] According to data from FUNCEX 2012; IBGE 2003 and 2009.
[47] Jaffrelot 1996; Louis 2000; Katzenstein, Kothari, and Mehta 2001; Gopalakrishnan 2006 and 2009.
[48] Based on NSSO 2005 and 2008.

transition usually lies with legislative power (henceforth, parliament). It has a veto power[49] over international agreements at the ratification stage. Hence, asymmetries of power in parliaments caused by conceptions of national identity transmit IC from society to the field of the state. In Brazil, whose national government is organised upon a presidential system, legislators from the Chamber of Deputies (the lower house) and the Federal Senate (the upper house) ratify international agreements. Also, they are *de facto* members of the governing coalition insofar as the President (the chief negotiator) would be barely able to govern without relying on the support of members of the parliament (MPs) in both houses, which may vary according to the issue being voted on. In India, a parliamentarian republic, the Prime Minister (the chief negotiator) and his/her government may lose support if it decides against the interests of representatives' constituencies in the *Lok Sabha* (the lower house). However, no official ratification is required in the India system.

Representation in the parliament in Brazil is biased towards racially-diverse states through malapportionment. Thus, given their low level of IC on average, protectionist sub-sectors have lacked power to counter the liberalising agenda of the government. India's protectionist economic activities tend to be religiously diverse, being more linked to the notion of secularism than liberalising sectors. Opposition parties, including the Congress (associated with the dominant secular paradigm) and others, most of which would later join UPA, questioned in the parliament (2001–2004) the liberalising plans the NDA/BJP-led governing coalition (which espouses a view of Indianness associated with Hinduness).[50] Once in power (from 2004 onwards), the UPA reduced the impetus for liberalising agriculture, until the 2008 deadlock. National

[49] Tsebelis 1995 and 2002.
[50] Lok Sabha 2011; Rajya Sabha 2012.

identity then matters to explain which interests inform the set of demands in an international trade negotiation.

It is important to highlight the fact that constraints present at the negotiation stage can still be relevant to understand the national interest. This is not only because 'I's other than identity can impact the formation of positions, but also due to the fact that, as mentioned earlier, the state is a field embedded not only in fields that form the domestic dimension, but also in the international one. The position that states occupy in the external market and the international society[51] vis-à-vis their counterparts impacts their power in diplomacy. Thus, Brazil's and India's condition as post-colonial states, located outside the systemic core in the Global North, also reflects their negotiating action. Under Lula's government, Brazil foresaw in the DDA not only an opportunity to maximise economic gains, but also a way of increasing its prestige in international society by attempting to erode the central position of the EU and US in the multilateral trade of system while advancing leadership in the Global South.[52] India, in turn, has always had a stronger non-Western state identity than Brazil, leading it to be known as the country that simply says no at the negotiating table.[53] This explains in part the Indian disposition to view Western-built regimes, such as the WTO, with suspicion.

Contribution of Fields

Without the concept of fields or analogous definitions, such as arenas and social spaces, I could not make clear the social milieu in which states and non-state actors are embedded. Nor would it be possible to demonstrate that institutions such as parliaments reflect asymmetries of power that have historical roots in conceptions of national

[51] Bull [1977] 1985.
[52] Hurrell and Narlikar 2006, 431.
[53] Narlikar 2010, 22.

identity. Unfolding the constitution of the environment in which players act can be crucial to make sense of how ideas, interests, and institutions converge towards a given outcome in policymaking, as is the case in two-level games. Such a convergence hardly arises from a series of rationally-driven actions. Embedded in socially-constructed spaces, actors may have power as the result of factors that they do not control, such as the identities to which they are attached. Also, fields create units of analysis that distinguish the forces that act at the ratification and negotiation stages.

While the origins of national preferences in economic foreign policy are located in the domestic dimension as interest-based accounts predicts, sectors cannot always be equated or subdivided into interest groups that organise themselves for lobbying. Sectors can influence policy outcomes without following the presuppositions of the logic of collective action insofar as they embody power due to constitutive factors such as identities. However, the literature on the domestic sources of foreign policy does not consider such a possibility, ignoring the idea of society as an analytical unit that interacts with the state and the market. For instance, Moravcsik uses the term 'civil society' to describe the place where all interest groups (either economic or non-economic) are located.[54] However, as conceived here, society is not a space of civic association. Rather, it is the locus where identities are reproduced, yet not necessarily translated into associations. Therefore, sectors traditionally conceived as operating only in the market can have power through the identities of their members even if formal, national-wide associations do not exist.

Moreover, in contrast with much that has been already written about social identity and policymaking in trade, I am not concerned with the origin of sectors'

[54] Moravcsik 1998, 22.

interests.[55] Rather, I focus on explaining the origins of their power and, thus, their weights in forming the national interest. Economics provides a better explanation for the origin of sectorial demands than does a sociological account. Sectors which in a given moment expanded their technological endowments and then increased their productivity tend to support liberalisation. Under a strict socio-constructivist standpoint, it is certainly desirable to ask whether domestic identities impact not only a sector's power, but also its interests as well. Nonetheless, such a concern falls outside the scope of this work. That said, in advancing the understanding of how ideational factors interact with material ones in structuring political power in economic bargains, this thesis can contribute to the development of future work that explains the formation of interests at the micro-level from a constructivist perspective.

In addition, one may wonder why an institutional model such as the one on veto-players would not suffice for this thesis. Indeed, the instrumental and structural ideal-types through which identity impacts a sector's PP resemble Tsebelis's typology of partisan and institutional veto-players.[56] Nonetheless, without specifying where the state and societal players are embedded, institutional frameworks are limited to cases with narrow characteristics, such as a given type of regime or state structure. This only scratches the surface of power relations that determine outcomes in two-level games, describing rather than explaining the causes of asymmetries among sectors.

An analytical focus on ideas suffers from the same limitation. The state, to quote Whitehead, has a cognitive capacity[57] vis-à-vis the domestic dimension, legitimising ideas and employing them as frames to develop policies. However, like institutions, ideas do not exist in vacuum, and – of course – are of different types. Certainly

[55] Guisinger 2009; Mansfield and Mutz 2009; Werner 2008.
[56] Tsebelis 1995 and 2002, 2.
[57] Whitehead 2006, 100. See also Centeno and Ferraro 2013, 12.

economic ideas are expected to play, at least on the surface of the social world, a stronger role than other sets of norms in a trade negotiation. Yet these other sets can impact outcomes if they underpin asymmetries of power, and do not work simply through the conscious, rational action of policymakers. Furthermore, institutional and ideational accounts do not usually distinguish ratification from negotiation.

Hence identity tends to be hidden in more tangible social elements and concepts, such as institutions. Nevertheless, as I argue, it embodies a significant part of the power of collective actors in the domestic dimension, including economic sectors. To overcome the institutionalist bias that International Relations (IR) inherits from Political Science, one has to frame research with concepts that unpacks traditional units of analysis, such as the state and other domestic institutions. Power is generative and relative; it is shaped by historical struggles and embedded in the social world. Therefore, the analytical framework could not be organised based on an agent–structure opposition:[58] constraints are in flux and the properties of agents and the environment are mutually constitutive. Constitutive factors, such as identity, stand behind and embed apparent elements, such as formal organisations, and account for long-duration[59] effects. Constitutive causality implies generative causality and therefore probabilistic relationships.

Thus, sociological tools may meet the challenge posed in this thesis better than those borrowed from economics and political science. This is the case with fields. The concept implies relational meanings and generative processes at various analytical levels, contributing to unfolding processes that social actors are not conscious of. I do not intend to use a pre-defined concept of field. Rather than opting for a strict

[58] For a discussion on the agent-structure problem in IR, read Wendt 1987 and 1999; Carlsnaes 1992.
[59] Braudel 1960.

Bourdieusan approach[60] or the recent strategic action field (SAF) theory put forward by Fligstein and McAdam,[61] I have elaborated the following definition of field after reviewing the literature that employs, with nuanced differences in the meaning, the same word to conceptualise social spaces characterised by struggles. These struggles, even if found in a stable situation, can never be reified: they are at the roots of asymmetries of power and thus at the heart of their cause.

In this work, a field consists of a social space organised by paradigms and where both individual and collective players act towards a given objective or set of objectives underpinned by different levels of capital that stem from either adjacent fields or the paradigm that bounds action within that field. As paradigms change in a given field and in adjacent fields, so does the level of capital of the players, meaning that nothing within a field can be taken for granted. As suggested before, players do not have to be aware of a certain type of capital for this to have an effect on their actions. Actions may result in unintended consequences, whose causes, however, can be traced to the asymmetries of capital among the players within a given field. High capital corresponds to the ability to preserve the dominant paradigm and, therefore, to contribute to the stability of a given field. Nevertheless, players cannot reframe the fields as they want simply because they cannot control everything that happens within there, including the impact of change that happens in adjacent arenas of power.

So, in face of this, where does the strength of fields vis-à-vis competing concepts stand? First, fields remind one that nothing can be taken for granted. Even when social identities are not in constant dispute in the political field, they impact the political strength of different economic sectors. Second, in spite of integrating ideas,

[60] In particular Bourdieu [1984] 2010; [1989] 1996; and 1991; Bourdieu and Wacquant 1992.
[61] Fligstein and McAdam 2012.

interests, and institutions, domestic pluralism has theoretical problems that the concept of fields can overcome to integrate identities in the analysis of two-level games. In domestic pluralism there is still no consensus on how to define relevant domestic factors.[62] As fields unfold the sources of power, they advance this debate, which has not been addressed in full even by constructivist theories in International Political Economy.[63] Moreover, domestic pluralism that focuses on markets, institutions, and information does not have a clear theory of the international environment.[64] A framework based on fields can consider the international dimension, which generates constraints that can be crucial in the negotiation phase, notwithstanding the trend that ratification/domestic-based forces prevail in the definition of the national interest. The distribution of symbolic capabilities across actors, such as states, underpins their PP and the views of policymakers to define negotiating stances even in economic regimes.

Furthermore, constructivism – which claims to be a middle-ground between rationalist and fuzzy critical theories[65] – has in recent times borrowed Bourdieusan concepts,[66] such as practice, in the case of security issues,[67] and capital, in WTO negotiations in the international dimension.[68] In spite of the relevance of these contributions, most of them passed over the concept of fields, without which practice (understood as micro-level routines), capital and therefore power cannot be defined. Moreover, constructivists and Bourdieu's followers in IR have already foreseen the potential of fields to integrate the analysis of phenomena that as two-level games

[62] Moravcsik 1993, 14.
[63] For an overview of constructivist IPE, read Abdelal 2009.
[64] Moravcsik 1993, 23.
[65] Adler 1997; Guzzini 2000.
[66] Bigo 2011; Leander 2011.
[67] Adler and Pouliot 2011a and 2011b; Pouliot 2010.
[68] Eagleton-Pierce 2013.

depend on factors from both domestic and international dimensions.[69] Hence fields enable the exploration of the central question discussed in this thesis while establishing a dialogue with state-of-art IR constructivist scholarship.

Fields frame the investigation of the actual origins of decision-making as they conceive of the social world in both domestic and international dimensions as spheres of action bounded by norms that limits social action and the power of players. Fields thus can be a tool to explore in a clearer way the links between non-economic issues and economic foreign policy, which domestic pluralism, like constructivism, has failed to do in a systematic manner.[70] In the former, the organisation of interests tends to be reified, as these are considered a function of interactions between social actors with existing institutions that presuppose a series of rationality-driven actions. The fact is that even rational actions may have unintended consequences. Among constructivists, there still exist lack of clarity about the connections between economic processes and national identities insofar as theorisation on interactions between them has been restricted to cases in which both are in a state of flux, under redefinition.[71]

To summarise, fields do not reinvent the wheel: rather, they are an appropriate theoretical tool to highlight in a relatively parsimonious manner the fuel (i.e., the power) that feeds engines (i.e., the institutions and parties) that make wheels (i.e., the policymaking) move. They embed the man and the state, the unit and the system. Putnam's call for the convergence of Comparative Politics and IR in the exploration of the dynamics of two-level games has not been fully addressed. This and the fact that there is an attempt to identify how interests interact with established identities in

[69] The possibility of employing fields to open the state's black box while integrating it with the international level had already been considered by Pouliot and Mérand 2008 (a text in French), yet their proposal is still underdeveloped, as the new version (Pouliot and Mérand 2013) of the same article shows.
[70] An example of non-systematic account is DeSombre 2009. See also Sterling-Folker 2009.
[71] This is the case of Abdelal's (2001) analysis of post-Soviet states.

shaping an economic-related outcome (national demands in a trade negotiation) make this thesis a singular sociological/constructivist contribution to the literature on national interest formation, veto-players, and two-level games.

Case Selection

The pairing of Brazil and India is not a 'natural' choice for the empirical analysis and the process of theory-building. However, as explained below, in contrast to alternative most-likely cases, the study of those countries allow for the controlling of factors I do not explicitly mention as they are exogenous to the fields considered in the analysis. Yet, those factors could impact the ratification stage as much as the causal variables of main interest. Brazil and India liberalised their respective economies at the same time (throughout the 1990s), have federal systems of organising the political arena, and are found at the same position in the international dimension. Nor is the DDA the only international negotiation or process of liberalisation to which the theory is applicable. Nevertheless, as a multilateral negotiation, the DDA covered a very wide range of issues, rendering unlikely the fact that domestic constituencies and policymakers had a complete notion of the potential implications of an agreement. This tends to make it more likely than in unilateral liberalisation or bilateral negotiations to hinder the effects of any possible rational action of the players in the fields, insofar as uncertainty dominates the actions of policymakers, opening space for unintended consequences.

In fact, any country can be analysed having as reference the field of the market and of society. For instance, it is unthinkable to conceive of the US as a nation without referring to Protestantism, whiteness, and the roots of the fight for freedom in New England and the North-eastern regions, notwithstanding the fact that more than half a century has passed since the American state last defended racial segregation within its

territory.[72] Likewise, national identity in European countries has its roots in Christianity,[73] as the 2004 debates on the EU Constitution[74] revealed in the context of the growth of the Muslim population in the continent. As post-colonial states, Brazil and India have more evident struggles around identity than countries in the Global North, while differing in a substantial aspect: the degree of the politicisation of identities. Such a fact makes Brazilian and Indian cases to represent the ideal types of structural and instrumental manifestations of IC respectively, then enhancing the possibility of drawing stronger conclusions from causal inference through the comparative method.

In terms of economic liberalisation, the US and most of the member-states of the EU could make good cases for this study. They liberalised their economies in the 1980s, yet did not converge towards a single model.[75] China and Russia (and its predecessor, the Soviet Union) are other relevant cases. Both departed from a similar point in the end of the 1970s (planned economies), made economic reforms in the 1980s, and ended up, respectively, as the most prominent rising power of the 21st Century, with a growing industrial output, and as a commodity exporter. Brazil and India are democracies, which facilitates access to documents, governmental data, and elite interviewing. China and Russia are also diverse in terms of identity and have a similar historical legacy, which make them eligible for eventual possible future comparative study employing the framework developed here. However, they have autocratic political regimes, constraining the collection of evidence in archives and through interviews.

Notwithstanding the EU's federalist pretentions, the bloc has unique features that make a comparison with any country, including the federal US, hard to

[72] King and Smith 2011.
[73] On this read Kunovich 2006.
[74] Cvijic and Zucca 2004, 739.
[75] Hall and Soskice 2001; Pontusson 2005.

operationalise at least for the purpose of theory-building. China and Russia have analogous limitations. As the two-level game metaphor implies, ratification does not have to be democratic.[76] Nor does a sector have to be explicit about its preferences to influence a negotiation or a public policy in general.[77] The equation that explains PP as a function of EC and IC could be applied to other types of regime. Nonetheless, for the purposes of theory-building, it is better to compare cases with the same type of regime and government structure, so competing explanations (particularly the overall institutional design of the field of the state and the role of bureaucrats and office holders in the negotiation level) can be ruled out with more precision than otherwise.

Unlike the US (a *sui generis* superpower) and the EU (with a strong economy, but weak military structures), Brazil and India were in a similar position in the international dimension before liberalisation and moved towards another similar position as well afterwards, while the negotiations of the DDA were still in place. In spite of differences in economic outcomes in the post-liberalisation period, Brazil and India have been working with a similar foreign policy framework[78] since the early 1990s, as they did in the 1980s. As ISI was gradually replaced by elements of neoliberalism, both distance from the Global North and contestation of international regimes were left aside in favour of an active participation in regimes seeking pragmatic results and confidence-building with the core of the international society.

Finally, the choice of two emerging powers for this case-study also allows this work to have more significant policy implications than if the focus had been on countries in the Global North. A general question that emerges is how the BRICS have been growing fast and gaining power in the international dimension without seeming to

[76] Putnam 1988, 437.
[77] Braumoeller 2012; Jacob and Pierson 2002.
[78] For Mehta 2009, however, Indian foreign policy making does not operate within frameworks.

follow traditional receipts while producing puzzling results in the domestic dimension along with not-so-obvious trade demands. As shown above, conventional arguments that are based upon institutions, ideas, information, and the organisation of interests do not explain in full Brazil's and India's demands regarding the DDA. The comparison Brazil and India contributes also to the literature on the Doha Development Round and trade policy within those countries[79] regardless of the theoretical goals of this thesis.

A caveat is necessary: the selected cases may lead one to infer that agriculture – whether liberalising or not – always dominates the field of society, but this is not the case. Throughout history there are several of examples of reforms that implied high material losses to agriculture, which suggests that the association between high IC and that sector is not natural. Victorian Britain, for instance, left aside fears of social disruption in the name of a free trade regime that left its agricultural producers unprotected.[80] Without a divide in social paradigms (both farm and town were essentially British), EC defined alone the balance of symbolic power in favour of the industrialising cities. Most recently, Mexico exposed its peasants to vulnerability when it joined the North American Free-Trade Agreement (NAFTA) in 1992. However, agriculture in Mexico did not share the dominant social paradigm of the country – the idea of a mixed Hispanic-Indigenous identity – as much as urbanised sectors.[81] Such a fact left agriculture powerless to resist liberalisation.

Research Design and Sources

With Brazil and India, I then control crucial aspects that can impact the formation of national interest – timeframe of economic liberalisation, political system and regime,

[79] For a comparative study of Brazil's and India's foreign trade policymaking focused on conventional explanations, read Mahrenbach 2013.
[80] Polanyi [1944] 2011.
[81] Bonfil-Batalla and Dennis 1996.

and position in the international society – in order to assess the impact of two different varieties of IC manifestation (structural and instrumental) on the same variable. Whereas in Brazilian politics identities are not significantly contested in party politics, in the Indian political arena they are in evident dispute. This suggests that whenever national identity manifests itself structurally, negotiating positions tend to remain the same. In turn, if they are contested and if governing coalitions with different views on nationality alternate power, negotiating positions change. The change of government from the NDA to the UPA in India, amid a reduction in the scope for liberalisation available at the hands of Indian negotiators, exemplifies such a process.

The research design is therefore based on comparative assumptions,[82] following a supplementary mixed-method approach. Such approach involves the use of quantitative and qualitative tools to solve different parts of the puzzle with the use of within-case studies or paired comparisons (small-N research). This is a departure from the conventional combination of quantitative and qualitative tools in social sciences, which usually consists of a complementary strategy, as it is the case with nested analysis.[83] This happens in research designs that consist of cross-case analysis (large-N studies) subsidised by the understanding of specific cases. Unfortunately there is no cross-country dataset with variables with the characteristics of the domestic fields of the market and society. That would have made it possible to test the argument on identities vis-à-vis theories based on ideas, interests, and institutions that explains the origins of state preferences in international negotiations. However, such a limitation is not

[82] Ragin 1987 and 2008.
[83] Lieberman 2005.

exclusive to this thesis. It pervades the literature on FPA, leading researchers to conduct small-N rather than large-N analysis.[84]

Hence, like most of works that consists of small-N cases, it has variables that outnumber the quantity of real cases.[85] However, such a fact does not invalidate the scientific character of the study,[86] which ultimately aims to provide a socio-constructivist perspective to explain why certain sectors prevail in the definition of the national interest in international trade negotiations. The two stages of diplomatic action in crafting national positions (ratification and negotiation) do involve very different analytical levels. Whereas in negotiation the micro- and meso-levels matter the most, in ratification macro-dynamics are key to understanding outcomes. The negotiation stage consists of interactions between specific bureaucracies and organised interests, while in ratification macro-trends that constrain the power of a governing coalition tend to prevail. The macro-level hence allows the translation of concepts through quantification, yet specific dynamics at the negotiation phase are hardly quantifiable.

The research design is hence divided in two main phases. First, I analyse, through multivariate regression, the effects of the constraints, including IC, present in ratification. Second, I trace, through qualitative tools, the inputs into the negotiation phase. A congruence test between the findings of both main parts makes it possible to conclude that asymmetries of IC across sectors matter in explaining the formation of national demands as social identity impacts the ratification stage. Following Goertz and Mahoney,[87] among other methodologists in the social sciences, I assume that concepts

[84] Alternatively, some works (e.g., Mansfield and Milner 2012) simply assume that state preferences in the international dimension already reflect the distribution of power across domestic players.
[85] Geddes 2003, 133.
[86] According to Goertz and Mahoney (2012), small-N research designs have their own scientific logic.
[87] Goertz and Mahoney 2012.

have to be operationalised, based on a critical realist approach.[88] That is, a given concept does not necessarily imply a certain type of measurement. The proxies certainly depend on the concept, yet are not totally determined by them, being contingent also on the selected cases and the data available.

In the first phase, measures of the EC and IC of sectors correspond to the independent variables, whereas the sectorial preference – given by a sectors' export performance within the trade context in place since the consolidation of economic liberalisation in each case – is the dependent variable. The analysis is conducted through multivariate regression to show the independence of EC from IC, and, therefore, that the theory employed is plausible. Appropriate controls for competing notions of EC, IC, and the other 'I's (ideas, institutions, information, and organisation of interests) are introduced accordingly in each case. An additional multivariate regression demonstrates that IC impacts political representation, then constraining the positions of the head of government in negotiations and of representatives in ratification.

In the second phase of the empirical analysis, I unfold the linkages between sectors in the political field and bureaucracies within the field of the state responsible for the DDA negotiations. Assessment through quantitative data is improper in this case, given the specific political-institutional characteristics of the economic foreign policymaking in each country. Here process-tracing is a better tool.[89] This consists of 99 interviews with individuals from the fields of the market and of the state involved in the Doha Development Round. The interviews were carried out during fieldwork in Brazil and India, as described in the Methodological Appendix. Moreover, I also rely on secondary sources and archives available at these countries and the WTO. For the

[88] As defined by Lake (2009, 63), '[c]ritical realism is a post-positivist approach to science that presumes that an independent reality exists but that our knowledge of it will always be imperfect'.
[89] Mahoney 2003, 363.

dependent variable, the units of analysis are the set of national demands of Brazil and India and their variations during the period 2001–2008.

Organisation

After this Introduction, Part I defines the puzzle in theoretical and empirical terms. Chapter 2 shows how the notion of fields can be applied to IR, detailing the theoretical framework. Then Chapter 3 identifies, based on secondary sources, racial diversity and secularism as the dominant conceptions of national identity in Brazil and India respectively. The chapter also demonstrates how these conceptions shape asymmetries of power within each country at the ratification stage.

Part II moves to the empirical analysis of the core argument of the thesis and hence of those asymmetries, identifying different levels of IC across sectors and their impact on PP. Chapter 4 presents, for the Brazilian case, the structural variety of the effects of identity; Chapter 5 does the same for the impact of the instrumental type of IC on political outcomes, taking India as the case.

Part III, in turn, explores the dynamics of the other 'I's (ideas, interests, institutions, and information) at the negotiation stage. This enables a convergence check with Part II, then corroborating the argument that identities have a constitutive causal effect in the definition negotiating stances insofar as ratification shadows negotiation. Chapter 6 focuses on Brazil, while Chapter 7 is devoted to India.

Finally, Chapter 8 concludes the thesis, summarising the argument and the findings, as well as the potential application of the concept of fields to other phenomena that involve domestic–international interactions.

PART I – FRAMING THE ANALYSIS

After introducing the argument and outlining the scope of the work undertaken for this thesis, I now turn to defining the theoretical underpinnings of the analysis. The goal here is to develop a theory that accounts for the impact of dominant conceptions of national identity on a country's demands in a trade negotiation, along with a framework that allows me to control the argument with competing hypotheses that focus on the conventional 'I's: ideas, interests, institutions, and, to a smaller extent, information. In addition, this part defines the dominant conceptions of nationality in the cases under study: Brazil and India.

As already suggested in the title of the thesis and as briefly explained in the Introduction, I employ the concept of 'fields' in framing the analysis and developing the theory. The rationale and procedures for doing so are explained in Chapter 2. I conceive the contemporary social world as being formed by two major fields: the market and society. Their overlap corresponds to the political field, where players cooperate and struggle to redistribute material and symbolic resources. In the domestic dimension (that is, within nation-states), societal players, including economic sectors, have positions in both major fields. Those positions are measured by EC and IC. Whereas the level of EC depends on the economic paradigm that prevails in the field of the market, IC is bounded by the social paradigm mostly recognised in the field of society. This social paradigm corresponds to the dominant conception of national identity. The state – which is itself a field and claims to regulate the interactions between players in the domestic and international dimensions, being embedded in both – legitimises the dominant paradigms in both market and society.

Insofar as the overlap of the market and society result in the political field, then a collective player's PP is a function of its EC and IC. However, due to the fact that both types of capital can be combined in unpredictable ways, due to autonomous dynamics in the fields of the market and society, the state does not have full control over political processes, thus allowing results that, at a first glance, are perceived as unintended. IC manifests itself in linking the political field and the state either instrumentally – when paradigms are under significant dispute – or structurally – when informing asymmetries of power in institutions. Players mostly attached to the dominant conception of nationality have higher IC. Thus, IC has the potential to attribute more weight to one coalition of economic segments than to another in a bargain that implies a trade-off between liberalising and protectionist/status quo sectors.

Chapter 3 continues to frame the analysis, as it defines the dominant conceptions of national identity in Brazil and India and demonstrates how these countries represent structural and instrumental cases, respectively, of the manifestation of IC. The identification of racial diversity as the dominant social paradigm in Brazil and of the contention between secularism and Hindutva in the field of society in India furnishes the basis for operationalising IC in each context and testing, in Part II, whether sectors more attached to the dominant conceptions of national identity have more PP. The chapter also provides evidence, based on secondary sources, that IC is channelled to the field of the state through the parliament, which composes the governing coalition in both cases and ratifies international agreements. IC thus creates asymmetries of power and constrains the size of the win-set available to the chief negotiator (the President in Brazil and the Prime Minister in India) regardless of the limits that the international dimension imposes on the formulation of the national interest.

2. FIELDS: FRAMING POWER IN A TWO-LEVEL GAME

> [T]he material and the existential cannot be disentangled… The meaning projects of fields are what allow groups to function and pursue and distribute rewards. This is because the act of creating material objects requires collective action. And collective action requires identity and meaning in order to convince individuals that they are part of something real, important, and tied to their 'interests'. The existential projects of groups help explain a number of key features of social life that rational accounts take for granted.
>
> (Fligstein and McAdam 2012, 49)

This chapter aims to develop a theoretical framework to explain which forces prevail in the elaboration of national positions in an international negotiation. As has been extensively argued in the literature on two-level games, ratification shadows negotiation. Nonetheless, it remains a challenge to define which forces actually shape the final win-set available to the negotiators. The argument offered by this thesis to address this puzzle is straightforward: identities attached to dominant conceptions of nationality empower sectors in the process of defining the national interest. This is a relationship of constitutive causality. Sectors with a relatively high proportion of people associated with dominant social paradigms tend to have more political power than others at the ratification stage. This happens because a country is made up not only of material elements, often associated with the economy and the state, but also has a symbolic arena (society).

To frame the analysis of the two-level game of diplomacy and to incorporate social identity as a variable to explain national demands in international economic negotiations, there is a need for a political–cultural approach that transcends rationalist frameworks. So this chapter develops a theory based upon the concept of fields. A field – an idea that has its origins in social psychology and sociology – consists of a social space bounded by paradigms (sets of norms) in which both individual and collective players act towards a given set of objectives. In such a process, players are underpinned

by different levels of capital that stems from either adjacent fields or the paradigm that bounds action within that field. As paradigms change in a given field and in adjacent fields, so does the level of capital of the players. Consequently, nothing within a field can be taken for granted. In contrast to rational models, a framework based on fields implies that players do not have to be aware of owning certain type of capital to be empowered in a given political process, such as foreign policymaking.

Before proceeding to the empirical analysis of a two-level game, it is essential to identify the fields that are crucial to explain the origins of national demands in a trade negotiation. I argue that two major fields form both the domestic and the international spaces: the field of the market and the field of society. These fields overlap with each other, giving rise to the political field. The state, in turn, can be conceived as a field embedded in both dimensions. In a negotiation, actors within the state (such as bureaucracies) are limited in their ability to reach a deal by the dynamics of power in both dimensions. At the ratification stage, however, immediate constraints come only from the domestic dimension. What unites the two stages is the chief negotiator, here defined as the head of government, even if he/she does not participate directly in the talks.[1] Bureaucrats who work on the behalf of the chief negotiator are expected to bargain as much as possible at the negotiation stage. However, the limits on concessions (and thus of the size of the win-sets) come ultimately from the distribution of power at the ratification stage.

Therefore, the distribution of PP among economic sectors, which stems from the position of these sectors in the domestic fields of the market and society, shapes the final stance of a country in an agreement. Under this logic, PP is a probabilistic function

[1] Putnam 1988, 436.

of EC and IC. EC and IC stem from the position of the players in the field of the market and society, respectively, in the domestic dimension. IC manifests itself in the ratification stage either structurally[2] (when embedded in institutions)[3] or instrumentally (as in countries where social identity associated with conceptions of nationality is subject to significant dispute). The level of EC and IC embodied by players, such as economic sectors, is in turn shaped by the dominant paradigms of each major field within each country.

As the concept of fields helps to explain the interactions between the international and the domestic dimensions, its development in IR inevitably overlaps with FPA- and Comparative Politics-related questions. In spite of implying a loss of parsimony compared to approaches based on information, institutions, and interests, fields can unpack the 'black box' that constitutes the international and the domestic dimensions. The concept, as demonstrated below, achieves such a goal with more clarity than frameworks just based on ideas. This is because fields can unfold the mechanisms through which ideational factors interact with material ones. The 'black box' here includes social relationships among social actors who own different levels of EC and IC based on the dominant economic and social paradigms in the domestic dimension. Discovering the essence of decision in regards to international agreements depends on opening this 'box'.

Prior to elaborating this discussion further, however, it is necessary to show my starting point for the definition of fields that I develop in this thesis. I have drawn extensively on the works of the French sociologist Pierre Bourdieu and the American scholars Neil Fligstein and Doug McAdam. Although these digressions may appear

[2] Here this term denotes stability, not determinism. For this distinction, see Eagleton-Pierce 2013, 42.
[3] Lieberman 2003; Lieberman and Singh 2012.

overly complex (especially for readers without a background in constructivism and sociology), they are necessary to demonstrate why the concept of fields can be helpful in addressing the challenges that surround the understanding of two-level games. The concept makes relationships of constitutive causality[4] clear. The pay-off becomes more evident as I show why fields are more appropriate than other theoretical tool that attempt to overcome the agency–structure dichotomy. The concept of fields makes history clear; they account for long-duration effects[5] and thus for the origins and causes of asymmetries of power among domestic actors.

I then explain the composition of the two main fields used in my analysis: the market and society. This establishes the foundations for understanding what constrains ratification and therefore negotiation. Lastly I highlight the trade-offs between a fields approach that puts identity into evidence, on the one hand, and approaches based on the three most conventional 'I's (institutions, interests, and ideas), on the other.

Defining Fields

Existent Concepts

The origin of the concept of fields in social sciences is unclear. In US academia, it appears to have come from physics and social psychology.[6] Lewin's 1951 work on fields as spaces in which individual actors organise their world is considered the first reference to the concept.[7] In 1984, in the classic book *Distinction*, Bourdieu systematically employed the word to describe social spaces governed by specific

[4] Lebow 2009.
[5] Braudel 1960; Pierson 2004.
[6] Fligstein and McAdam 2012, 215.
[7] Lewin 1951.

logics.[8] Using the concept, he aimed to trace the correspondence of individual preferences for certain cultural goods to the position that individuals occupy within society in both economic (e.g., class) and non-economic (e.g., educational background) spheres. A more precise conceptualisation implies that fields are spaces in which players struggle[9] for legitimacy[10] by increasing or preserving levels of different types of capital. This is understood as a currency for power, used to achieve higher degrees of legitimation and power.[11] According to the sociologist Neil Fligstein, the first author who developed a systematic theory of markets as fields, 'fields contain collective actors who try to produce a system of domination in that space'.[12] Rather than creating a tautological relationship, those statements suggest that, in increasing a certain type of power (e.g., political), actors employ other kinds of capital (e.g., economic and social).

As a result, norms (and ideas) matter within a field insofar as it is '…an autonomous universe, a kind of arena in which people play a game which has certain rules, rules which are different from those of the game that is played in the adjacent space'.[13] From this, one can infer that social actors use their different types of capital to legitimate norms, which in turn will contribute later to their dominance in social spaces.[14] Adjacent spaces are conceived as fields too and as being linked to their counterparts. This idea means that players from one field can de-stabilise another field and the players within it. Actors, in fact, are never restricted to just one field insofar as they have different kinds of capital and different needs.

[8] Bourdieu [1984] 2010, 95. Nonetheless, he had already mentioned the word fields in earlier works, although imprecisely.
[9] Bourdieu 1975, 19.
[10] Ibid., 39.
[11] Bourdieu [1989] 1996, 264.
[12] Fligstein 2001, 15.
[13] Bourdieu 1991, 215.
[14] For an application of this notion to IR, read Pouliot and Mérand 2013.

Bourdieu, however, said little about collective actors, such as economic sectors. Also, he did not establish clearly how one field can impact another.[15] To fill this gap, Neil Fligstein and Doug McAdam[16] put forward recently the concept of SAFs, which are 'a constructed mesolevel social order in which actors (who can be individual or collective) are attuned to and interact with one another on the basis of shared (which is not to say consensual) understandings about the purposes of the field, relationships to others in the field (including who has power and why), and the rules governing legitimate action in the field'.[17] This definition aims to bridge various intellectual traditions that are concerned with social orders, notwithstanding the use of different concepts, such as sectors and networks, to describe them.

The boundaries between SAFs vary depending on what is at stake. Hence, a SAF exists when actors have established a consensus about what is going on in a given social space. Stability in such a space happens through the establishment of either cooperation or hierarchy. However, a SAF can be destabilised through exogenous shocks or reframing processes enacted by the players within it. In order to change such arena, actors can employ their social skills, broadly corresponding to the capacity to reach an objective and, therefore, to increase their power. That said, the concepts of SAF and social skill have a limitation: as instances of bounded rationality,[18] both imply that players are aware of disputes within a field. This is problematic if one assumes that players (even the most powerful ones) do not control all outcomes within social spaces

[15] The fields that have relations between themselves can be linked through either hierarchy or interdependence (this distinction follows Fligstein and McAdam 2012, 59). However, the patterns of relationship between fields can change across time (Bourdieu and Wacquant 1992, 109).
[16] Fligstein and McAdam 2012, 24-31. These pages summarize the limitations of others perspectives on the organisation of social spaces that the idea of SAFs tries to overcome.
[17] Ibid., 9.
[18] Beckert 1996, 821.

and that change, as Fligstein and McAdam recognise, may arise from exogenous shocks.

Hence, SAFs ignore the possibility that both individual and collective players do not have to be mobilised to take part in processes of change in arenas. In contrast, I claim that collective action per se does not suffice nor is necessary for transforming fields. Individuals do not have to be convinced about a given set of demands to participate in the process of shaping outcomes.[19] The combination of different types of capital (without the awareness and intentionality of the players that own them) may empower certain actors at the expense of others as they are embedded in the fields that make up the social order. This is also plausible for fields that, due to a longstanding stability, can be conceived as institutions. An example is the state and its bureaucracies and their linkages with societal actors.

A more precise conceptualisation of fields, therefore, combines the Bourdieusan notion of capital with Fligstein's and McAdam's insights on how collective actors behave and how change in adjacent fields impacts other social spaces. Capital does not need to be instrumentalised – that is, put at stake through skilled, rational action – to inform power. Nor do players need to be aware of their demands to take part in policymaking. To have influence on political processes, such as trade negotiations, players simply need to be part of an arena of power.

Towards a New Definition

To advance the discussion, we can reconsider Bourdieu's concept of fields (the main reference for social scientists who work with the term). His definition of fields implied

[19] For instance, in the case of trade policy, not all winners and losers are precisely identified *ex ante*, as Fernandez and Rodrik (1991) argue. Nonetheless, it does not mean that previous perceptions on winners and losers cannot impact the process of interest-formation.

the need to work with three other concepts: capital, habitus, and practice. Capital is the currency for achieving more legitimacy and, thus, for increasing power. Habitus can be understood as the durable dispositions of social actors.[20] Practice, in Bourdieu's definition, is the result of an equation that includes an interaction of field (which determines a player's position), habitus (the actor's most likely attitude with regards to an issue), and capital (the power, which depends on the player's position in a field).[21] Such a formulation, however, is hard to operationalise as it implies endogeneity (the assessment of the same concept in more than one variable).[22] These concepts can be simplified based on later discussions of Bourdieu and his followers in IR.[23]

I proceed with such a simplification on the assumption stated in the Introduction that actors are always embedded in broad social contexts that have causal implications for their actions. Power, thus, is socially determined, yet not immutable. Here power corresponds to Dahl's definition: it is the element that allows A to force B to do something that B would not do otherwise.[24] A field consists of a subdivision of the context in which players are embedded. Depending on the field and what is at stake, certain types of capital are worth more than others.[25] To recapitulate, capital only exists in relation to a field[26] and determines a player's relative force in the game; it is therefore the object of struggle among players.[27] Hence a field is also the space in which power relations are reproduced. Capital, in turn, determines positions in the field.[28]

[20] Bigo 2011, 243.
[21] Bourdieu [1984] 2010, 95.
[22] Seawright and Collier 2004, 286.
[23] However, some of Borudieu's followers, such as Bigo habitus and fields cannot be used independently from each other and vice-versa (Bigo 2011, 238).
[24] Dahl 1957, 202-203.
[25] Bourdieu and Wacquant 1992, 98.
[26] Ibid., 101.
[27] Ibid., 99.
[28] Ibid., 99.

Hence we have so far two major concepts to work with: field (the social space), and capital (the potential power of players in a given field). Nonetheless, actors cannot reframe fields as they want. Even those that have high levels of a given type of capital face limitations insofar as other competitors gain strength based on forms of power other than that generated within a given field. Furthermore, fields generate regular patterns. In other words, habitus shapes dispositions. Capital, however, matters more than habitus since a player's location within a field tends to command position-taking,[29] including the means by which practices (competent performances) are implemented. Moreover, and despite allowing for creativity,[30] habitus reflects the taken-for-granted values within a field, which Bourdieu would define as doxa. This concept, as Jackson argues, 'is in some ways akin to the way constructivist international relations theorists understand and use the concepts 'norms' and 'normative standards''.[31] In the light of this, for the purpose of conducting empirical research, practice could be equated to action.[32] Norms, in turn, can be grouped into sets (paradigms).

Therefore, rather than talking about doxa, habitus, and practice, one can consider only paradigms when focusing on the analysis of social relations at the macro-level. Paradigms, which emerge through multi-causal processes, ranging from state policies to the action of epistemic communities,[33] frame fields. In framing fields, they constitute a normative dimension that enables collective action in both intentional and non-intentional manners. The concept of paradigm, therefore, fuses habitus and doxa. Both are taken for granted by social actors. Paradigms determine who owns certain types of capital and, thus, who has more power to reach his/her goals.

[29] Bourdieu and Wacquant 1992, 105.
[30] Bigo 2011, 241.
[31] Jackson 2008, 167-68.
[32] Pouliot (2010, 31-2) and Adler and Pouliot (2011a, 8-9) disagree with this view.
[33] Finnemore and Sikkink 2001, 402.

Why then does one need to distinguish paradigms from fields? This distinction helps one to separate the limits of a field from the field itself. For Bourdieu, the limits of the field correspond to the space in which it has effects.[34] However, it complicates the conceptualisation of various fields that can stand in a relationship to one another. I define the limits of a field according to the direct effects of a paradigm. For instance, an economic paradigm influences a firm's action in the market, while informing the value of economic capital. This capital can be used by a player in another field. However, this is not the case with paradigms. Therefore, once one crosses the border beyond which the paradigm has only a second-order effect (that is, an effect only through the capital it structures and which informs a player's level of power), a field ceases to exist.

A field is hence a social space bounded by paradigms and where both individual and collective players act towards a given objective or set of objectives. In such action these players are underpinned by different levels of capital that stem from either adjacent fields or the paradigm that bounds action within that field. As paradigms change in a given field and in adjacent fields, so does the level of capital of the players. Consequently, nothing within a field can be taken for granted. Unlike the SAF model, players do not have to be aware of owing certain type of capital to be empowered in a given political process.[35] As a result, actions may result in unintended consequences. The causes of those actions, however, can be traced to the asymmetries of power among the players within a given field. High capital corresponds to the ability to preserve the dominant paradigm and, therefore, legitimacy, stability, and power within a social order.

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[34] Bourdieu and Wacquant 1992, 100.

[35] As Bourdieu himself states quoting Marx, objective relations exist 'independently of individual consciousness and will' (Bourdieu and Wacquant 1992, 97). However, his emphasis on strategy – which in part resembles SAF's theoretical underpinnings – seems to ignore that fact.

Why Fields

Fields can thus overcome pure materialism and the agent-structure problem. Indeed, as rationalist approaches do, it is reasonable to consider that for academic purposes one may reify agents, such as the state, conceiving them as units of either domestic or international structures. Nonetheless, such a strategy may not work in an analysis that aims to explain complex processes in a relatively large space of time. Such an analysis is difficult to carry out under an agent-structure framework. This kind of framework freezes the context which surrounds the main unit of analysis – be it the state or the other elements of the domestic and the international dimension in general.

As a solution to the problem, Wendt advocates the application of structuration theory[36] to IR. The structuration logic 'conceptualizes agents and structures as mutually constitutive yet ontologically distinct entities'.[37] This implies unfolding the mechanisms upon which it 'conditions its perceptions and responses to social structural imperatives and opportunities'.[38] Building on Wendt, Carlsnaes proposes a model of analysis that overcomes the agency-structure dichotomy in FPA. However, he leaves aside the notion of structuration as it does not work well in distinct timeframes.[39] Thus, Carlsnaes suggests considering action and structures at different points of time.[40] This model is appropriate to identify a sequence of micro-processes where the inputs are clear. However, inputs may change across time ('nothing can be taken for granted'), or may not be explicitly identifiable by students of social phenomena and societal players.

[36] The first work to employ the term structuration in a systematic way is Giddens 1984.
[37] Wendt 1987, 360. The author lists Bourdieu along social theorists who work with the approach (Ibid., 356). However, Wendt does not apply any Bourdieusan concept to his discussion.
[38] Wendt 1999, 366.
[39] Carlsnaes 1992, 260.
[40] Ibid., 264.

So what differentiates fields from systemic theories and other concepts, such as Gidden's structuration theory, that try to overcome the agency-structure debate? Could one not use other concepts to frame the analysis of symbolic and material dimensions of power? First, unlike other concepts that try to overcome the agent-structure dichotomy, fields highlight struggles for power. They put history centre stage analytically without falling into the functionalist trap[41] that ignores agency in social analysis. Other sociologists who work with concepts analogous to fields, such as arenas, are closer to IR than Bourdieu, Fligstein and McAdam. Mann, for instance, employs the term 'arena' in his theories, but specifically to refer to the international dimension.[42] However, as Hobden argues, Mann has never defined the concept of arena, although suggests that it means a place of competition and conflict, similar to the idea of fields.[43]

There have already been some attempts to apply the concept of fields itself to explain transnational phenomena. In an analysis of the action of central bankers and councils of central banks in the globalised world, Lebaron mentions the existence of a global field of power within which there are smaller fields where these professionals act.[44] Bigo also describes a similar type of field in a discussion of the application of Bourdieu's thought to IR, mentioning that he discussed it briefly in his later works.[45] Jackson suggests that Bourdieu's theoretical tools, including fields, can contribute to the replication of studies in international history, particularly in diplomacy.[46] However, Jackson's adaptation faces limits as he ignores economic issues, treating them as opposed to identity questions related to diplomatic history only.

[41] Bourdieu and Wacquant 1992, 102. This criticism is applicable, according to Bourdieu, even to critical approaches that often explain social outcomes as resulting from some sort of conspiracy.
[42] For instance, as he does in Mann 1993, 487.
[43] Hobden 1998, 132.
[44] Lebaron 2008, 123.
[45] Bigo 2011, 247 and 249.
[46] Jackson 2008.

Pouliot defends the position that the Bourdieusan concept of practice may cover the limitations of rationalist ontologies (which work with the logic of consequences) and constructivist ontologies (with a focus on the logics of appropriateness and arguing).[47] As he says, both 'suffer from a similar bias toward representational knowledge – the inarticulate know-how from which reflexive and intentional deliberation becomes possible'.[48] Adler and Pouliot advance the question as they further theorise the idea of practices in IR.[49] One of the possible applications is in the analysis of strategic interaction in the field of international security. As they say, international bargaining and strategic interaction 'rest on a combination of material and cultural artifacts'.[50] Furthermore, practices are agential and structural.[51] Notwithstanding Adler's and Pouliot's contribution to understanding micro-mechanisms in IR, their adaptation of practice to the discipline misses what frames human action and the limits on re-elaborating the social world. This is because these authors and others who have tried to adapt Bourdieu's thought to IR[52] under-theorise his concepts of fields and capital, downplaying the relevance of power.

Even recent attempts to incorporate Bourdieu's concept of fields to sociological analysis in IR do not provide a holistic conception of power. Adler-Nissen, for instance, argues that diplomacy is a meta-field, and therefore structures what happens in other fields, such as global finance, war, and international law.[53] Nonetheless, the analysis is restricted to intra-EU relations, which hinders the symbolic aspects that permeate relationships in the international society as a whole. Diplomacy certainly contributes to

[47] Pouliot 2010, 4; Pouliot and Mérand 2013, 31.
[48] Ibid.
[49] Adler and Pouliot 2011b. On diplomacy as practice, also read Neumann 2002.
[50] Adler and Pouliot 2011b, 13.
[51] Ibid., 16.
[52] For a discussion of Bourdieu in IR, see Adler-Nissen 2013.
[53] Adler-Nissen 2011, 328.

structuring constraints. However, such a practice is embedded in time and then constrained by material and symbolic factors that also set limits to political processes between and within states.

Hence the effort needed to re-define the notion of fields to explain the forces that constrain two-level games is not unnecessary or worthless. It surely implies a loss of parsimony vis-à-vis rationalist approaches. However, the concept offers more precise and realist accounts of social phenomena than current attempts to overcome the agent-structure dichotomy. This is because fields define the core elements that constitute an environment, helping to unfold the influence of factors that impact the result of trade-offs in redistributive processes, such as public policies.

The Main Fields: the Market and Society

Which paradigms, and so which fields, matter to explain a country's demands in international negotiations? The obvious step is to think of the social spaces that embed both negotiation and ratification. Three domains certainly come to the mind of any student of Comparative Politics and IR: the domestic, the state, and the international.

For a sociologist, the question that follows would be about the nature of power in each of these domains. In his late writings, Bourdieu constantly mentions the existence of a field of power.[54] He identifies such a field in analysing the impact of the economic and cultural background in an individual's chances of attending the system of *grandes écoles* in France and so of entering the higher professional ranks. The field of power is structurally determined by different powers of capital.[55] Bourdieu defines economic capital (linked to social class) and cultural capital (which stems from

[54] For Guzzini (2013), the state in Bourdieu's thought does not equal the field of power or, as defined here, the political field. 'To be thought horizontally, not in a hierarchical position, this field amalgamates and overlaps with the fields of the economy, the bureaucracy, politics…' (Ibid., 85).
[55] Bourdieu [1989] 1996, 264.

educational background) as the elements of power that enable both individuals and institutions to occupy dominant positions in society.[56] Along with these two types of capital, social capital constitutes one of the fundamental forms of power, according to Bourdieu.[57] As his focus is on individual actors within a field, this classification does not contribute to an understanding of the power of economic sectors within a country. Unlike individuals, sectors do not have a social class or an educational background.

We can think first of what both domestic and international dimensions have in common in the contemporary world. An independent nation, for instance, never corresponds only to the field of the market and the state. It also presupposes a common identity that binds together people in symbolic terms. This claim presupposes that society cannot be equated to civil society, a phenomena restricted to contemporary times. Furthermore, the state system (or the society of states,[58] as a sociological approach would define it) was not created upon a *tabula rasa*.[59] Being in practice ignored by sociological approaches ranging from Wendtian constructivism[60] to English School, the economic arena existed prior to the creation of states.[61] There were trade connections between distant regions, configuring a space of economic exchange. One can also argue that society as a field precedes the emergence of the international system: forms of collective identity also existed before states were created.[62] Individuals have

[56] Ibid.
[57] Bourdieu 1986; Bourdieu and Wacquant 1992, 119. Cultural capital is associated to information, whereas social capital steams from linkages established among players who constitute networks. Identity is not considered by Bourdieu probably due to the ethnic homogeneity of the French society that prevailed at the time he conducted his major studies.
[58] Bull [1977] 1995.
[59] For a similar critique read Inayatullah and Blaney 1996, 73-75.
[60] In fact, as Bigo (2011, 234) argues, Bourdieu would oppose the cannons of Wendtian constructivism, as it tends to ignore materialism and its impact on the configuration of social relations.
[61] Buzan (2004, 184), for instance, lists trade as one of the primary institutions of international society.
[62] Almeida 2006, 56.

been constituting groups for non-mercantile purposes for centuries, giving rise to diffuse collective actors. Perhaps the best example is religious affiliation.[63]

These facts are ignored or taken for granted by major schools of thought in IR and FPA. Even Wendt's social theory of international politics repeats classical realism and assumes a state-centric position.[64] Obviously his theory does not necessarily preclude the relevance of non-state actors.[65] However, Wendt considers that social actors only became to matter after the diffusion of liberalism as a political doctrine.[66] Perhaps such an assumption is frequent among IR theorists because they usually derive their analytical models from cases involving mainly Western countries, the first members of international society.[67] The conventional narrative about development in these countries puts the state at the beginning, with the markets coming later and society (understood as civil society) developing in parallel with them. In addition, these narratives emphasise economic factors over non-economic ones.[68] In fact, with the advancement of capitalism, economic factors, such as class, became more relevant than before to understanding the political dynamic. Nevertheless, non-economic issues are still relevant for understanding politics. In some countries, social identity has never been entirely subsumed by class divisions.[69]

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[63] Religions held or structured political power before the creation of states. However, religious affiliation always had other purposes than political ones, related to the existential needs of the self. Therefore, in contemporary complex societies, identities embodied by faith gave rise to civil society organisations.

[64] 'The point is merely that states are still the primary medium through which the effects of other actors on the regulation of violence are channelled into the world system' (Wendt 1999, 9).

[65] State-centrism '...does not preclude the possibility that non-state actors, whether domestic or transnational, have important, even decisive, effects on the frequency and/or manner in which states engage in organised violence' (Ibid.).

[66] Ibid.

[67] A model of analysis in IR and FPA that considers only states may suit well to cases of the pre-industrial era. The logic of territorial control, submission of constituencies to authoritarian administration, and war prevailed among states, making useless the employment of theoretical models that accounts in detail for the domestic dynamics of non-economic power.

[68] Wendt 1987, 366; Strange 1996.

[69] Even in the US, where the market pervades much more spheres of life than elsewhere, race and its impact in people's life has never been ruled out by economic relations (King and Smith 2011).

All this supports the main assumption of this thesis: human action is embedded in the social world. Both are mutually constitutive. Human action is therefore always social action.[70] Such statements initially sound pedestrian. However, they underpin the core assumption of the theory developed here: social actors have both symbolic and material needs. Such a statement is applicable to both players (e.g., economic sectors) within a country and to states in the international dimension. It can be argued from this that two major fields, the market and society, compose the domestic and the international dimension.

In the domestic dimension, the field of society embodies the symbolic face of a country, whereas the field of the market corresponds to its materiality. In the market, commoditised (economic) exchanges between social actors happen based on rules ultimately underpinned by economic paradigms. Actors also accumulate EC in this field. Society implies that identification matters more than association as the basis of power within the domestic dimension. Players within the field of society have higher IC if they are attached to the most state-legitimised social paradigm that informs nationality within a given country.

In turn, the international dimension can also be conceived as a dichotomous space with a field of the market and a field of society. This is not the same as the often-used distinction between material and social structure in IR theory.[71] The market involves exchanges between countries and social actors based in different countries, such as actors involved in foreign trade. This is the space where states, acting in competition and cooperation, accumulate material wealth under the rules set by a given economic paradigm. Society corresponds to the space where states build up a reputation

[70] Fligstein and McAdam 2012.
[71] Kowert and Legro 1996.

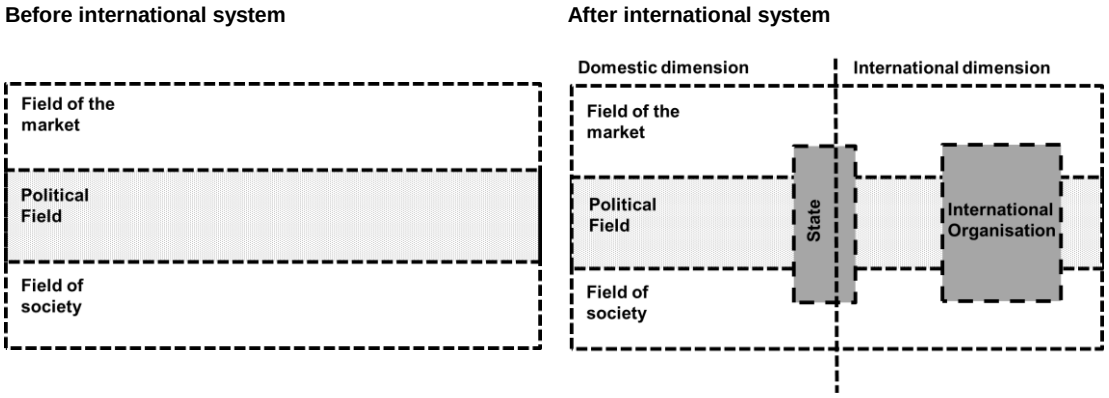
vis-à-vis their peers, increasing their status as members of the community of nations. This can be done if they adhere to dominant social paradigms in the international dimension, such as the principles that emanate from the core of the international system.

The field of the market and society overlap in both dimensions, originating the field of political action, where players employ power to redistribute and redefine the material and the symbolic. Political power corresponds, in the domestic dimension, to the capacity to influence the state in the elaboration of public policy, including foreign policy.[72] Therefore, the state has a redistributive function. An analogous process happens in the international dimension with states. They seek to influence outcomes that impact the systemic units and to gain legitimacy vis-à-vis their counterparts. This can happen through military means, or by acts of persuasion in political organisations, such as multilateral negotiations. International organisations (IOs), such as the WTO, are actors that organise negotiations, intervening in processes of redistribution, in spite of not having as much power as the state has when it plays a similar role within countries. Embedded in both the market and society, IOs have material as well as ideational elements even if their primary concern is with economic issues.

Figure 2.1 represents the social organisation prior to the creation of international society (on the left), and after states were created (on the right), according to the proposed application of fields to IR. The two major fields – the market and society – and their overlap – the political field – are subsumed in two dimensions: the domestic and the international. The state attempts to control the domestic one, whereas the second has no central authority, but only coordination actors, such as IOs.

[72] Lentner 2006.

Figure 2.1. Configuration of fields before and after the creation of the international system[73]



Thus, the breakdown of countries and the international system implies that, in both dimensions, actors ultimately depend on economic and social paradigms to gain power. These concepts allow the creation of an analytical model that meets the complexities of societies where factors other than class shape asymmetries of power. Furthermore, fields contribute to identifying limits to state behaviour from the international dimension insofar as they establish where countries are embedded. This model can be employed to develop empirical research in FPA without missing an IR theory, and to analyse the impacts of social interactions in the domestic dimension into the international one and vice versa.

The Market and Society in Two Dimensions

After the theoretical and historical digression above, it is now possible to define and understand better how economic and social paradigms frame social action and determine political power, limiting redistribution at both domestic and international levels. Notwithstanding the developments within economic sociology that theorise markets as political–cultural creations, the mechanisms that underpin the power of economic actors in the domestic dimension have not been fully unfolded. Nor is there a

[73] Adapted from Rodrigues Vieira 2010, 33.

compelling account about how states deal with constraints from the field of the market in both dimensions when negotiating economic agreements. The goal of advancing or at least preserving a state's position in material terms vis-à-vis its counterparts can be seen as in contradiction with the interests of powerful groups in the domestic dimension.

What is certain, however, is the fact that there is no functional relationship between the domestic market and the state, or between the state and the constraints emerging from the international market. Were such a functional relationship existent, in the domestic dimension winners (or incumbents) would always maximise their economic and therefore their political power, allowing no room for losers (or challengers) to emerge.[74] Alternatively, the constraints from the international dimension would always prevail, at least in the case of states out of the systemic core. The fundamental nature of political power can be found in exploring the interactions between the field of the market and the field of society in both domestic and international dimensions. I turn to such a task now.

The Domestic Dimension

In the domestic dimension, the state legitimises a given economic paradigm that frames patterns of production and exchange of commoditised goods and services in the field of the market. The paradigm thus determines the expectations of players as well as their power in the economic arena. Domestic markets have already been conceptualised as fields by Fligstein. This challenges the theoretical assumption that there is a universal rationality in economics. Moreover, it questions the neoclassical view that predicts convergence in market institutions and behaviour across nations as a result of the

[74] 'Collective actors who benefit the most from current arrangements can be called incumbents and those who benefit less, challengers' (Fligstein 2001, 15).

pursuit of efficiency.[75] In conceiving markets as fields, economic sociologists imply that: 1) markets are political-cultural creations that reflect the characteristics of the nations where they are located, as well as of the firms that operate within them;[76] 2) they are embedded in other social relationships;[77] and 3) actors, particularly firms, seek stability – more than maximisation of profits – in order to survive,[78] using the state to develop rules and policies to attain this goal. Changing prices can destabilise the market and then the power of the actors who operate within it.

Economic paradigms tend to last for a shorter time than social paradigms, and are easier to identify. This is because economic shocks provoke material impacts, such as redistribution of wealth, as prices and wages change. An economic crisis may not lead people to immediately change social paradigms, such as religion or nationality, but can surely trigger a rise in unemployment rates. Instability in the field of the market is therefore likely to reduce the credibility of an economic paradigm.[79] For instance, crises in production may require new economic paradigms that underpin policies and in turn reframe action in the market. An example is the collapse of Keynesianism in the 1970s: the loss of effectiveness of full employment policies allowed for the development of deregulatory policies based on the neoliberal economic paradigm.[80] This paradigm had been acquiring respectability among academics and policymakers, being implemented first in core states in the West, such as the US and the UK, and diffused thereafter to the rest of the world.[81]

[75] Fligstein 2001, 68, 97. See also Bourdieu and Wacquant 1992, 117.
[76] Ibid.
[77] Granovetter 1985.
[78] Fligstein 2001, 70.
[79] Beckert 2003, 774-775.
[80] Blyth 2002, 5-6; Hall 1986 and 2010.
[81] Ibid.; Fourcade-Gourinchas and Babb 2002; Harvey 2007; Simmons and Elkins 2004.

Different paradigms generate distinct expectations among players in both domestic and international dimensions, empowering them in different ways. Keynesianism and its corollary in the developing world, ISI, supported state-interventionism.[82] For instance, ISI generated expectations of state-relief through sectorial policies and controlled exchange rates to protect domestic producers. In turn, neoliberalism emphasises competition, stimulating solutions that are less state-centric. This does not mean that under a framework of neoliberal ideas the state plays a narrower role that under Keynesianism. States can act through the establishment of policies that expand commoditisation, creating new markets and promoting de-regulation.[83] Regardless of the expectations that a paradigm produces, any market experiences turbulence once a set of ideas is replaced by another.[84]

In such a context, players are expected to attempt to influence actors within the state with the aim of keeping the economic arena stable[85] and hence their relative position in the market. EC corresponds to the participation of a sector in providing domestic stability in the field of the market of a given country through jobs, as well as to its interactions with counterparts abroad through exports. Given that the market is a political-cultural creation, sectorial preferences stem less from the perspective of future gains – which are uncertain[86] – than from the experience of operating under a certain economic paradigm. The state legitimises economic paradigms and crafts policies with redistributive consequences, and economic sectors depend on the state to preserve their position in the field of the market. Hence they and other societal actors try to influence

[82] Mason 2013, 258.
[83] Polanyi [1944] 2001; Vogel 1996.
[84] Fligstein 2001, 95.
[85] Ibid., 70.
[86] Beckert 1996, 814-815 and 818; Beckert 2003, 772.

policymaking.[87] On the one hand, policies tend to reflect the relative power of societal actors;[88] on the other, the state needs the sectors to provide internal stability in material terms and external stability vis-à-vis other countries in the international dimension.[89]

A nation, however, never corresponds purely to the field of the market and the field of the state. It also presupposes a common identity that binds together people in symbolic terms. This identity competes within the field of society vis-à-vis other patterns of mutual identification. Dominant identities in a given country are those that are predominantly legitimised by the state as informing nationhood.[90] Identity matters because people within a sovereign state are bound by ties enhanced by policies and discourses,[91] defining who belongs to a political community.[92] Conceptions of nationality pull together people who have competing micro-identities, such as different religious and regional allegiances, in order to attribute meaning and cohesion to the nation. National identity tends to be more stable than economic paradigms. In fact, social paradigms last longer because they are less linked to immediate survival, being more applicable to the non-practical dimensions of life.[93] Therefore, social paradigms embody an ideological power, which eventually set norms of behaviour and social organisation.[94] Notwithstanding their resilience, those paradigms are likely to gain or lose strength as there are shifts in the distribution of political power. For instance,

[87] Ibid., 39.
[88] Ibid., 40.
[89] As Fligstein (2001, 12) argues, much of the works on modern state building has ignored the role of the government in organizing markets. Tilly (1975), for instance, focuses only on war.
[90] Gellner [1983] 2006; Smith 2003.
[91] Gutmann 2003, 43.
[92] Lieberman 2003.
[93] Both, however, are, in the domestic dimension, what constructivists call constitutive norms (Finnemore and Sikkink 1998, 891).
[94] Hobden 1998, 120.

dominant conceptions of nationality may collapse within revolutionary situations that create *tabula rasa* contexts, as is the case in the aftermath of a social revolution.[95]

Examples of social paradigms at the domestic dimension are nationalist discourses, religions, and philosophies of life. They are relevant as long as they contribute to pulling together social actors in attributing to them a collective identity.[96] In the domestic dimension, the most relevant social paradigm is national identity, which, for instance, can be built upon ideas related to ethnicity and religion. They can survive even when the paradigms in the field of the market can no longer provide economic growth, insofar as the field of society is autonomous in relation to the economic arena. The mechanisms of interaction between the field of the market and the field of society – and hence between economic and social paradigms – will be detailed below. For the moment, it suffices to say that a social actor's IC (determined by its position in the field of society) informs its PP in the domestic dimension as much as does the same sector's EC (which is derived from its position in the field of the market).

Within a country, social actors attached to the predominant social paradigm (conception of nationality) have higher IC than others. Among these actors there are players whose action takes place first and foremost in the economic arena. That is the case of economic sectors, such as agriculture, industry, and services, as well as the sub-sectors within each one. Insofar as people have material and symbolic needs, they circulate in the field of the market and the field of society. The same happens with collective actors. As in the market, constitutive elements of the field of society precede the formation of states. Even when a country has followed primarily the logic of

[95] Skocpol 1979.
[96] Fligstein and McAdam 2012, 40-45.

sovereignty[97] and exercised tight control over its population (usually through physical coercion) to extract resources for war, the field has not ceased to exist. Identities were legitimised by empires, for instance, defining who was a subject and who not.

Here it is necessary to reiterate a caveat: society does not equal civil society in the analytical model developed here. Within the social sciences, civil society as an analytical unit usually corresponds to the space of social life open and autonomous from the state. In such a space, actors share a set of values that enable them to act collectively.[98] Association – understood as a form of conscious organisation of individuals and membership to a group with the purposes of strategic action – can generate values and, thus, new identities.[99] However, identification may be independent of association within a nation-state. Each country, for instance, composes an imagined community[100] whose members share a common identity that does not require the existence of a single organisation such as an interest group to have practical effects on political processes.

Therefore, it makes sense to conceptualise patterns of identification (in particular national identity) as being independent of organisation. In other words, society has precedence over civil society, which is embedded in it. Hence what is conventionally defined in social science research as social capital may matter less than IC to explain the power of collective actors. As Coleman explains, social capital corresponds to norms and expectations related to economic activities that do not arise from strict economic patterns.[101] Putnam expanded this concept, including, as factors of high social capital, trust and the density of networks among societal actors with aims of

[97] For this, read Foucault 2010.
[98] Diamond 1999, 221.
[99] Wimmer 2013.
[100] Anderson [1983] 2006.
[101] Coleman 1990, 302.

developing coordinated actions.[102] Collective action depends on the existence of organised groups. However, those groups themselves are embedded in historically-developed arenas of power – the fields of the market and society. Therefore, organised interests can be conceived as embedded in both spaces and acting in the political field with the goal of influencing players within the state in political processes. Whether an actor's IC prevails over an actor's capacity to organise and deliberately lobby the state is a matter to be tested empirically.

The International Dimension

The market and society also exist in the international dimension. However, unlike in the domestic dimension, no central authority analogous to the state exists to legitimise economic and social paradigms. This does not mean though that a dominant set of norms cannot emerge in the international economic and social arenas. The international dimension is more than an anarchical space: it has hierarchies and values that create and legitimise asymmetries of power among sovereign states. These asymmetries impact a country's strategic behaviour.

In the international market, paradigms prevalent at the core of the system predominate over alternative ideas. So the ideas mostly legitimised by the hegemon (in the case of a unipolar system) or the great powers (if there exists significant competition among states for dominance) tend to have more legitimacy. Identifying the core of the system and the dominant economic ideas are indeed crucial for understanding the limits states face in expanding and preserving power in the international field of the market. Sovereign entities have an interest in enhancing or at least preserving their leverage in

[102] Putnam 1993, 173.

the economic arena vis-à-vis their counterparts. However, states have their strategies limited by the distribution of power in both domestic and international dimensions.

Without offering a simplistic reading of complex debates, one can assume, based on historical evidence, that the continuous erosion of the post-Second World War embedded liberalism[103] was followed by the adoption of a neoliberal approach in the West. Since the end of Cold War and the subsequent decline of the socialist economic paradigm, such an approach seems to be dominant in framing commoditised exchanges between different domestic dimensions. Such a process, which can simply be dubbed 'globalisation' or 'economic integration', favours the expansion of trade and capital flows without necessarily homogenising national trajectories of development.[104] However, globalisation reduces the feasibility of inward-looking development strategies, such as ISI. Keynesianism did not prescribe autarchy for nations,[105] yet attributed to the state a more direct role in regulating interactions between the domestic and the international market than globalisation prescribes. As neoliberalism has gained strength, countries that have insisted on promoting policies regarded as too interventionist have lost credibility in the international market.[106] Furthermore, they could not properly answer the changes triggered in the international dimension, including technological change. Therefore, integration with the world was perceived as a necessary condition for development from the 1990s onwards.[107]

[103] Ruggie 1982.
[104] Ban and Blyth 2013, 241.
[105] Hall 1989, 5.
[106] This is analogous to what happens in the individual level. As North (1990, 43-45) contends, ideas signal to others one's commitments and facilitate collective action. So do they signal from a state to others what to expect in terms of its behaviour in the international dimension.
[107] Simmons and Elkins 2004, 186. As Buzan (2004, 235) argues, the market became a global institution with the collapse of communism and as long as most states embraced market principles, supported by secondary institutions, such as the international economic organisations.

The international field of society, in turn, tends to be more stable. It enables countries to be regarded by their counterparts as legitimate members of the community of states. Hence, in the international dimension, states seek to increase or at least to preserve their reputation and status by adhering to norms of good behaviour.[108] Which norms are these? History may help us in providing a general guide here. The international dimension, as a society of states, is clearly organised so that Western values still have a dominant position.[109] While running the risk of oversimplifying reality, such statement implies that countries outside the West (here understood as the US, the EU, Canada, Australia and New Zealand) tend to be at disadvantage in the international field of society in terms of material capabilities.[110]

Thus the position of a state vis-à-vis its counterparts in the field of society limits its power in the international dimension. That position, however, can be mitigated with changes in state identity. Discourses of national identity may not necessarily inform state identity[111] insofar as the latter is projected in the international dimension, hence being external to the domestic dimension.[112] State identity stems, according to constructivist thought, from the interactions of states with the international society.[113] Hence state identity depends not only on states' self-perception, but also on how they are perceived by their peers. Therefore, states may face relevant limits in redefining themselves in the international dimension and such a dimension itself unless they occupy a central position vis-à-vis other states. Table 2.1 summarises the types of

[108] Finnemore 1996; Hurrell 2007.
[109] Bull 1984; Bull and Watson 1984, 8; Hobson 2012.
[110] A country that is economically strong yet has a damaged reputation will not be able to influence the international society. It is the case of nations that systematically refuse to join mainstream norms and of pariah states (Harkavy 1981, 136).
[111] Abedelal 2009, 72.
[112] Katzenstein 1997, 20.
[113] Wendt 1992, 16-17; Wendt 1999.

paradigms that bind the constitution and so the power of the actors embedded in the fields of the market and society in the domestic and international dimensions.

Table 2.1. Fields in the domestic and international dimensions and dominant paradigms

		Field	
		Market	**Society**
Dimension	**Domestic**	Economic paradigm that governs domestic markets	Social paradigm that defines national identity
	International	Globalisation/integration	Western international society

In the field of the market, the dominant economic paradigm in the domestic dimension varies from country to country. However, it has always to be legitimised by the states and informs the level of EC of different economic sectors. In turn, in the international dimension, the economic paradigm that prevails emanates from the systemic core. Currently it corresponds to the idea of globalisation, notwithstanding its discontents. Likewise, the social paradigm that prevails in the international dimension also has its origins in the systemic core. It is epitomised by the idea of Western international society and its constitutive values. States project their state identity abroad, while legitimising a social paradigm in the domestic field of society to confer on its inhabitants a collective existential dimension. Such a paradigm determines different levels of IC, which like EC unevenly empowers collective actors.

How Fields Impact a Two-Level Game

The fields of the market and society thus embed the state in the two dimensions: domestic and international. These fields, according to the paradigms that dominate in

each, limit the action of players, including economic sectors and bureaucracies. As actors within the state conduct two-level games, they are expected to suffer the limitations that those major fields impose upon them. This is because the domestic dimension, and thus the distribution of IC among economic sectors, limits the size of the win-set at the ratification stage. In turn, the international dimension and conventional 'I's within countries set the boundaries for trade-offs during negotiation. Those factors can be located in the political field, such as organised interests, and the state, including its institutional design. Insofar as any successful agreement in the negotiation stage must fall within the win-set of the ratification level,[114] IC tends to drive negotiating stances in a given country.

To disentangle the processes enmeshed in different fields, we can first identify the forces at stake in the ratification stage. In this process, I set out the effects of IC on the negotiating positions that I expect to find in empirical research. In this process, I pay special attention to the decisive role domestic identities play in empowering different sectors through relationships of constitutive causality. Then I demonstrate which domestic and international forces prevail at the negotiation stage. Although more tangible than IC, these factors may simply be false positives in explaining the formation of the national interest insofar as ratification shadows negotiation.

Ratification

To recapitulate, the overlap between market and society corresponds to the political field. In the domestic dimension, the potential of social actors in the market is translated through EC, whereas their leverage in society corresponds to IC. There is an analytical gain in separating the field of society from the field of the market, and IC from EC. In

[114] Putnam 1988, 437-438.

dividing the symbolic and the material, power can be conceived as more than rational choice processes. This is because the concepts of field of society and IC make clear the existence of non-economic factors and their influence over public policies – including national positions in negotiations where the main target are economic-related issues. The reification of EC and IC through the concept of interest groups or institutions would run the risk of subsuming the symbolic to the material. The argument, however, is that each constitutes an autonomous, yet not independent, universe.

In sum, the key to holding power – regardless of the domestic regime – lies in having the highest possible level of EC and IC. Power enables a social actor to make its interests prevail and is associated with a given set of economic and social paradigms. The more a social actor adheres to dominant paradigms in the fields of the market and society, the more it gains EC and IC respectively. Likewise, the more a group holds of these types of capital, the more significant is its potential ability to influence politics and, thus, the subsequent redistribution of EC and IC.[115] Therefore, the state has a redistributive function in the domestic dimension as it legitimises economic and social paradigms and so different levels of EC and IC of both individual and collective actors.

However, the state has a meta-power because it legitimises economic and social paradigms. So why does it not prevail in determining national stances? The chief negotiator and others, such as bureaucrats who works on his/her behalf, can hypothetically impose their will on constituencies given their position as agenda-setters. This is certainly a crucial step in the battle to reach an agreement. Nonetheless, states' positions do not emerge in a vacuum. With the expansion of capitalism, economies have

[115] Under this logic, the essence of politics is redistribution, although in social sciences this concept is often associated to leftist positions. The fact, however, is that political disputes always impact the distribution of EC and IC, in spite of the fact that a power-holder hardly assumes that is working on the expansion of inequality.

become more diverse, giving rise to competing interests among economic sectors[116] and empowering societal actors in general. Nevertheless, insofar as conceptions of nationality create asymmetries of power, one can expect that actors who do not have EC may compensate for their lack of PP with high levels of IC. Furthermore, state legitimacy stems from the stability of the fields in the domestic dimension. Managing potential instability depends on dealing with the uneven distribution of power across different groups rather than promoting equality through redistribution.[117] Patterns in agenda-setting, therefore, may simply anticipate reactions[118] of veto-players.

Therefore, a state's stances do not necessarily have their origin within the minds of bureaucrats and politicians, even if this appears to be the case. EC and IC are expected to impact the PP of collective players, including the economic sectors. EC is perceived by players present in ratification and/or negotiation according to the participation that each economic sector which can be immediately affected by a deal has in keeping stable the field of the market. If EC is evenly distributed across sectors located on opposite sides of eventual possible bargain (e.g., liberalising vs. protectionist – which also includes those that support the maintenance of the status quo), then IC can empower a coalition over the other. This informs:

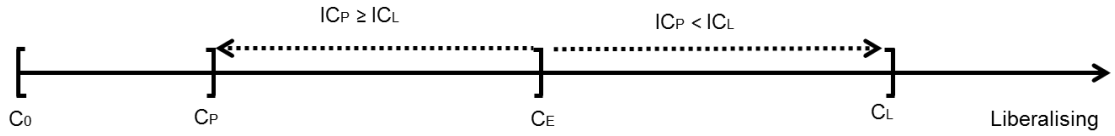
Proposition 1a: sectors with a given negotiation stance can influence the government in the formation of national stances through their IC.

The effect of IC in the formation of national preferences can be illustrated as follows: suppose a scenario within a country (C) where EC is evenly distributed across both liberalising and protectionist/status quo sectors or concentrated on the liberalising side.

[116] Gilpin 1981, 81 and 153-154.
[117] Jacobs and King 2009, 277.
[118] Cox and Morgenstern 2001, 171-172.

C takes part in a negotiation and has a minimum boundary of negotiation (C_0) and, given the distribution of EC, would expect to have a position with a given upper limit (C_E). If the IC of protectionist sectors (IC_P) is on average higher than or equal to that of liberalising sectors (IC_L), then the limit of the win-set retreats to C_P. Otherwise, it expands to C_L. Figure 2.2 exemplifies the two hypothetical situations.

Figure 2.2. Change in the size of win-sets when IC is unevenly distributed



The design of the political arena and its linkages with the state varies from country to country. So does the process of ratification. For instance, under representative democracy, there are political parties often expressing class cleavages and then different preferences in trade policy. In an authoritarian regime, support for oppressive rule hardly holds without connections between the government and key domestic groups. However, interest groups, institutions, and parties might be just the tip of the iceberg of power. According to the theory here developed, the position players that occupy the field of society potentially shape asymmetries of power among themselves as much as do economic factors. Thus:

> **Proposition 1b**: IC impacts ratification instrumentally, when identities are contested, or structurally, when identities shape institutions.

Following proposition 1b, whenever identities are not contested through party politics, IC impacts the design of the institutions that ratify an agreement, having then a

structural effect.[119] An example is when certain regions have more representatives in the parliament than their weight by population would predict (malapportionment) or there are quotas for certain identity groups in legislative bodies. Therefore it is plausible to assume that, even without being subject to explicit lobbying, governing coalitions may try to avoid disrupting economic sectors which most individuals who represent the dominant conceptions of nationality depend upon for a livelihood. This happens for the sake of preserving the symbolic face of the nation or of the governing coalition. Then if a sector with high IC has a protectionist stance and a free-trade coalition lacks PP in general, government tends to act against liberalisation. Likewise, high IC can be a 'tie-breaker' if EC is evenly distributed across sectors (proposition 1a). However, the political field is the space where power and thus capital is fought off. So the relative value of IC can change if contestations related to identity arise within party politics. This is likely to impact even policies that are not explicitly the object of contention among identity groups. In such a context, the social paradigm that the state mostly legitimises changes if competing governing coalitions espouse different conceptions of nationality. Thus:

> **Proposition 1c**: IC is only convertible into PP if the governing coalition espouses the conception of nationality the state historically legitimises.

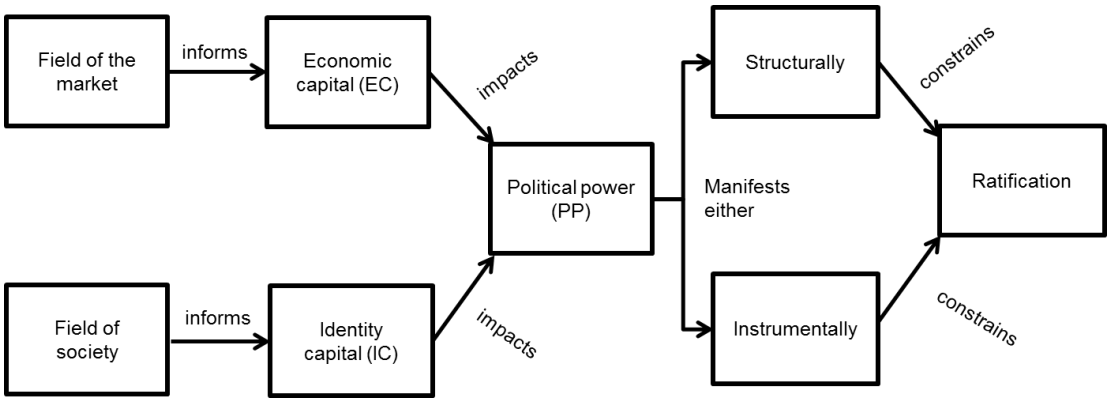
In fact, governing coalitions may go against the interests of those with high EC. This indicates that PP has a non-economic dimension. 'Governing coalition' here does not necessarily mean a group within a legislative institution. Rather, it corresponds to any basis of support for any type of government, including non-democratic regimes. A coalition then does not draw support from individuals alone. Collective actors, such as

[119] For an institutional approach to ethnicity, see Lieberman and Singh 2012.

economic sectors, underpin regimes through the individuals attached to those players. Embodied with social characteristics, such as ethnic and religious identities, individuals are embedded by the field, on the one hand, and underpin the power of the sectors to which they belong, on the other. For this, individuals and sectors do not have to mobilise themselves on the grounds of identity politics driven towards a given objective. As sectors have a position in the fields of the market and society, so they can potentially constrain the action of a governing coalition based on their EC and IC.[120]

Figure 2.3 schematises the causal chain that connects, on the one hand, the configuration of the fields of the market and society, and, on the other, the ratification stage in a two-level game. The positions of players in the fields impact political power through EC and IC. Such a power, in turn, is manifested either structurally or instrumentally.

Figure 2.3. Causal chain in the ratification stage



Based on different levels of political power, table 2.2 summarises four possible outcomes for liberalising and protectionist sectors when bargaining in trade negotiations is involved. When both sides have relatively even PP (a function EC and IC), deadlock

[120] As Braumoeller (2012, 34) succinctly puts, '…by the virtue of the fact that leaders must constantly gauge its temper and adjust their policy to maximize support, a constituency can place 'demands' on the leadership without uttering a word'.

tends to happen, with the liberalising sectors receiving side payments. However, when one of the sides has greater political power than other, side payments are unlikely. Where no sector has relative power vis-à-vis others, given the low degree of economic organisation and the lack of a prevailing social paradigm,[121] international interests capture the trade-off, as it was the case with African countries in the 1980s.

Table 2.2. Relative power of sectors with opposite interests and the ratification stage

		Liberalising	
		High	**Low**
Protectionist	**High**	Deadlock, leaning towards the most protectionist sector and side payments to the liberalising sector	Protectionism prevails
	Low	Liberalisation prevails	None prevails – international capture with unpredictable results

Therefore the argument that identities have a crucial role in explaining whose domestic constituencies win bargaining processes in two-level games does not hold for cases in the lower-right cell. The theory also does not hold when all groups within a country have the same level of IC. In this case, identity does not inform asymmetries of power. That said, with increasing differentiation of groups within the field of society, the existence of identity cleavages is very likely to be found within most sovereign states.

Negotiation

Apart from being constrained by the uneven distribution of IC across players that may impact ratification, the state is also embedded in the international dimension and its fields. This becomes evident in the negotiation stage of an agreement. Moreover, in the domestic dimension, aspects of the policymaking process other than the shadow of the

[121] Following Gellner [1983] 2006, 80-84.

ratification can potentially impact the formation of the national interest. As the extensive literature on interest groups shows, lobbying associations tend to be empowered vis-à-vis dispersed sectors in the political arena. They deploy strategic action as predicted in SAF theory. Also, institutions can create winners and losers insofar as bureaucrats have preferences and potentially espouse different ideas about foreign trade. Moreover, lobbying organisations may have different connections within the field of the state. From this, I derive:

Proposition 2a: other 'I's can have an effect on the formulation of positions in the negotiation stage regardless of the effect of IC on ratification.

The influence of organised interests depends on the institutional design of the state, in particular its degree of embeddedness in both international and domestic dimensions. Originally, the concept of embeddedness focused only on the relationship of the state with the domestic dimension, determining whether the former had autonomy vis-à-vis societal players.[122] Under this logic, state strength resulted from autonomy from private interests, notwithstanding the maintenance of strategic and linkages with society. The concept implies that the more embedded a state is in the domestic dimension, the more sensitive to players' demands. For the sake of simplicity, the notion of autonomy can be left aside once the concept of embeddedness is converted into domestic embeddedness and placed in interaction with international embeddedness.

As already explained, in the domestic dimension the state seeks for legitimacy among individual and collective actors to be the ultimate instance where power disputes and redistribution among them are solved. In turn, in the international dimension, the

[122] Evans 1995; Hobson 1997, 235. These definitions are affiliated to the Neo-Weberian tradition, a reaction to the theoretical models that emphasise domestic pluralism and interdependence based on non-state actors. The most famous work on this tradition is Evans, Rueschemeyer, and Skocpol 1985.

state pursues recognition of its status as a sovereign body that constitutes and represents a given market and society. Thus, in the international dimension, the state can be considered a social actor vis-à-vis its counterparts, pursuing at least the maintenance of its material (mainly related to wealth) and symbolic (mainly concerned with reputation) leverage in relation to them. Negotiators, then, can be expected to be subject to the reputation of the country they represent in following what the core of the international society expects while trying at least to preserve the state's material wealth. This includes participation in IOs such as the WTO, which coordinates action among countries in a given issue-area (in this case trade).

Considering that the state is not necessarily a unique entity[123] and can be conceptualised as a field, it may have bureaucracies domestically embedded, whereas others are more subject to the power dynamics of the international field. Although different bureaucracies may fight for power within the state, a single bureaucracy tends to be the nodal point in a given issue-area, such as international trade negotiations. In the process of negotiation, the bureaucracy that matters the most in terms of explaining which forces have the greatest influence on negotiators is the one that leads the international conversations with counterparts. From this I propose the following:

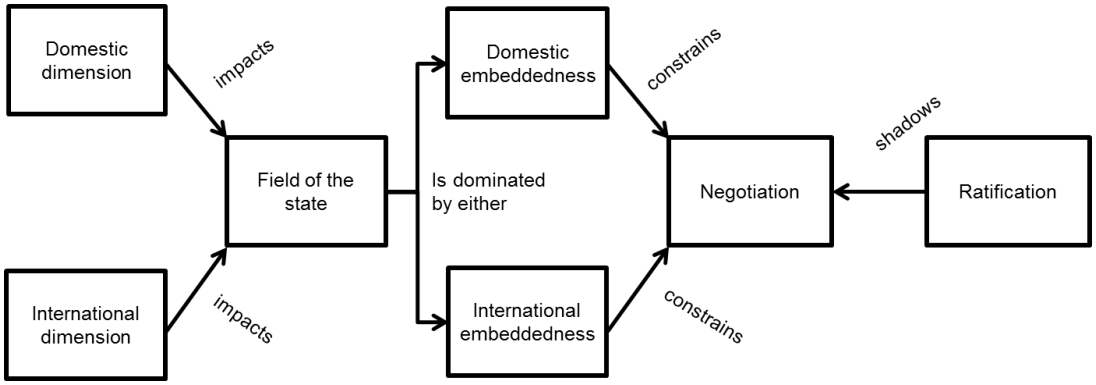
> **Proposition 2b**: states where international embeddedness prevails are more subject to the international fields in the formation of the national interest.
>
> **Proposition 2c:** states where domestic embeddedness prevails are more subject to the domestic fields in the formation of the national interest.

That said, it is worth noting that the trade-off between a Weberian state and a domestic dimension with influential players does not hold. A high level of domestic

[123] Allison 1971; Solingen 1993; King and Lieberman 2009, 547-88.

embeddedness does not imply the capture of the state by vested interests. Depending on the distribution of EC and IC across sectors, the balance of forces in ratification can prevent a given set of interests prevailing (figure 2.4).

Figure 2.4. Causal chain in the negotiation stage



Likewise, international embeddedness may not prevent unbiased policymaking. The apparent forces from abroad in the negotiation stage can just be reaffirming domestic trends that arise from the dynamics of power during ratification. Therefore:

> **Proposition 3**: as ratification shadows negotiation, forces present at this stage tend to be false positives in explaining national interest.

Nonetheless, such a proposition can be corroborated only with a congruence test[124] between the national stances, on the one hand, and the demands that prevail in the ratification and negotiation stages, on the other. Figure 2.4 represents the causal chain in the negotiation stage, taking into account the shadow of forces from ratification. If the preferences of the forces that dominate ratification coincide with the national stance, then ratification constrains negotiation. Otherwise, the forces present in negotiation cause the outcome. If proposition 3 holds true, constraints existent in the negotiation

[124] Van Evera 1997, 58-63.

stage simply reinforce trends that would hardly hold without the configuration of forces from the fields of the market and society that impact ratification.

Alternative 'I's

This section demonstrates that, without the concept of fields and the notion of embeddedness, the other 'I's can generate false positives in explaining why certain positions prevail in two-level games. Current accounts, based mainly on ideas, interests, and institutions, imply incomplete alternative hypotheses. Information-based arguments are not discussed insofar as asymmetries of information among players are understood as being dependent on the interplay among ideas, interests, and institutions.[125]

Ideas

Ideas are the main competitor to a framework based on fields, given that power depends on paradigms (sets of norms). Constructivism and other approaches that emphasise the role of processes of socialisation involving states,[126] and/or IOs,[127] have analytical elements explaining the interplay between economic and non-economic factors in shaping power in a two-level game.

Nonetheless, most of those approaches cannot explain *how* identities interact with material factors in the domestic dimension with consequences in the international one. This is because of the lack of clear units of analysis and mechanisms of interaction between different elements that compose the social world. The only exception is Rawi Abdelal's work on exploring the impact of nationalism on foreign economic policies in post-Soviet states.[128] However, his framework stems from cases in which the nation-

[125] For this, see Milner 1997.
[126] Johnston 2007.
[127] Finnemore 1996, 5-6.
[128] Abdelal 2001.

state was being founded. In addition, his model is state-centric and experiences the limitations found in other research on the impact of ideas on policy outcomes. Certainly ideas influence international politics insofar as they are used as world views, principled beliefs, or causal beliefs.[129] Yet these theories, including Abdelal's argument, presuppose awareness of actors (even collective ones) in employing sets of norms to reach their goals or mitigate uncertainty.[130] Nor do current approaches disentangle with precision the role of ideas in the domestic dimension and in the international one, in spite of some research that has already pointed out such a shortcoming.[131] This is not to mention that ideational theories and frameworks usually focus on questions related to national security only,[132] at the expense of economic-related issues.

In sum, idea-based accounts tend to discuss only on a very broad level *why* material-identity interactions happen: such exchange is a matter of fact because we live in a socially-constructed world. As Wendt recognises, ideas are not 'alone' in the social world. There is 'rump materialism', a residual category of elements, such as geographical and natural factors.[133] In spite of being socially shared, those elements are not based on culture. The problem, though, lies in the fact that it is still unclear how 'rump materialism' interacts with beliefs and norms, creating, for instance, perceptions of comparative advantage. Furthermore, in spite of the fact that constructivism sets up processes of change, such as reflexivity (social learning), the mechanisms through which they operate and impact power relationships remain under-theorised.[134] Under such a perspective, values and norms have more than a regulative effect on actors'

[129] Goldstein and Keohane 1993, 24.
[130] Blyth 2002, 11 and 32-35.
[131] Examples of this critique are found on Katzenstein 1996; Lapid and Kratochwil 1996; Finnemore and Sikkink 2001; and Hunt [1987] 2009.
[132] An example is the framework developed by Jepperson, Wendt, and Katzenstein 1996.
[133] Wendt 1999, 130-1 and 136.
[134] Drulák 2006.

behaviour, constituting them in a mutual relationship. Actors can thus, through acts of social will, change social constructions. That said, what is still missing is how limitations to reframe the world operate upon an actor's power.

Moreover, the genesis and maintenance of state identity, which can impact negotiations, have not been systematised either.[135] A broad conception of international identity partially explains preference-formation. Nevertheless, how this occurs remains unclear. This gap comes from the fact that constructivism in IR lacks explanatory mechanisms that link preferences of economic sectors in the domestic dimension with outcomes in foreign policy. Constructivist arguments suggest that economic paradigms lead players, particularly within the state,[136] to different interpretations of the economic capabilities in each country. This is surely crucial in defining trade-offs at the negotiation stage. However, the process through which this happens remains in a 'black box' insofar as the impact of the ratification process on the final outcome (e.g., negotiating positions) is not problematised.

In contrast, the concept of fields as employed in this thesis does not attribute a static role to ideas or presuppose that their effect arises purely from deliberate political action. Rather, it places different sets of norms (economic and social) in interaction with each other in both domestic and international dimensions. This is necessary insofar as ideas are embedded not only within the state and in the international dimension. Ideas are also embedded in the domestic market and society, framing the action of social players as they inform – yet do not fully determine – asymmetries of power within a country and then in policy outcomes. Furthermore, the framework developed above

[135] As discussed before in this chapter, Mann's (according to Hobden 1998) and Tilly´s (1975) historical-sociology attempted to do so, but their analytical units remain fuzzy and with unclear distinctions between the domestic and international levels, and how each interact with the other.
[136] Rohrlich 1987, 66.

opens space for the assessment of the different weights that distinct types of ideas (such as state and national identity) have on international politics, and the different mechanisms through which they act. In addition, fields as conceived above make it possible to trace interactions between economic and non-economic ideas over policies often regarded as only market-related, as is the case in international trade negotiations.

Institutions

According to the argument developed in this thesis, in the domestic dimension dominant conceptions of national identity underpin the power of different sectors either structurally (through institutional design) or instrumentally (as social cleavages can be expressed in party politics). Therefore, what is the advantage of bringing identity to the analysis of two-level games vis-à-vis institutional-based theories? Unlike the argument on identities, institutional accounts face limitations in explaining the sources of power of the players impacted in a trade-off between liberalisation and protectionism.

We shall examine first arguments on institutional incentives for societal actors. The instrumental and structural ideal-types through which identity impacts a sector's PP resemble Tsebelis's typology of partisan and institutional veto-players.[137] In his theory, the larger the number of actors with veto power, the narrower is the size of the win-set. Nevertheless, in focusing on the number of players who can veto a decision, Tsebelis's theory ignores the very plausible hypothesis that the number of interested parties may not be proportional to the quantity of interests at stake. Rather than disagreement, numerous veto-players can instead mean convergence if they share the same interests. Also, for various reasons, a given veto-player may have more weight in ratification than its counterparts.

[137] Tsebelis 1995 and 2002, 2. See Mansfield and Milner (2012) for an application of this argument on the signature of preferential trade agreements (PTAs).

As Chang and his colleagues focus on the institutional design of representative institutions, they can shed light on the mechanisms through which certain demands prevail. They argue that in majoritarian single-member districts and presidential electoral systems, politicians have an interest in favouring consumers (then supporting policies that, as liberalisation, tend to reduce prices). In turn, proportional parliamentary systems are biased towards producers.[138] Nonetheless, such an argument is restricted to democracies. The recent argument on 'access points' incurs in analogous limitations. According to this logic, the more points of access lobbies have to the state, the more likely they are to influence policy outcomes as the costs of lobbying decrease.[139] Although it is parsimonious, the theory ignores the unequal weights different bureaucracies have. Thus, not all access points are equal in terms of power.

The literature that integrates market actors and institutional factors goes deeper than the works above in unfolding how different forces impact policymaking. For instance, Gilpin considers that there is a reciprocal relationship between economy and politics.[140] On the one hand, economic factors influence state behaviour and changes in politics. On the other, groups in the domestic level attempt to organise economic relations to increase their relative share in the national surplus.[141] Other realists, however, do not defend the profit-maximising principle. Rather, they focus on states' pursuit of power in the international dimension.[142] In studying the U.S. government's role in the supply of raw materials for the American economy, Krasner identifies that such a supply is important not only for military purposes, but also for domestic stability

[138] Chang et al 2011, 7.
[139] Ehrlich 2011.
[140] Gilpin 1975, 21.
[141] Gilpin 1981, 67-68.
[142] See Lake 1988 for an argument that focuses on the international determinants of trade policy.

in times of peace.[143] In both cases, economic concerns shape policymaking, yet why certain demands prevail over others remains puzzling.

However, let us assume that the state is a social actor[144] with its own interests in imposing its will vis-à-vis domestic constituencies and abilities to do so. Or shall we consider that, insofar as the state formulates foreign policy, it ultimately defines what the national interest means.[145] The realist argument on stability could explain why a country, in spite of the prospective expansion of exports in a given sector (e.g., primary goods), resists making concessions in trade negotiations on products from sectors in relative decline (e.g., manufacturers). Nonetheless, the process of defining the national interest can never set domestic demands aside. If what actually matters is state power,[146] it also matters who holds power in the domestic dimension and why.

Neoclassical realism tries to solve this puzzle in building 'upon the complex relationship between the state and society found in classical realism without sacrificing the central insight of neorealism about the constraints of the international system'.[147] However, in doing so, it overemphasises security issues in place of economic ones (in addition, it does not define which dimension – domestic or international – matters the most). In studying the role of the American state in economic foreign policy, Ikenberry concludes that 'the societal and international approaches can be significantly enhanced by incorporating a conception of the state as an independent or intervening variable in the explanation'.[148] Nevertheless, such a framework leaves it unclear whether negotiation matters as much as ratification. Also, like other institutionalist accounts, it

[143] Krasner 1978, 39.
[144] Migdal 2001.
[145] Krasner 1978, 5-6. Such a perspective can also be found in bureaucratic models of FPA (Allison 1971) and historic-sociological approaches (Hobden 1998).
[146] Zakaria 1998, 9 and 187.
[147] Lobell, Ripsman, and Taliaferro 2009, 13.
[148] Ikenberry 1988, 220.

does not specify the conditions under which liberalisation or protectionism/status quo positions prevail.

Thus, without stating where the state and societal players are embedded, institutional frameworks are limited to cases with narrow characteristics. This is the case of comparisons involving only advanced industrial democracies. Without a theory that accounts for the origins of sectors' political power, one runs the risk of touching only the surface of the factors that drive national positions in two-level games.

Interests

The focus on the organisation of interests explains the origin of demands in negotiations. However, as in institutional accounts, such an approach is limited in its ability to unfold the sources of power of the players that prevail in a domestic trade-off. In this regard, the most classical argument stems from Olsen's logic of collective action. Such logic implies that sectors that are more homogenous may act more cohesively, on the one hand, and are more able to impose their agenda to the state, on the other.[149] In trade-related issues, protectionists are reputed to have an advantage in collective action. Having dispersed welfare effects, a proposal of economic liberalisation triggers opposition from potential losers. They, in turn, organise themselves to lobby against changes in the levels of protection against foreign competition. Such an assumption fails to explain why states adopt liberalisation even in face of strong domestic opposition.

That said, a focus on interests can explain how societal actors prevail over the state. Following neoclassical economic assumptions, Frieden and Rogowski demonstrate that, with liberalisation, sectors that expand production tend to support further openness in the economy. In turn, segments harmed by the process will seek

[149] Olson [1965] 1971. To use sociological language, sectors have higher chances of succeeding in agenda-setting if they improve their social skill.

protection from the state.[150] In fact, as Milner and Keohane argue, international economic changes affect the domestic arena through the creation of policy preferences and coalitions,[151] the triggering of domestic economic and political crises, and the undermining of government control over macro policy.[152] Winners increase their economic leverage, which in turn is likely to correspond to an increase in political power. Therefore, disputes over changes in income will translate into attempts to influence policymaking.[153]

An example is Moravcsik's analysis of the process of European integration. In his view, this process reflected 'patterns of commercial advantage, the relative bargaining power of important governments, and the incentives to enhance the credibility of inter-state commitments. Most fundamental of these was commercial interest'.[154] Another example is Grossman's and Helpman's argument on buying trade policy through contributions to political campaigns, which provides a mechanism to explain how groups influence the state.[155] At the individual level, Duch's and Steveson's economic vote argument assumes that constituencies choose candidates who have more potential to maximise those constituencies' material conditions in the future.[156] Nonetheless, a model underlined by neoclassical assumptions, even in the light of constraints exercised by state institutions, ignores the sources of power on policymaking. Insofar as individuals have material and symbolic needs, it is hard to conceive power as steaming just from economic issues and rational choice. In addition, as explained before, individuals and sectors may not be aware at all of the redistributive

[150] Frieden and Rogowski 1996, 29. For an earlier version of this argument, see Milner 1988.
[151] For coalitions and trade, see Rogowski 1989.
[152] Keohane and Milner 1996, 244.
[153] Rogowski 1989.
[154] Moravcsik 1998, 3.
[155] Grossman and Helpman 2002.
[156] Duch and Stevenson 2008.

consequences that different policy options imply. Furthermore, not all countries are democracies or allow campaign contributions. This is not to say that they can only be the means through which a pre-given power asymmetry is concretised. Indeed, the temporal sequencing of lobbying may matter in that it creates asymmetries of power among interest groups. This is the case if a given sector has more power in ratification rather than in negotiation.

Marxist accounts have a limitation analogous to that of models underpinned by neoclassical assumptions. Marxists cannot explain how a given group of entrepreneurs has less influence than another over the state as their school of thought takes for granted that the struggle of classes is at the centre in the dispute for power. In this process, the dominant class captures the state to make it work on its behalf. However, the conditions under which a sector's power declines is unclear. Neo-Marxists face limits as well, notwithstanding the fact that they work with the concept of civil society.[157] Civil society stands '[b]etween the economic structure and the state with its legislation and its coercion',[158] serving as the locus of resistance and legitimation of the system through informal norms and collective actors. As in economic-based accounts, groups with similar interests tend to form coalitions. However, why certain coalitions prevail over others remains unclear as majorities in society and the state are unstable over time.

Social identity has been studied as a factor that interacts with economic issues and affects players' behaviour in the market.[159] However, the concept remains under-theorised or simply ignored when analysing why certain interests prevail over others. Moravsick takes domestic preferences seriously and does talk about social identity. Nonetheless, his definition of the term is restricted 'to the set of preferences shared by

[157] Teschke 2008, 173.
[158] Gramsci 1971, 208.
[159] Akerlof and Kranton 2010.

individuals concerning the proper scope and nature of public goods provision'.[160] Moreover, he does not consider how the ideational variety of liberalism could interact with commercial processes. Despite recent works that have found a correlation in the US between trade preferences and the ethnic composition of sectors and constituencies,[161] no theory has yet explained the effect of identities on positions[162] and why some interests prevail over others.[163]

The literature on interests therefore leaves the actual roots of power unclear and why certain demands prevail over other. Yet it does a straightforward job in explaining why actors defend certain policies and, in part, how they are able to do so. Consequently, interest-based accounts are more parsimonious than the argument and framework put forward in this thesis. Nonetheless, the theory developed here provides clear procedures to test who owns power once the paradigms that inform EC and IC within a given country are identified. As the fields of the market and society have historical precedence over the organisation of interests, the distribution of EC and IC among economic sectors can plausibly be considered the earliest causes in determining political power within a country and thus its national stances.

Conclusion

This chapter outlined the theoretical framework that will be employed in this thesis. To bring social identity to the forefront of factors that impact a two-level game, one needs to downsize the relevance of rationalist assumptions. However, this has to be done without incurring into fuzziness, as it happens with interpretive approaches. The

[160] Moravcsik 1997, 525.
[161] Milner and Tingley 2011, 56. According to them, representatives from districts with high proportion of foreign born population are more likely to support free trade.
[162] Mansfield and Mutz 2009.
[163] Guisinger 2009.

concept of fields, which comes from sociology, accomplishes such a task. A field consists of a social space organised by paradigms (sets of norms) and where both individual and collective players act towards a given objective. When acting in a field, players have uneven levels of power shaped by diverse types of capital. These, in turn, are underpinned by the dominant paradigm that limits action within a given field.

In the domestic dimension, the position of players in the field of society matters. Such a position can be operationalised through the concept of IC. This expresses the strength to which a given societal actor is attached to the predominant social paradigms that inform conceptions of nationality. The strength of national identity, translated by either instrumental or structural means in the ratification stage, might then be crucial for a sector to win a trade-off in the process of elaborating national stances. As the fields do not embody deterministic relationships, PP is a probabilistic function of EC and IC. The impact of identity, the missing 'I', on two-level games is independent of the effect of conventional 'I's, such as interests and institutions, which should be understood as being embedded within fields, even when strategic collective action takes place. Yet ratification shadows negotiation. At the ratification stage, the configuration of power in the field of society, given by the dominant conception of national identity, impacts the size of the win-set available at the hands of negotiators. Hence identity can matter more than other 'I's in the formation of a country's negotiating positions.

With fields, one can open the 'black box' in which two-level games are played. Such a procedure avoids in the empirical analysis the reification of sectors traditionally conceived as being only economic, missing the existential dimension that also shapes their political power. The theoretical and empirical trade-off between the application of

the notion of fields and conventional approaches based on interests and institutions lies in the loss of parsimony (table 2.3).

Table 2.3. Fields compared to institutions, interests, and ideas

Approach	Fields	Institutions	Interests	Ideas
Strength	Makes actors' power clear, overcomes rationalism	Parsimony, focusing on constraints actors face	Parsimony, focusing on economic stimulus actors receive	Complexity, showing the limits of materialist explanations
Limitation/risks	Loss of parsimony, conceptual stretching	Power taken as given, too much dependent on regime type	Leaves it unanswered why certain demands prevail	Fuzzy analytical units, lack causal mechanics
Treatment of social identity	Central, interacting with material issues	Hidden and reified in the units of analysis	Considers it as a variable that impacts demands, yet without a clear explanation for this	Central, though ignoring material issues

As certain characteristics of the domestic dimension are not specified beforehand, such as the political regime, there is the risk that a fields' approach incurs conceptual stretching.[164] However, with more clarity than other ideational approaches, fields explain whose demands prevail, when (in negotiation or ratification) and why this happens. This is possible insofar as the structure of power is uncovered through two main units of analysis – the field of the market and the field of society – in the two dimensions where states are embedded (domestic and international).

Players do not exist in a vacuum: they are embedded in fields. This includes society, the place where social identity is reproduced and, in the domestic dimension, legitimised by the state. Different degrees of legitimacy generate uneven distribution of power among players. Such asymmetries matter even when economic issues are at stake in a two-level game. Before testing empirically the propositions related to IC developed in this chapter, however, one has to identify the dominant paradigm in the fields of society in each case under study. This is the task to which I turn in the next chapter.

[164] Sartori 1970.

3. NATIONAL IDENTITY AND POLITICAL POWER

> Variations in institutional design and in the salience of group identities strongly influence patterns of cooperation and exchange, and ultimately, these factors affect the production and distribution of material resources within society.
>
> (Lieberman 2003, 277)

Following the political-cultural approach developed in Chapter 2, the positions of economic sectors in the field of the market and the field of society are expected to impact the formation of preferences in international trade negotiations insofar as EC and IC inform PP. The impact of IC is manifested in the political field at the ratification stage (proposition 1a) either structurally (when the dominant conception of national identity impacts asymmetries of power through institutional design) or instrumentally (when there is a significant dispute between different social paradigms that inform alternative views on national identity) (proposition 1b). To advance this argument, I take in this chapter a step out of the realm of trade policymaking and international negotiations in IR and move into the world of Comparative Politics. As long as an economic sector's IC depends on its attachment to the conception of national identity mostly legitimised by the state, such a conception has to be identified before that type of capital can be measured.

National identity, as widely recognised within the social sciences, is not essential: it is a much disputed concept. Having said that, I contend that it is possible to identify which conception prevails within a given country by looking at which paradigm the state has legitimised the most throughout history in order to stabilise the field of society. Building upon the colonial legacy of miscegenation between Portuguese masters and African slaves (and also, to a minor extent, indigenous populations), the Brazilian state has been since the 1930s espousing paradigms that, with different nuances across time, support racial diversity and cultural syncretism. This empowers

those who represent the non-European contributions to the formation of the country. Racial diversity is embedded in Brazil's federative design. Malapportionment in both lower and upper houses of the parliament attributes more power to states with a higher proportion of non-whites. This would not have been possible without discourses that praise racial diversity. Such a fact becomes evident as the evolution of Brazilian federalism is unfolded.

In India, the need to build a state which incorporated various identity-based divisions demanded the accommodation of the non-Hindu legacy in South Asia. Thus the secularist paradigm emerged in the struggle for liberation from colonialism. This social paradigm addressed the multiple identity divisions that exist in the subcontinent, in particular the Hindu–Muslim divide that increased in the context of Partition, which created two states from British India (India itself and Pakistan, with a Islamic majority) Secularism prevailed without significant challenges between 1947 and the 1980s, when Hindutva (which makes Hinduism-derived traits central to modern India) gained momentum in party politics with the national rise of the BJP, the Hindu nationalist party. In India, thus, disputes around national identity are instrumentalised within party politics, insofar as the Congress is BJP's main opponent at the federal level and has historically been associated with the defence of secularism.

The reader should be aware of two major caveats here relevant to the structure of the chapter. First, in discussing the historical formation of dominant paradigms in the fields of society in Brazil and India, I have deliberately omitted the name of key individuals who took part in the process: Getúlio Vargas in Brazil (President between 1930 and 1945, when racial democracy begun to inform national identity in the country), and Gandhi, Jawaharlal Nehru, and the Dalit leader B. R. Ambedkar in India

(major political leaders in the struggle for colonial liberation, which was when secularism emerged as the foundation of the modern Indian identity). Such a strategy abbreviates a discussion worthy of a thesis in itself. Second, I make no pretension of covering all historic debates on nationality in Brazil and India. I rely on core secondary sources to demonstrate that the appraisal of racial diversity informs Brazilianness more than any other social paradigm and that India's field of society has in the secularism versus Hindutva divide its major cleavage in modern times.

The chapter is organised into two major sections analysing the formation of national identity: one is devoted to Brazil, the other to India. The sections each contain a subsection that explains how social paradigms impact power in the political field – structurally in the Brazilian case, and instrumentally in India with its party political disputes. A third section explains how dominant paradigms within the field of society can be operationalised in empirical research that assumes that constitutive factors have causal implications for the definition a country's win-set in a two-level game.

Brazil: the Domain of Racial Diversity

Like other Latin American countries, Brazil had to deal with two major tasks in building its state: a high level of economic inequality and a high level of ethnic heterogeneity,[1] the latter being understood as diversity of origin among the population. However, the country took more than a hundred years after independence to finally shape a coherent national narrative, one based on the biological and cultural fusion between blacks, the indigenous population, and whites.[2] These are the foundations of the social paradigms that the state mostly legitimised after the 1930s. Racial democracy, conceived of as the creed that all Brazilians, regardless of physical appearance, would share a unique

[1] Centeno and Ferraro 2013, 7.
[2] Freyre [1933] 1946; Ribeiro 1995.

common culture made-up of both European and non-European elements, dominated the field of society until the 1980s. At that point, the contradictions in racial democracy led the state to emphasise a set of ideas associated with the defence of racial diversity. This consists of a paradigm that, like racial democracy, espouses cultural syncretism and the defence of miscegenation, yet allows for the manifestation of micro-cultures, such as African and indigenous traditions outside the realm of national culture. Both racial democracy and racial diversity empower non-whites in symbolic terms insofar as those paradigms valorise non-European contributions to Brazilian national identity.

To advance such argument, we can begin with a counterfactual question: would Brazil actually have been 'Brazil' (a state which emphasises the diverse origins of its population) had its territory and population been restricted to its southern portion (Minas Gerais and all coastal states below Bahia that compose either the South or South-east regions)? More precisely, what would its economy and, above all, its population and national identity look like? Certainly the weight of industry (most of which manifested a defensive position towards the DDA) in economy and politics would be much higher. In cultural terms, there would be a significant, yet non-dominant, African influence. This is because the regions now corresponding to the states of Minas Gerais, Rio de Janeiro, and São Paulo employed large numbers of black slaves in agriculture and mining during the colonial period (1500–1822). This is not to mention the earlier extensive mixing between Portuguese settlers and indigenous women starting from the 16th Century.[3] In spite of the existence of non-European influences in Brazil's southern portion, had the country just been formed by that part alone, it would then arguably resemble its Southern Cone neighbours Argentina, Chile,

[3] Ribeiro 1995, 82.

and Uruguay. They, like the southern portion of Brazilian territory, received millions of European immigrants after independence in the 19th Century.

Therefore, had it been restricted to its southern portion, Brazil would have been more Western. Modern Brazil, however, hardly resembles a European-settler state, notwithstanding the nation's obvious affiliation to ideas and cultural trends with origins in the West. This includes, among other traits, the judicial system (based on Roman law), the Christian religious roots, and the national language (Portuguese). Nonetheless, in contrast to most of the West (in particular with trends that emerged after the 19th Century within the English-speaking world), Brazil never had a well-defined racial boundary.[4] No official, nation-wide colour line has ever come into effect in the complex system of racial classification in Brazil. Such a system, in practice, is based upon an individual's appearance vis-à-vis his/her peers rather than ancestry. In fact, 87 per cent all Brazilians have non-white ancestry,[5] yet just less than half of the population self-identifies as white.[6] In such a context, although not all non-whites feel first and foremost attached to non-European culture,[7] they are, in practice, the strongest evidence of Brazil's non-European origins. Such a fact justifies the defence of a syncretic national identity that highlights its non-Western roots.

Without this identity, as a brief examination of Brazilian history as a nation state demonstrates, significant tensions between whites and non-whites could have arisen. Rather than being a popular movement, the formation of the Empire of Brazil in 1822 was an elite-driven project[8] that rejected any attempt from Portugal to restore Brazil's

[4] Lieberman 2003; Rodrigues Vieira 2008; Magnoli 2009.
[5] Pena and Bortolini 2004, 43.
[6] It is worth noting, however, that individuals who suffer discrimination tend to consider themselves as non-whites (Guimarães 2002).
[7] Guimarães 2012, 1159.
[8] Safford 2013, 33.

colonial status. Such status had been suspended in 1815 when the then-colony became an integral part of the Kingdom of Portugal, gaining the right of parliamentary representation in Lisbon.[9] The Empire therefore imagined itself as a European nation in the tropics in spite of the attempt to incorporate non-white elements into its incipient identity. With the maintenance of slavery, Africans were left out of the idea of Brazilianness in the 19th Century. Indigenous elements combined with European ones were conceived of as being native to the country.[10] Brazilian elites continued to imagine the country through those lenses even after the emancipation of the slaves in 1888, and the fall of the Empire in the following year.[11]

Figure 3.1. States and regional division (Brazil)

[9] Carvalho 2001.
[10] Rodrigues Vieira 2008.
[11] Davila 2003, 24.

The 'need' to whiten the country for 'civilisational' purposes along with the expansion of coffee plantations led the Republic, the successor entity to the Empire and then a political arrangement of regional oligarchies,[12] to support European immigration.[13] However, this is also contributed to the final shape of Brazil's national identity insofar as immigration blurred the opposition between the European-identified elites of Portuguese origin and the non-white poor. It complicated traditional class divisions,[14] which equated the poorest with non-whites and the better off with whites, whether they were part of the landed elites or not. At that time whites also came to make up a large part of the lower strata of society, as rural producers or workers in cities in the southern portion, particularly within the state of São Paulo. On the one hand, immigrants and their offspring could not remain attached to their European origins, as the legitimation of multiple identities would mean putting national unity at risk.[15] On the other, what it meant to be Brazilian was still undefined, so the new citizens of the Republic had no well-defined identity to embrace.

Ignoring the then-current scientific racism along with support for miscegenation and syncretism under the racial democracy discourse therefore became the solution for the national identity dilemma. Such a paradigm had the potential to incorporate everyone, valuing, in identity terms, mixed traditions, with origins from the colonial encounter with the Portuguese, on the one hand, and African and Native-American contributions, on the other.[16] Furthermore, this had the effect of consolidating Portuguese as the national language as primary schools could no longer teach classes in

[12] Love 2013.
[13] Ribeiro 1995, 436; Schwarcz 1999.
[14] Lieberman 2003.
[15] Guimarães 2002, 121-123. In fact, southern states concentrated about 90 percent of all foreign-born population in the late 19th Century (Lieberman 2003, 78).
[16] Freyre [1933] 1946.

immigrants' mother tongues.[17] In addition, the social paradigm satisfied the centralising trends of the 1930 Revolution, which removed oligarchs from the federal government. The new government subsumed regional identities which, due to the fragmentation of power in the first years of the Republic, had been becoming more prominent.[18] Also, in building upon the idea that blacks and indigenous people could be whitened through generations through interracial marriage, racial democracy contributed to mitigating tensions between the northern portion (the current Centre-west, North, and North-east regions) and the southern part (composed by the South and the South-east) of the country.[19]

With racial democracy, what was mixed started to be identified, at the rhetorical level, as the national.[20] Evidence of such a process lies in the valorisation of cultural elements whose origin can be traced to states with an intense syncretic heritage, as it is the case with Bahia and Pernambuco in the North-east,[21] and Minas Gerais in the South-east. In fact, at no moment in Brazil's history since the 1930s (when popular culture, largely non-European, became valorised) has there been a clear differentiation between erudite/high and popular/low culture in the country.[22] Nonetheless, this social paradigm was consolidated only after the Second World War with the development of the mass media.[23] Racial democracy influenced even Brazilian foreign policy as it impacted on the country's identity at the international level, as the pursuit of links with African countries in the 1950s and onwards suggest.[24]

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[17] Ortiz 2009, 125.
[18] Camargo 2009.
[19] Lieberman 2003, 99.
[20] Freyre [1933] 1946.
[21] Guimarães 1999, 54.
[22] Ortiz 2009, 123.
[23] Ibid. TV programs and other visual media, however, tend to ignore the existence of non-whites, as several studies demonstrate. For this argument, read Araújo 2000.
[24] The most up to date account of this can be found on Davila 2010.

At first glance, the disenfranchisement of illiterates until 1988 complicates the claim that states with a higher proportion of non-whites have more PP. This is because most literates are white.[25] Equally challenging for the argument is the fact that blacks became active in the large cities, particularly in the South-east, challenging racial democracy as a myth as they pursued full equality with whites who had socially ascended during the ISI period.[26] Nonetheless, in order to make racial democracy the most legitimate social paradigm, the non-white population did not have to vote. Their incorporation in cultural terms, with the definition of nationality based on syncretic traditions, sufficed for that. And only the northern states could represent such a project, notwithstanding its contradictions, insofar as the colonial hierarchies based on the opposition between masters and slaves[27] were still present there. In contrast, in the southern states those hierarchies, as mentioned above, were disrupted by the expansion of the white population by immigration.[28]

With the advent of democracy in the 1980s, the label 'racial democracy' was rejected, given its association with hypocritical assumptions,[29] in particular the denial that non-whites experienced racial discrimination and economic inequality.[30] Racial democracy was toppled by the Black Movement, which nonetheless never achieved mass support.[31] In spite of being in essence a myth, the idea of racial democracy still impacts Brazil's national identity through the notion of racial diversity. In contrast to Western-fashioned multiculturalism, racial diversity embodies the principles of racial

[25] According to official data reported by Almeida 1998, illiteracy rates were still above 50 percent in most of the northern states in 1980.
[26] Mitchell 1998.
[27] For a discussion of this opposition and its impact on Brazilian culture, read Freyre [1933] 1946.
[28] Lieberman 2003, 78.
[29] Fernandes 1965.
[30] Guimarães 2002, 123.
[31] Telles 2003, 98. Mass mobilization of blacks was never achieved probably because the movement (Nascimento 1980) largely espoused a narrative that would strictly divide whites and non-whites as two separate cultural groups.

democracy as a project, yet without negating the manifestation of micro-cultures and the aura of hypocrisy which that paradigm acquired through time.

To conclude, non-whites are still at a disadvantage in economic terms in spite of the continuous decline of racial inequality since economic liberalisation.[32] Non-European traditions, however, have become the core of Brazil's identity, as legitimised by the state with various degrees of relevance, conferring symbolic power on the part of the population who are evidence of African and Indigenous legacies in the formation of the nation. Such symbolic power compensated for their economic disadvantages during the ISI period vis-à-vis whites, who were better off.[33] Despite the replacement of the notion of racial democracy by racial diversity from the 1980s onwards, the dominant conception of nationality in Brazil has retained similar characteristics: the country is proud of diverse origins of its culture and population and praises racial mixing.[34] Regardless of individual cultural practices, those regarded as non-whites symbolise the discourse of diversity and embody the social paradigm of racial diversity that brings, for the state, all Brazilians together.

The Structural Manifestation of IC

In light of all this, how can a given social paradigm in the domestic dimension empower economic sectors in the ratification stage of a negotiation, and then the formation of the national interest? In order to address this question, I turn now to analyse how the dominant conception of national identity (the ideas of racial democracy and racial diversity) ended up impacting malapportionment among states within the Brazilian parliament and then in the country's political field.

[32] IBGE 2012.
[33] Rodrigues Vieira 2008.
[34] Telles 2003, 99.

The fact is that Brazilian federalism was not designed to address (at least explicitly) any racial equilibrium or any other identity-related issue, with the exception of regional identities.[35] To claim that it was the case, one would have to distort all historical evidence available on the topic, which emphasises pacts between regional oligarchies as the origin of political asymmetries among states.[36] In fact, the literature on Comparative Politics does not place Brazil among the cases of asymmetrical federalism, in which special provisions are given to a few federative units as a means of preserving the union. Yet the country is, in the words of Stepan, the most 'demos-constraining' in the world due to the high level of malapportionment in the representation of states in both lower and upper houses.[37] Such distortions took their current form under the domain of racial democracy and racial diversity, social paradigms that, as shown above, value the contributions of non-European elements in the conception of national identity. Furthermore, even in the transition between the 20th and the 21st Centuries, people living in the southern portion, predominantly white, still expressed discontent with class and regional inequalities with racist expressions that target individuals from northern, overwhelmingly non-white states.[38]

In light of this, I thus argue that malapportionment in Brazil addresses an identity issue (a power balance between whites and non-whites), which otherwise could have been salient. The north–south regional divide has racial underpinnings[39] that could be translated into oppositions, such as whites versus non-whites, or European heritage versus non-European/Luso-Tropical legacies. The structural effects of identity became

[35] Marx 1998, 165; Lieberman 2003, 79.
[36] For a historical account of the state-oligarchical basis of Brazilian national-level politics, read Leal [1947] 2012. Hagopian (1996) demonstrates its persistence across time.
[37] Stepan 1999.
[38] Guimarães 2002, 125; Lieberman 2003, 194.
[39] Lieberman 2003, 99.

even more crucial with universal enfranchisement after 1988 as illiterates, most of whom are non-whites, were finally allowed to vote. To reiterate, identity was not explicitly manipulated in the configuration and development of the links between Brazil's political arena and the field of the state. Nonetheless, the uneven representation of sub-national provinces fits into the dominant notions of national identity that were put in place by the federal government from the 1930s onwards.[40]

The period of the Military Dictatorship (1964–1985) set up current trends in malapportionment. However, the underrepresentation of the 'whiter' southern portion of the country does not have its origins among dictatorship leaders who wanted to control the transition to democracy at any cost and had stronger support in the north.[41] The tension between centralised power and regional interests precedes even Brazil's independence. The Empire, which lasted until 1889 and ultimately avoided the fragmentation of the former Portuguese colony, as had happened with the Spanish territories in the Americas, did not survive without separatist tensions. North-eastern provinces[42] and the Southern province of Rio Grande do Sul[43] formed independent republics in the first half of the 19th Century, which were soon reincorporated into the Empire. Notwithstanding the centralisation of power during the monarchy, oligarchies were accommodated in the regime, particularly because of the preservation of slavery.[44] Regional interests in Brazil then emerged prior to immigration and industrialisation.[45]

In fact, the empowerment of northern constituencies through their over-representation in both houses of the parliament has been part of the institutional design

[40] Oliven 2006; Skidmore 1974.
[41] Nicolau 1997; Oliveira 2004.
[42] Lieberman 2003, 77. During the Empire, states were called provinces.
[43] On this state's distinct identity and its recent revival, read Oliven 2006.
[44] Magnoli 1997, 125.
[45] Abrucio 1998; Lieberman 2003; Camargo 2009.

of the Brazilian state since its foundation. Such a trend started in the Empire and continued during the Republic,[46] including the period prior to the launch of ISI and racial democracy, when the south surpassed the north in economic terms (in the late 19th Century).[47] São Paulo, which gained economic momentum in such a context, has always been underrepresented in the lower house, although during the Old Republic (1889–1930)[48] and the Democratic Interval (1945–1964) the distortion tended to be smaller than in other periods. The three southernmost (and 'whiter') states (Paraná, Rio Grande do Sul, and Santa Catarina) were also underrepresented between the 1920s and the 1960s, when racial democracy reached its zenith.[49] Afterwards, the representation of those three states in the lower house tended to reflect their share of the population.

As industrialisation was largely based in the South-east and the South (regions that received a high proportion of European immigrants between the late 19th Century and the 1930s), the maintenance of the North-east's division into small states aimed to attract landed elites' support for the centralisation of power at the level of the federal government. Following the 1930 Revolution that overthrew the Old Republic, the federal government conferred on itself the prerogative of redefining state boundaries in the 1930s. This prerogative, however, was never employed in the North-east.[50] Beginning in the 1960s (when the ISI project reached its zenith in the field of the market, along with the ideal of racial democracy in the field of society), the creation of new states and federal territories in the Centre-west and the North met concerns with national security. This was a strategy to occupy national borders located in resource-rich regions encompassing the Amazon. Moreover, the disproportional representation of

[46] Nicolau 1997.
[47] Lieberman 2003, 77.
[48] Love 2013, 100.
[49] Rodrigues Vieira 2008.
[50] Martin 1938, 161.

northern states (all of which historically had a non-white majority) increased during the Military Dictatorship as the authoritarian regime faced increasing opposition from southern urban constituencies. Such a strategy aimed to reduce the relative strength of the more industrialised regions, which had been voting against the regime's party in legislative elections.[51]

The regime then eliminated a state in the South-east (Guanabara, in 1974) and created two other out of the region (Mato Grosso do Sul, in 1977, and Rondônia, in 1981, located in the Centre-west and the North respectively) in the context of the controlled transition to democracy.[52] In 1977, the military president, Ernesto Geisel, closed the parliament and amended the Constitution, doubling the minimum number of representatives per state and territory to six and two respectively, as well as introduced a ceiling of 55 MPs for the most populous state (São Paulo). In 1982, while the maximum did not change, the minimum increased again for states and territories (to eight and six respectively). The historical imbalance in federal representation towards less developed regions increased further under democracy.[53] In 1988, as the current Constitution came into force, three new states were carved out in the North: two former union territories (Amapá and Roraima) had their status upgraded and the northern part of Goiás gained autonomy, making up the state of Tocantins.[54] Since 1990 the ceiling has been 70 MPs for the most populous state.[55]

Notwithstanding all this evidence of bias in favour of increasing the representation of regions with a high proportion of non-whites, a historical fact could

[51] Samuels and Abrucio 2000, 50-54.
[52] Martins 2001, 267.
[53] Bohn (2006, 196) contests this view, as the overall malapportionment declined after the end of the dictatorship.
[54] According to Samuels and Abrucio (2000, 61), democratisation reinvigorated federalism in Brazil.
[55] Oliveira 2004, 3; Bohn 2006.

potentially undermine the argument that IC matters for shaping the distribution of political power fits into Brazil's federative structure. All states created since 1946 were carved out in regions that received in the years prior to autonomy migrants from the southernmost states (Paraná, Rio Grande do Sul, and Santa Catarina).[56] Many migrants were farmers of European ancestry who had been affected by increasing land concentration in their regions of origin in the extreme south,[57] and foresaw opportunities as the federal government stimulated, between the 1940s and the 1970s, the occupation of the central portion of the country (the *cerrado*, a kind of savannah), and the Amazon.[58] Secondary sources suggest that these white immigrants constituted much of the PP in these regions given their economic power as rural producers.[59] Nonetheless, such a fact does not contradict the prominence the theoretical framework attributes to IC to explain the origins of PP at the ratification stage. As explained in Chapter 2, the value of IC exists regardless of the position the individuals attached to them occupy in the field of the market. Based on this, a sector which has a few white owners and many non-white workers still has high IC.

Therefore, while the federative arrangement that forms the political field in Brazil was not consciously designed based on identity considerations, one can hypothesise that it would not have taken its current form without the dominant social paradigm of racial diversity. Malapportionment attributes more PP to the regions that have non-white majorities. Under a constitutive causality and long-duration perspective,

[56] Haesbaert 1998, 52.
[57] Blumenschein and Kohlhepp 2000, 56.
[58] As Haesbaert (1998, 56) claims, the demand for creating new states in commodity-producer areas in Mato Grosso and Maranhão arise from, among other factors, the distinct identity southern farmers manifest. Similar movements exist in Bahia and Piauí. In fact, it is worth mentioning that the eventual division of those states has been producing more controversy than the creation of new federative units in the past. This suggests that regions with white majorities face more resistance when demanding autonomy.
[59] Blumenschein and Kohlhepp 2000; Castilho 2012; Haesbaert 1998.

social identity then integrates the mechanism that biases policymaking when, as in the case of the DDA, there is a trade-off between the protectionist and the liberalising sectors. Such a fact becomes crucial as the regional political–economic dynamics matter because candidates for the lower house may receive votes from anywhere in the states under the open-list system adopted in legislative elections.[60]

Furthermore, the literature on Brazilian politics supports the view that federalism channels to the centre diffuse trends through bottom-up processes, making it then crucial to explain who has more power and why. During the 2000s, a correlation was identified between the proportion of seats that a party gained in legislative local elections and, two years later, its strength in state legislatures and the lower house.[61] Moreover, those who become MPs in the lower house tend to be elected with the support of state governors.[62] An analogous trend exists among MPs in the upper house, many of whom already hold state governorships. Thus state-based interests, with demands channelled through their MPs, can counterbalance presidential power.[63] As Presidents need to form majorities in the parliament to govern *de facto* and not only *de jure*,[64] regional, state-level dynamics have the potential to constrain federal policies.

In fact, Samuels and Abrucio,[65] Mainwaring and Samuels,[66] and Liebermann,[67] identified that MPs and regional interests imposed constraints over economic reforms in

[60] Ames 1995b, 408.
[61] Nicolau 2008.
[62] Abrucio 1998; Samuels 2000, 6-8.
[63] In an analysis of voting in Brazil's lower house between 1988 and 2004, Cheibub, Figueiredo, and Limongi (2009) contest this view as they concluded that MPs tend to support its party positions rather than the orientation of the governors of their respective states. However, it does not mean that the MPs ignore the interests of their constituencies.
[64] The President, as Limongi and Figueiredo (2004, 53) argue, is the main legislator. For instance, between 1989 and 2001 the President proposed more than 80 percent of the bills approved. However, such a fact does not imply that the parliament enacts any law regardless of its content.
[65] Samuels and Abrucio 2000.
[66] Mainwaring and Samuels 2004.
[67] Lieberman 2003, 235.

the 1990s. The effective impact of MPs on policymaking is, however, dubious. Brazilian MPs are perceived as anti-modernisers, given the difficulties elected Presidents have had in passing reforms in the parliament; at the same time many observers claim that the legislative is subservient to the President.[68] For Cheibub, Figueiredo, and Limongi, the organisation of the parliament, in which party leaders bargain with the President and may or may not support his/her administration, and the presidential power in setting the agenda, neutralises MPs' veto power.[69] Nonetheless, such a conclusion ignores the fact that the President may, in setting the agenda, bear in mind the size of the win-sets that the distribution of power within the parliament implies. Under Lula (2003–2011), for instance, this seemed to be the case insofar as the President refrained from pushing for structural reforms.[70] In fact, as defended by Amorim Neto, Cox, and McCubbins, presidential agenda-setting is not a constant in Brazil's political system.[71] Furthermore, as Lemos argues, 'legislatures may play a secondary role as policymakers, but still have a fundamental role, according to its limitations and possibilities, in overseeing the activities of the executive'.[72]

Yet do such facts impact foreign policy, particularly in economic terms? As mentioned before, the parliament in Brazil does not participate in the negotiation of international trade agreements, and, according to secondary sources, it has simply resigned to its power to influence decisions in foreign policy,[73] an issue area dominated by the President.[74] The parliament, furthermore, is not regarded as being supportive of liberalisation *per se*, as suggested by the difficulties Cardoso and Lula had in proposing

[68] Ibid., 49.
[69] Cheibub, Figueiredo, and Limongi 2009, 25.
[70] Power 2010.
[71] Amorim Neto, Cox, and McCubbins 2003.
[72] Lemos 2006, 40.
[73] Lima and Santos 2001.
[74] Diniz and Ribeiro 2010.

and passing reforms. In addition, a large part of Brazilian economic liberalisation was implemented through changes in regulations that did not depend on MPs' consent.[75] However, the DDA negotiations took place in a post-reform phase, when the gains for the Brazilian economy, in particular the agriculture-related sectors, became clearer.

More important is that, even without monitoring negotiations, MPs have the power of constraining policymaking in international agreements. This is because, once signed by the President, these agreements have to be approved by a simple majority (50 percent plus one) in the lower house and then in the upper house. In each house, thematic committees other than the Committee on Foreign Affairs (CRE)[76] may ask to analyse the agreement. The refusal of the agreement at any stage implies that the President has to renegotiate it with the foreign actors.[77] While few agreements have been rejected in parliament since the Empire, it is worth noting that in recent years many bilateral agreements have not been voted through immediately. Also, in 2009 the government faced resistance to building a majority in the upper house to approve Venezuela's entrance into the Common Market of the South (MERCOSUR).[78] Also, *ruralistas* (MPs with agricultural-related interests) have been showing considerable strength in recent years, as they have been able to modify presidential bills in their favour, the Forest Code approved in 2012 being the best example of this.[79]

To conclude, the design of the Brazilian political field based on federal premises channels to the centre diffuse preferences, including those concerning trade policy, giving disproportionate weight to less industrialised regions, which are predominantly

[75] For instance, in the case of privatisation, only about eight per cent of the legislation was proposed by MPs (Almeida 1999).
[76] Diniz 2012.
[77] Gabsch 2010, 100-115.
[78] Diniz and Ribeiro 2010, 87.
[79] Castilho 2012.

non-white. Their veto power[80] on issues in which there is a bargain vis-à-vis more industrialised regions therefore tends to be higher.[81] This finding has strong implications: as former minister of Foreign Relations Celso Amorim predicted, had the DDA negotiations been already concluded, the government would have had a harder time by the end of the Uruguay Round (UR, 1986–1994, the last one of the multilateral system of trade prior to Doha) in persuading the parliament to approve an eventual agreement.[82] In fact, as business associations reported, they would have mobilised MPs most sympathetic to their positions in a vote on the outcome of the DDA.[83]

India: Secularism versus Hindutva

Since India's independence in 1947, the country has been facing the challenge to accommodate within the same state different cultural divisions, expressed in ethnic (caste), linguistic, regional, and religious terms. To keep united constituencies that hardly identify each other as being part of the same polity, Indian nation-builders created a 'state-nation' rather than a nation-state.[84] Whereas the latter presupposes that the political boundaries of a given nation match her cultural limits, a state-nation protects multiple but complementary socio-cultural identities within the same polity.[85]

[80] For instance, Bohn (2006, 213) demonstrates that, in the Constitutional Assembly (1986-87), lower house MPs from the North and the North-east tended to act as a veto coalition in modernizing issues, such as limiting the use of political criteria to define application of budget (Ibid., 208). Nonetheless, MPs from the South and the Centre-west did not act cohesively in that period.
[81] Tavares 1998.
[82] Interview with Celso Amorim, Minister of Foreign Relations (2003-11), 2 July 2012, Brasília; interview with Flavio Marega, Itamaraty senior bureaucrat, 25 Jan 2012, London. The approval happened in December 1994 without major problems for President Itamar Franco (1992-1995), Cardoso's predecessor. As the new president had already been elected and the country was taking the first steps in a successful and popularly-supported economic stabilisation plan that implied in further liberalisation (see details in Chapter 4), members of the parliament consented in the ratification. According to Amorim, more social actors in the domestic level, ranging from economic associations to MPs, have gained awareness of the impact of liberalisation in the domestic market and acquired interest on trade.
[83] Interview with Camila Sande, CNA officer (2009-), Brasília, 27 June 2012; interview with market actor, Brasília, 18 June 2012.
[84] Linz, Stepan, and Yadav 2007.
[85] Ibid.

Nonetheless, a state-nation may collapse or be put into question should communalism arise.[86] India's notion of secularism, which implies equal respect for all citizens ensured through differential treatment of minorities,[87] cemented the multiple diversity of the state-nation. However, such notion was designed to address first and foremost the Hindu–Muslim problem,[88] which became crucial in the context of the Partition of the British Empire in South Asia, creating two independent states in 1947: India, with a Hindu majority, and Pakistan, formed mainly by followers of Islam.

The religious cleavage between Hindus and non-Hindus, in particular Muslims, has been the most contentious one within the South Asian subcontinent for centuries, and had its origins before European imperialism.[89] However, Bayly[90] and Ludden,[91] among other scholars within the field of Indian studies, contend that conflicts between Hindus and Muslims increased during the British Raj. Prior to British colonisation, first by private rule launched in the 18th Century and then by the Raj after 1857, the region had been dominated by the Mughal Empire from the 16th Century. The rulers' religion was Islam, notwithstanding the dominance of Hinduism in the region. However, a significant Muslim presence in South Asia had existed since beginning of the 13th Century, with the foundation of the Delhi Sultanate. Policies developed under the British Raj enhanced the organised character of the opposition between both religious groups in Indian politics. The main example is the constitution of electorates where only either Hindus or Muslims could vote,[92] a practice abolished after independence.[93]

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[86] Communialism is here understood as 'collective antagonism organized around religious, linguistic, and/or ethnic identities' (Ludden 2005, 12).
[87] Bhargava 1998, 531.
[88] Ibid., 542.
[89] Van der Veer 1994, 32.
[90] Bayly 1985.
[91] Ludden 2005, 12-15.
[92] For a brief explanation of the impact of that electoral rule on the subsequent political developments until the end of the British Raj in 1947, read Ludden 2005, 10.

Policies that reified caste and regional cleavages had analogous effects. In 1871, the British established official classifications of castes in the census,[94] which was followed by the emergence of associations based on them.[95] From kin groups, castes then became ethnic strata akin to European interpretations of Indian society.[96] This originated a discourse analogous to racialism insofar as individuals were classified based on supposedly essential characteristics, such as skin colour. For instance, colonial ethnography equated Aryans, regarded as the founders of the Hindu civilisation and predominant in the northern part, with the upper castes. In turn, Dravidians, being present in the southern portion of the Indian subcontinent, corresponded under such a narrative to lower castes.[97] During the struggle for independence, untouchables, which make up part most of lower castes, claimed full political rights and recognition of their existence as a separate element from Hindus in India's formation.[98] This was a reaction against the process of equating Brahmanism (understood as a set of religious principles practiced by upper castes) with Hinduism that had acquired strength in the 19th Century.[99] Such an equation does not correspond to how Hinduism is actually structured. In fact, it is not monolithic, with a unified set of practices.[100] Therefore lower caste individuals often reject the label Hindu to describe themselves. Such a rejection tends to be stronger in South India,[101] where Dravidian culture prevails.

Thus, given the existence of caste and linguistic-based collective antagonisms in Indian politics, why is religion the identity-based cleavage that matters most for the

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[93] Bhargava 2010, 105.
[94] Jaffrelot 1993, 147-148.
[95] Ibid., 149.
[96] Ibid.
[97] Ibid., 152.
[98] Conrad 2007, 198.
[99] Louis 2000, 109.
[100] Ibid., 7; Hansen 1999, 11; Ludden 2005, 6.
[101] Ilaiah [1996] 2005, xi.

state's understanding of contemporary Indianness? Is the mitigation of religious conflict the key to keeping the field of society in India minimally stable? Like any other historical process, no conception of national identity is inevitable. Yet in the Indian case, one can arguably contend that any option other than secularism (understood as the process of not emphasising religious affiliation in politics without relegating religiosity to the private sphere only)[102] would have made modern India unviable. Within the pursuit of *swaraj* (self-rule),[103] the would-be Indian national identity had to be formed in opposition to the British colonial master.[104] As the organisation at the forefront of the struggle for independence, the Congress, founded in 1885, sought to represent all irrespective of caste, language, and religion. Secularism then addressed the motto of the anti-colonial struggle, 'unity in diversity'.

Religious cleavages, however, forged the basis for the two main challenges to the leadership of the Congress in the first half of the 20th Century: the formation of the All-India Muslim League, in 1906, and the Rashtriya Swayamsevak Sangh (RSS, National Patriotic Organisation in literal English translation), in 1925, which espoused a view of India as a Hindu nation.[105] The Muslim League eventually supported Partition.[106] Nevertheless, the division of British India happened not because but in spite of the idea that Muslims needed a state of their own. In fact, India's federal structure accommodated, in practice, different nations (here understood as distinct cultures) within its territory.[107] Indian–Pakistani tensions, translated even into a nuclear rivalry,

[102] As Bhargava (2010, 104) argues, 'Indian secularism would not be a version of secularism if it did not support some forms of depoliticisation of religion. But this depoliticisation of religion must not be confused with its depublicisation. Indeed, the constitution even allows a contextual politicization of religion, for example, if such politicization advances the cause of equality and freedom'.
[103] Vajpeyi 2012.
[104] Ludden 2005, 13.
[105] Ibid.; Jaffrelot 1996; Bose 1998.
[106] Sarkar 2001.
[107] An example of such a view is Jalal 1998, 90-95.

still generate nationalist anxieties among the Hindu majority,[108] on the one hand, and fears of revenge among the Muslims minority, on the other. Secularism hence allowed the incorporation of non-Hindus, in particular Muslims, into the Indian political community, as enshrined in the national constitution.[109]

Aside from addressing the Hindus versus non-Hindus opposition, secularist democracy[110] also contributed to accommodating demands from lower castes for political and cultural recognition. Secularism subscribes to the narrative that depicts the South Asian subcontinent as the historic result of the multiple contributions of various civilisations that occupied the region throughout history. However, such a social paradigm is not anti-religious,[111] leaving faith to a private, individual sphere, as is the case in the West.[112] Nor is it the only factor that held modern India together after independence. Along with secularism, the reorganisation of states in the 1950s according to linguistic affiliation, and the incorporation of regional elites into national politics amid the *de facto* preservation of the subordinated status of lower castes under the Congress's umbrella, mitigated socio-cultural tensions in the first two decades after independence.[113] A federal system of government with full enfranchisement completed the structure of national union.[114]

An alternative to secularism, Hindutva constitutes a paradigm that, while not fully equating India with Hinduism as a religion and civilisation, privileges Hindu-based legacies over others in defining Indianness.[115] A Hindu-centred conception of Indianness has existed in modern times since the struggle for independence from the

[108] Ludden 2005, 4-5.
[109] Bhargava 2010, 92-93.
[110] Khilnani 1998, 4-5.
[111] Louis 2000.
[112] Bhargava 2010, 84-85.
[113] Linz, Stepan, and Yadav 2007.
[114] Sarkar 2001.
[115] Khilnani 1998, 151.

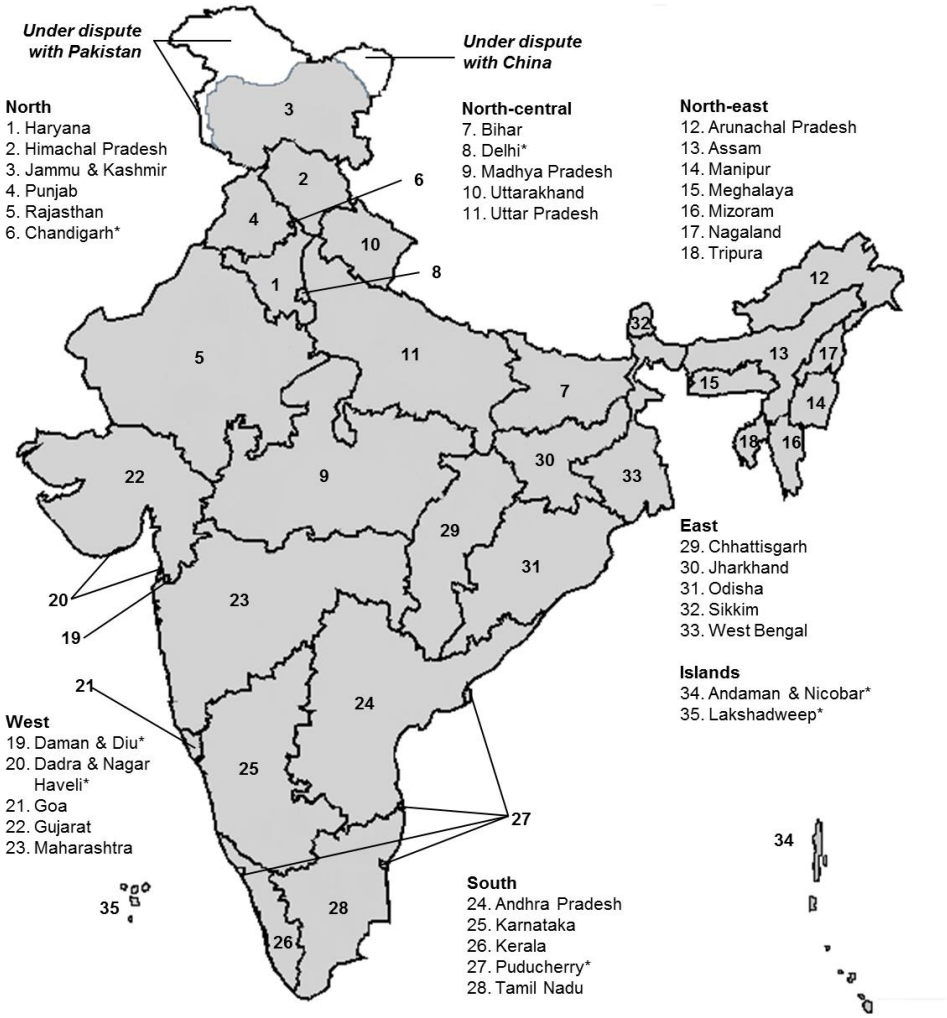
British in the first half of the 20th Century,[116] yet it only gained significant national expression in party politics at the end of the 1980s, as it will be detailed in the following section. Hindutva can be broadly understood as the set of practices and traditions that are considered as being original to the area where modern India is located, in particular its northern portion. Such a region is often labelled the Hindi 'heartland' or 'belt' due to the dominance of that language in that part of the country.[117] The Hindi 'heartland' cross-cuts official regional divisions of India (figure 3.2), encompassing states and union territories in the North (Chandrigarh, Haryana, Himachal Pradesh, and Rajasthan) North-central region (Bihar, Delhi, Madhya Pradesh, Uttar Pradesh, and Uttarakhand), and the East (Chhattisgarh and Jharkhand).[118] According to critics of Hindu nationalism, Hindutva corresponds to upper caste Brahmin nationalism,[119] and the maintenance of privileges of higher castes.[120] In fact, the movement traces the roots of modern India to the Vedic period (about 1700–1100 BCE),[121] when most of Hinduism's sacred texts were written.

Like any other social paradigm, Hindutva also has contradictions. The most salient lies in the fact that, in order to be implemented, the project requires the support of lower castes and the inhabitants of regions other than the Hindi heartland. In fact, the eventual conversion of Hindutva into the most legitimate conception of national identity implies a bringing together of both upper and lower castes[122] to defend the civilisational legacies that supposedly unify them.[123] Roughly just over a third of all Indians could be

[116] Bose 1998, 104.
[117] Kohli 2001, 9; Linz, Stepan, and Yadav 2007, 73; Wilkinson 2007, 35.
[118] Gujarat, in the West, is also often listed as being part of the belt given BJP's stronghold in the state.
[119] Louis 2000.
[120] For a political-historical overview of the genesis of Hindu nationalism, read Jaffrelot 1996.
[121] Narayan 2009, 13.
[122] Bose 1998.
[123] Vajpeyi (2012, 14) sees as problematic such emphasis as it neglects Muslim contributions to the political field in modern India.

classified as integrally attached to core Hindu principles as only this group lives in the Hindi heartland, has Hinduism as religion, and speaks Hindi as a first language.[124]

Figure 3.2. States and regional division (India)



*Union territories
OBS: since June 2014, India has a 29th state, Telengana, which was carved-out from Andhra Pradesh.

Hence, according to Louis,[125] Hindutva generates a false consciousness among lower castes, which in fact has a greater interest in fighting the privileges of Brahmins and other upper castes. This is because, under the Hindutva logic, disadvantaged social groups are in practice diluted to form a Hindu majority portrayed as homogenous. Such

[124] Linz, Stepan, and Yadav 2007, 73.
[125] Louis 2000.

a majority, including the lower castes – now called Scheduled Castes (SCs) – the Scheduled Tribes (STs) and Other Backward Castes (OBCs)[126] would share a supposed common past that existed prior to introduction of non-Hindu elements into South Asia. Therefore, in a scenario in which Hindutva is the social paradigm mostly legitimised by the state, all collective players with a high proportion of Hindus, regardless of caste breakdown, would have high IC. Moreover, Hindutva would hardly exist without the foreign misperception, inherited from colonial times, that India is essentially Hindu.[127]

In light of the contradictions that Hindutva faces, one would hardly be surprised that during most of the second half of the 20th Century such a paradigm did not gain much traction in the field of society. As explained above, secularism prevailed insofar as it helped to unify the citizens of the just-independent country regardless of their origin. It means support for religious pluralism, conferring, at least rhetorically, equality on all faiths professed in India. Such a strategy mitigates the negative effects that may arise from disputes within creeds (such as the opposition between upper and lower castes amongst Hindus) and between different faiths, particularly Hinduism and Islam. Furthermore, secularism provided a framework that alleviated tensions between northern states, in the Hindi heartland, and the south, where other languages are spoken and regional identities tend to be stronger. An example is Tamil nationalism,[128] which acquired political prominence in the state of Tamil Nadu in late 1960s, and, to a lesser degree, the Dravidian identity that pervades that state and three other neighbours (Andhra Pradesh, Karnataka, and Kerala).

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[126] SCs comprise the lower castes that were identified by the British rulers, whereas OBCs correspond to social-economically disadvantage groups which, according to the Mandal Commission Report (published in 1980 and the basis for the adoption of caste-based affirmative action later), deserved to be part of targeted policies (Jeffrey 2001, 218).
[127] Hansen 1999, 10; Ludden 2005, 11.
[128] Barnett 1976.

Having said that, the mechanisms through which secularism remained significantly unchallenged until the 1980s are far more complex than the overview above suggests. Detailing those mechanisms falls outside the scope of this thesis. It suffices to say that, having been at the forefront of the process of independence, the Congress has espoused such a view throughout its history for pragmatic reasons. Secularism provided a symbolic rationale for national union that dovetailed with the ISI project in the field of the market between the late 1940s and the 1980s. Identity cleavages had to be subsumed to fulfil the goal of nation-building. Thus, in practice the Congress instrumentalised identity cleavages for electoral purposes, allowing it to retain power in the first years after independence. This was the case in the 1950s and 1960s, when the party dominance was built largely upon patronage networks.[129] Such a process consisted of preserving the status of members of upper castes as political leaders, while individuals from lower castes simply served as a mass to be mobilised, particularly in the northern states.[130]

Therefore, like any other social identity, secularism has never been intrinsic to India. However, in addressing the Hindu–Muslim divide, such a social paradigm became the core element of the social–political engine that was set up in the country after its independence. In fact, as the Congress faced the first challenges to its dominance in late 1960s,[131] and the ISI strategy failed to deliver its promises, the space for contesting secularism's dominance was enlarged. Thus identities became instrumentalised in the political field along cleavages inherited from previous historical periods, in particular the British Raj.

[129] Kohli 2001, 7.
[130] Jaffrelot 1993.
[131] The roots of challenges to Congress dominance, however, can be found in the 1950s, including the emergence of Dravidan activism in Tamil Nadu (Jaffrelot 2010, 166).

The Instrumental Variety of IC

The first step taken towards contesting secularism as the dominant social paradigm in India was the rising prominence of social movements[132] and regional parties, many of which were formed to represent the interests of lower caste individuals,[133] and rural constituencies.[134] Excluding the period 1977–1979, when a coalition of regional parties (including those that already espoused Hindu nationalism) managed to form the government, the Congress held power at the union level until 1989. However, starting in the late 1960s, internal splits and disputes over the leadership made regional bosses leave the party. In parallel, traditional patterns of mass mobilisation, such as the subordination of lower caste individuals to upper caste groups in rural areas, particularly in India's northern portion,[135] lost ground. This happened insofar as segments that are now considered either SCs or OBCs acquired more political and economic autonomy than they had in the first two decades after independence.[136] As those social–political transformations were in a process of mutual reinforcement with the Congress's decline, the party progressively won smaller majorities in the lower house. In 1989, it lost the general elections to a coalition of smaller parties called the National Front.

Thus India in the 1990s witnessed the rise of coalition politics, besides liberalisation in the field of the market, as explained before. No party between 1989 and 2014 was able to form a government without the support of other political groups. In

[132] Katzenstein, Kothari, and Mehta 2001.
[133] Vora 2004.
[134] Varshney (1993, 181) demonstrates that in the 1960s onwards the proportion of MPs in the Lower House who are farmers increased, becoming the dominant professional group in the parliament. According to him, along with influence over the bureaucracy in the MoA, this explains the origins of the political power of the sector.
[135] Jaffrelot 1993, 5-6. In fact, Congress's basis was always stronger in the southern states, where caste hierarchies and the power of larger farmers were historically not as significant as in the northern states (Ibid., 8; Jaffrelot 2010, 486).
[136] Mendelsohn 1993, 808.

this context, the BJP emerged as the strongest alternative to the Congress in heading the union government. As a result, the longstanding Hindutva project, which had been latent since the creation of the RSS during the struggle for independence, gained expression in party politics at national level. Until the BJP's foundation in the 1980s, Hindu-based parties[137] on their own won just a few seats in the lower house. The Hindutva project lacked political support in party politics for many years in spite of the existence of influential civil society organisations that defended it. Those organisations are informally known as Sangh Parivar, which has as its most prominent members the RSS and Viśva Hindu Pariṣad ('World Hindu Council').[138] Sangh Parivar organisations support youth centres and private schools with the aim of recruiting people from poor backgrounds, including members of lower castes, for their political causes,[139] including support for the BJP. Along with the party, the Sangh Parivar took an active role in the communal riots[140] that happened in early 1990s and which opposed Hindus and members of other religions, particularly Muslims, who came into conflict with Hindus in different parts of the country in the aftermath of the forced demolition, by Sangh Parivar members, of the Babri Masjid. The mosque was located in the city of Ayodhya, in the northern state of Uttar Pradesh. According to the Hindu tradition, Babri Masjid is located at the birthplace of Lord Rama, one of the most important divinities in Hinduism, which was seen to make the presence of a mosque there unacceptable.

However, as most of the literature on contemporary Indian politics argues, the BJP's rise does not stem from an identity issue per se that would spontaneously find

[137] BJP was founded in 5 April 1980 by former members of the Bharatiya Jan Sangh (BJS), one of the parties that formed the alliance called Janata Party, and which had been created in 1951 (Bose 1998, 104). BJS had tried to draw support from groups affected by Congress' policies in the 1970s, including the rural poor who are opposed against larger farmers.
[138] Gopalakrishnan 2009.
[139] Thachil 2009, 483.
[140] Bose 1998, Wilkinson 2007.

resonance among Hindus. The mobilisation across religious lines is rather a consequence of the political instrumentalisation of a Hindu-centred narrative of the country at both national and state levels.[141] In the context of economic liberalisation, the rise of lower caste political movements,[142] and Congress's loss of power,[143] the BJP appeared as an appealing alternative for the middle and upper classes.[144] Constituted mainly of upper caste Hindus,[145] those classes had accumulated economic gains since the 1980s due to incremental economic reforms. In the meantime, they had their traditional access to education and civil service constrained by the quota policy that targets lower casts (launched in 1990 during the National Front government). The reservation of job posts for members of the lower castes challenged the vested interests of the upper castes.[146]

These policies, however, have never been reversed, notwithstanding widespread protest from the upper castes and classes.[147] This is understandable considering that lower castes constitute a large vote bank and benefit from these policies.[148] Therefore parties want to attract their vote. The BJP is no exception, particularly in a context in which the effectiveness of caste-based discourses was in relative decline.[149] Furthermore, in order to attract the lower caste vote, the party even refers to Dalit heroes in political campaigns, as happens in the state of Uttar Pradesh, the most

[141] An example at the state-level is what happened in the campaign for the Maharasatra government in 1995. According to Rodden and Rose-Ackerman (1997, 1541-1542) BJP's pro-Hindu rhetoric was present in the victorious campaign in alliance with the Shiv Sena against then-incumbent Congress. The coalition portrayed out-of-state people as taking over job opportunities which otherwise would be available for locals.
[142] Weiner 2001.
[143] Kohli 1990.
[144] Kohli 2001, 15; Basu 2001; Singh 2004.
[145] Singh 2004, 317-321.
[146] Jaffrelot 2007, 83.
[147] Kohli 2001, 15.
[148] Jaffrelot 2002, 369.
[149] Vora 2004.

populous in the country. The BJP achieved significant victories there[150] despite the existence of well-organised lower caste political parties[151] and of small farmers' movements.[152] Such a strategy implies incorporating Dalit symbols into a narrative of national identity that opposes Hindus to Muslims, portrayed as foreign invaders who 'pollute' a supposedly pure Hindu culture inherited from ancient times.[153]

Nonetheless, the BJP's core electorate was inherited from previous Hindu-based parties. It is based mainly in northern states and consists mainly of residents of rural towns with positions in local government, small industries, and country trading and banking. Also, white collar workers and industrial employees in urban areas tend to support the party.[154] In fact, in parallel with the BJP's rise, the Congress lost further support amongst most of the well-off social groups.[155] As Gopalakrishnan argues, neoliberalism and Hindutva are not intrinsically linked. In fact, until reaching power, the BJP espoused economic nationalism. However, neoliberalism and Hindutva have affinities insofar as they express class interests associated with the upper strata of Indian society, which has benefited the most from economic liberalisation.[156] BJP's elitism is shown by the fact that most of its MPs come from the upper castes.[157] The party interprets the secularist principle of *sarva dharma sambhava* (equal respect to all religions) as impeding any policies that empower the Muslim minority as this would necessarily imply discriminating against the Hindu majority.[158] However, following

[150] Frankel 2002, 12.
[151] Hasan 2002, 156-172.
[152] Hasan 1995.
[153] Narayan 2009, 13.
[154] Ibid., 16.
[155] Thachil 2009, 483.
[156] Gopalakrishnan 2006.
[157] Jaffrelot 2002, 368.
[158] Jaffrelot 2010, 168.

Khilnani, granting equality in terms of rights to that majority could result in a tyranny over the minority.[159]

The BJP had its first experience heading the union government in 1996, in a cabinet that lasted only two weeks. As the party was unable to form a coalition to reach a majority in the lower house, the Prime Minister, Atal Bihari Vajpayee, had to resign, yet he returned to power two years later when the BJP formed a pre-electoral alliance with regional parties, the NDA. However, the NDA cabinet did not survive a vote of no confidence in 1999, and general elections were then held. The NDA then returned to power. Since 1993, after the communal riots that took place following the demolition of the Babri Masjid, the BJP adopted more centrist stances.[160] However, the BJP's policies in power are dubious.[161] They do not contest secularism frontally, yet have not resigned the Hindutva long-term goal of making India Hindu. This is because, on the one hand, the need to form coalitions to govern the union and gathering support at the state-level requires any party to make even core points of its programme flexible. On the other, association with Sangh Parivar organisations, which are crucial to keep voters mobilised out of electoral periods, constrains eventual moves to the centre.[162] This is the case with the RSS in particular, as the organisation, according to Jaffrelot, exerted a strong influence over the NDA government.[163]

The NDA set up India's strategy in the DDA negotiations. As mentioned in the Introduction, India had initially expressed reluctance over the launch of a new multilateral round of trade negotiations. However, the country eventually agreed with the DDA and envisioned potential gains not only for sectors which had already been

[159] Khilnani 1998, 10.
[160] Basu 2001, 176-178.
[161] Ibid., 163.
[162] Ibid., 181.
[163] Jaffrelot 2002, 364.

performing well under liberalisation (particularly ICT services), but also for agriculture. In fact, the NDA manifesto for the 2004 elections promised a second Green Revolution,[164] which would have meant expansion of commercial agriculture and potential social disruption for subsistence farmers. Unexpectedly, the governing coalition lost the elections to the Congress-led UPA, which structured its campaign by exploring the contradictions in NDA's re-election-bid motto, 'Shining India'. According to data from the National Electoral Study 2004, the well-off voted mainly for the BJP in the elections of that year, corroborating its status as an elitist party.[165] In spite of continuous GDP growth as the BJP-led government advanced economic liberalisation, the benefits of economic expansion seemed to have not reached most of the country;[166] more than 60 percent of the population still lives in rural areas and inequality has been growing since the 1990s. Furthermore, research and secondary sources indicate that since then Muslims in large cities are facing increasing discrimination,[167] moving to districts that can be classified as religious ghettos. Influential academics, such Wilkinson,[168] rebut the claim that UPA's victory steamed from a reaction against economic liberalisation and Hindu nationalism. However, the fact is that, as explained in further detail in Chapter 5, the Congress-led government adopted a more cautious approach to the opening of agriculture at the multilateral level.

Yet is there any actual influence of sectors on policymaking regarding international trade agreements through the parliament? In India, MPs do not even have the formal power to veto an international agreement the Prime Minister has already signed. However, as many members of the policymaking community in Delhi point out,

[164] BJP 2004.
[165] Yadav 2004, 5391-5392.
[166] Ibid., 5383 and 5394.
[167] Gayer and Jaffrelot 2012.
[168] Wilkinson 2007, 29.

any head of government who is willing to sign an agreement that goes against the interests of the constituencies of most lower house MPs will inevitably face a vote of no confidence. However, this does not mean that the Prime Minister has no margin of negotiation, insofar as the coalition which holds power may be supported by social groups to different degrees. As the upper house does not take part in an eventual no confidence vote, its power configuration does not have to be taken into account at the ratification stage. Therefore, MPs in the lower house have a *de facto* power of veto on international negotiations. Looking at the social and economic characteristics of provinces then matters to understand who was signalling what in relation to the DDA. Also, those characteristics are relevant to identifying possible differences between the social bases of coalitions that supported governments with different views on the economy and society. In fact, in contrast to Western democracies, in India 'the constitutional guarantee of the right to participation, the judiciary and other watchdog institutions protecting citizens' rights, and competitive politics enjoined upon the national leadership to induct the local and marginal as partners in governance'.[169] Local and state-level politics then matter to explain choices made at federal level.

Therefore, as social identity is in dispute in party politics, such an element is thus expected to impact representation in the parliament. To understand how this process takes place, one should first be aware of core elements of federalism in India. The political system consists of a Westminster-style parliamentary system at both central- and state-levels in combination with patronage networks between and within them.[170] The roots of this system are to be found in the late colonial period, from the

[169] Mitra 2001, 106.
[170] Kohli 1990.

1930s onwards, as the Congress was at the forefront of the struggle for independence.[171] Such a logic is still in place, as the need for coalitions to build majorities in the union level suggests. Also, as Sinha demonstrates against conventional wisdom,[172] Indian federalism constitutes a 'divided leviathan'. This confers not only political autonomy on states, but also room for the pursuit of different development strategies within them.[173]

The uneven patterns of development at the sub-national level are crucial for explaining policy outcomes, given that India's federal system is, according to Stepan, the most demos-enabling in the world. This is because malapportionment in both houses is irrelevant.[174] In contrast with other federal democracies that have identity cleavages expressed in party politics (such as Canada and Spain), India does not employ asymmetrical rules of representation as a means of balancing the interests of communities. Perhaps the only exception to such a pattern is the reservation of seats in the lower house to members of SCs and STs.[175] While the Muslim-majority state of Jammur and Kashmir has special provisions, other parts of the country in which significant separatist movements have emerged, such as in Punjab and Tamil Nadu, have never had special treatment.[176]

All that said, one can then expect religion to matter more than caste and language in empowering different segments of Indian society in the national government. This is because, as demonstrated above, the dominant conception of national identity after independence (secularism) was crafted to address mainly the

[171] Jaffrelot 1993, 13-36; Washbrook 1998, 42-43.
[172] Rodden and Rose-Ackerman 1997, 1545; Parikh and Weingast 1997.
[173] Sinha 2005a, 4. Her findings however do not contradict the fact that India diverges from market-preserving federalism (Parikh and Weingast 1997, 1598 and 1615), as there are still significant trade barriers between states – particularly in agriculture –, not to mention the deficient infrastructure that, if improved, could stimulate more exchange within the country.
[174] Stepan 1999, 24.
[175] Tillin 2007, 46.
[176] The concept of asymmetrical federalism cannot then be applied to the Indian case, which contrasts with Linz, Stepan, and Yadav (2007, 55) position, who list India as a case where it occurs.

divide between Hindus and non-Hindus, especially Muslims, the largest minority in modern India. It is likely that secularism also contributed to mitigating caste- and regionally-related tensions. Nevertheless, the persistence of Hindutva as a competing social paradigm that could inform an alternative conception of national identity in India makes explicit the role of religion in shaping views on Indianness and PP, as do the potential trade-offs between liberalising and protectionist/status quo sectors such as the one that DDA implied. Such a trade-off also opposed Hindus and non-Hindus.

How to Test the Impact of Social Paradigms

As argued above, social paradigms which represent dominant conceptions of national identity are those legitimised by the state. However, how is it possible to test empirically the effects of a certain paradigm on the distribution of PP? To elucidate this question, we shall first review what the literature on fields and identity considers as valid in research operationalisation. Both welcome the application of statistical techniques. I then explain how the concepts of constitutive and generative causality allow the assessment of the effects of identities of foreign trade policy through quantitative analysis.

The analysis of collective identities, as Abdelal and his colleagues contend, welcome various methods and research techniques,[177] as does the operationalisation of concepts related to theories of fields, according to Fligstein and McAdam.[178] The selection of a given tool or research tradition (qualitative or quantitative)[179] would then depend on the question and the level of analysis (macro, meso, or micro). Such a view opposes Bourdieu's perspective on the operationalisation of fields in empirical research.

[177] Abdelal et. al. 2009, 2-9.
[178] Fligstein and McAdam 2012, 187.
[179] Goertz and Mahoney 2012.

He preferred to develop a correspondence analysis using purely descriptive data to identify hierarchies of power.[180] In his view, correspondence analysis translates how the world actually is, and is superior to the measurement of average effects of variables through statistical techniques. Such a perspective, however, contradicts his theoretical assumption about the likelihood that a given set of players within a field will succeed. For Bourdieu, such a relationship is probabilistic insofar as social actors are subject to various possible outcomes.[181] This, I contend, makes it possible to use regression analysis in empirical research that is theoretically underpinned by a theory of fields.

Indeed, the application of a statistical technique may be puzzling for those who favour a political–cultural, constructivist approach to the understanding of social phenomena because regressions simply assume that independent variables impact the dependent one in isolation to each other. At a first glance, this contradicts the theoretical assumption that underpins constructivist frameworks in the social sciences: actors and structures (or the social environment) are mutually constitutive. However, as mentioned in the Introduction, constitutive factors have already been theorised as having potential causal effects.[182] Under constitutive causality, the mechanisms that lead to a given outcome vary according to the context.[183] The concept is built upon the notion of generative causality. In contrast to determinative causality, generative causality '...occurs when an actor is provided with a capacity to do certain things but no others'.[184] Thus, under a framework that considers the existence of generative causality, it is more probable, yet not unavoidable, that an actor does one set of things rather than another. It is not impossible for a player to take a different path within a field.

[180] Bourdieu and Wacquant 1992, 96.
[181] Ibid., 102 and 114.
[182] Lebow 2009, 3.
[183] Ibid., 4.
[184] Smith 2003, 47.

Generative causality then implies 'probabilistic predictions'[185] based upon properties that an actor owns owing to, among other factors, environmental endowments. Insofar as actors are embedded in various fields, the idea of generative causality implies that results other than the ones observed could have been possible.[186]

Also, the ideas of constitutive and generative causality provide a rationale to link an ontological assumption (that actors and the environment are mutually constitutive) and a methodological tradition (quantitative) that are often isolated from each other by social science scholars. For the purposes of conducting empirical research, one can assume that, at a given point in time, certain properties embodied by the players in the fields (such as identities) are fixed. Such an assumption does not overlook the fact that, at their origin, actors' and the arenas that embed them are mutually constitutive. Furthermore, fields can be found in a situation of stability, as is the case with the design of institutions that link the political arena to the field of state. The crucial step to operationalise a constructivist framework with statistical methods consists of ensuring that the meaning[187] of key variables is clearly defined beforehand, as well as the causal mechanisms that they imply. This is what has been accomplished in the present chapter: I identified the dominant conceptions of national identity in Brazil and India, and demonstrated how IC is translated into PP in each case (the structural and instrumental varieties respectively).

[185] Ibid., 48.
[186] For counterfactuals in IR, read Foong 1992 and Lebow 2010.
[187] Concerns with meaning are a characteristic of the qualitative culture in social sciences. In turn, quantitative scholars tend to focus on data for operationalising and measuring concepts that are hardly discussed (Goertz and Mahoney 2012, 128).

Conclusion

Identities do not have an intrinsic value. Nor are their 'values' the actual origins of the value of their IC. Their value comes from the meaning that, with state legitimation, social actors confer on them as being part of the idea of nation. Identities that are associated with dominant conceptions of nationhood tend to prevail in both structural and instrumental ways, impacting the ability of economic sectors to influence the state at the ratification stage of a two-level game. Thus, before analysing the IC of sectors within a given country, one has to identify the dominant paradigm in its field of society and how such a set of ideas may impact asymmetries of power in the political field.

This chapter accomplished such a task by explaining why in Brazil, on the one hand, ideas related to racial diversity embody the dominant conception of national identity as a means of valuing the non-European legacies that formed the country, and in India, on the other, religion is at the forefront of the disputes between the defenders of the maintenance of secularism as the social paradigm, mostly legitimised by the state, and those who espouse Hindu nationalism. The Brazilian case, without major disputes around the principles that guide national identity, represents a structural variety of IC, which manifests itself in the uneven political power among states in both lower and upper houses. In turn, the Indian case exemplifies the instrumental expression of IC insofar as two major national political parties, the Congress and the BJP, which headed the longest-lived governing coalitions after 1989 represent secularism and Hindutva respectively. Federalism in both cases is then pervaded by identity issues, with state-based trends being channelled to the centre.

With these ideas in mind, I can now start the empirical part of the thesis. Knowing that race and religion inform social paradigms employed as conceptions of

national identity in Brazil and India respectively and with the concept of constitutive causality applied to fields and paradigms established, I develop in the following part measures of IC in the two cases studied in this thesis. Those measures, which have to be confronted with alternative hypotheses about the basis of power of sectors in a two-level game, allow me to test whether social identity impacts the formation of national stances in a trade negotiation. If national identity empowers certain segments over others in the domestic dimension, it is plausibly expected that IC influences the weight of certain positions over others in a process such as the Doha Development Round, which had clear redistributive, material consequences for market actors in Brazil and India.

PART II – TESTING THE EFFECT OF IDENTITY

After setting up the analysis in theoretical terms and defining the historical basis of national identity in each case, I now come back to the tangible realm of policymaking, with a focus on the dependent variable and its correlations with IC. I then test the propositions related to the impact of IC on the formulation of the national interest according to the theoretical framework outlined in Chapter 2 and the characteristics of the political arena and its relationship to the field of society within the cases selected for theory-building, as specified in Chapter 3. The focus of this part is on the fields of society and the market and how they impact the distribution of PP.

For this, I employ regression analysis to test whether sectors with leverage on the fields of the market and society have a higher probability than others of having their demands accepted by the state (proposition 1a). After finding the expected correlations for each case, I evaluate proposition 1b, which states that the distribution of forces at the ratification stage tends to be influenced by the distribution of IC among constituencies either instrumentally, when identities are objects of contention in the political field, or structurally, when identities impact the PP of sectors through institutional design. As defined in Chapter 3, Brazil represents the structural type, while India corresponds to a case in which identity has an instrumental impact on PP. Before moving to the statistical analysis, I demonstrate, based on archival sources and elite interviewing, the evolution of Brazil's and India's positions in the DDA negotiations between 2001 and 2008. Based on the same type of sources and secondary works, I also discuss the change in the dominant economic paradigm in both countries in the decade prior to the beginning of the negotiations. The aim is to provide a context to define which players won and lost with the liberalisation of the economy. I therefore leave for Part III – Chapters 6 and 7

(on negotiation in Brazil and India respectively) – a more in-depth discussion on how those changes impacted the perceptions of policymakers in the field of the state.

Brazil maintained a liberalising position throughout the round, whereas India shifted from the acceptance of agricultural liberalisation as a mean to reducing poverty in its rural zones to the embracing of measures that would first and foremost protect less competitive sectors. In the Brazilian case, the distribution of EC is even across sectors. I then argue that the preference for liberalisation stems from the high IC of economic segments which foresaw gains from further economic openness. Indian protectionist/status quo sectors, in turn, have low EC, yet gained political strength due their above-average level of religious diversity and the consequent attachment to secularism. Nonetheless, given the instrumental manifestation of identity in India's political field, and in line with proposition 1c, protectionist sectors could not convert their political power into influence over policymaking until July 2004, when the NDA, led by the BJP, lost the general election to the Congress-led UPA. Notwithstanding historical contradictions, which were explored in Chapter 3, Congress and its allies tend to be more secularist, while the BJP emphasises the contributions of Hinduism over other religions to India's national identity. In turn, Brazil maintained its liberalising track, notwithstanding the fact that by 2008 the proportion of people in sectors with protectionist interests had surpassed that in liberalising sectors. States with liberalising interests still formed a majority in the parliament due to malapportionment, which, in turn, is positively correlated with the proportion of non-whites living in states that make up the Brazilian Federation.

4. THE STRUCTURAL EFFECTS OF IDENTITY IN BRAZIL

> [W]e stick to the principle of total and complete linkage of NAMA to agriculture and to the overall development components of this Round. By the way…, these linkages are not a matter of choice. They are prescribed in the mandate, as it includes the single undertaking as the principle under which we are working. Unless people want to do away with the principle of the single undertaking, everything is linked to everything. And for Brazil, agriculture is at the centre of everything.
>
> (Brazil's statement in the Trade Negotiations Committee of the WTO, June 2004)

This chapter tests for the Brazilian case the core argument of this thesis: the dominant conception of national identity of a country confers PP on economic sectors that mostly represent it in practice. As argued in Chapter 3, the Brazilian state legitimises racial diversity as the country's prevalent paradigm in the field of society. This paradigm highlights the non-European contributions to the constitution of Brazil as a nation. Thus, one can expect that the higher the proportion of non-whites in a sector, the higher its IC. Following the theoretical framework developed in Chapter 2, a sector's PP is the function of its IC and EC. Whenever EC is evenly distributed across economic sectors directly affected by a negotiation, IC has the potential to define whether liberalising or protectionist coalitions prevail in policymaking as it informs asymmetries of power at the ratification stage.

The statistical analysis conducted in the following pages presents strong evidence in support of proposition 1a (sectors with a given negotiation stance can influence the government in the formation of national stances through their IC). There is a positive and statistically significant correlation between the proportion of non-whites in a sector and its support for liberalisation. Yet the domestic and international dimensions of EC (a sector's participation in the workforce and in exports, respectively) have no significant effect over liberalisation. Such a result suggests that EC is evenly distributed across both liberalising and protectionist/status quo sectors.

In such a context, IC (measured by the proportion of non-whites of a sector) determines the domestic bargain in favour of sectors that could accept further liberalisation. Brazil had offensive interests in the negotiation, which would imply a trade-off that benefited liberalising at the expense protectionist/status quo sectors. Therefore, the dominant social paradigm of the country (racial diversity) is crucial in explaining the formation of the national interest in the DDA.

As explained in the Introduction and demonstrated in Chapter 3, the mechanism through which IC causes asymmetries of power in favour of liberalising sectors is present at the ratification stage and has a structural character (proposition 1b). This is because national identity is not contested in party politics. However, malapportionment in both lower and upper houses gives more weight to states with a higher proportion of non-whites and which have a concentration of liberalising interests. Linear regressions demonstrate a positive and significant correlation between the proportion of non-whites of a state and its level of over-representation in the parliament, in particular in the upper house. Its MPs, following a vote in the lower house, have to ratify any international agreement the President (the chief negotiator) agrees. Here I work with the assumption that MPs have incentives to defend the dominant interests within their respective states. This is the case because for both lower and upper houses elections are contested by state-wide district. According to the literature on Brazilian politics reviewed in Chapter 3, this integrates the mechanism that reflects sub-national preferences in policymaking at the federal government. Given that the President depends on the parliament's support to govern *de facto*, accomplish ratification and enact legislation to implement treaty provisions,

the size of a win-set in a negotiation can be expected to be constrained by the correlation of forces in both lower and upper houses.

Such an argument fits into the patterns of evolution of Brazilian positions in the DDA. They favoured agribusiness and, thus, liberalising positions at the expense of defensive demands, overwhelmingly coming from manufacturing segments. Brazil continued to place all its trade negotiation eggs in the DDA basket notwithstanding two major facts that hindered the chances of success in the round. First, the EU and the US demonstrated an increasing resilience to accepting substantive liberalisation of their agricultural markets. Second, as the DDA negotiations progressed, developing countries split over the scope of special and differential treatment (SDT) they would be granted, in particular in what concerns special safeguard measures (SSMs). The strengthening of the G-33, which represented defensive interests in agriculture, vis-à-vis the offensive G-20 after 2004 highlighted this division.

Brazil's position in the DDA is conventionally explained by a focus only in what is here defined as the fields of the market and the state. Commercial agriculture, focused on the production of temporary crops for export (such as soya bean), emerged as a winner from the economic liberalisation of the 1990s. Diplomats foresaw in the sector an opportunity to enhance Brazilian participation in the world economy and, as a consequence, in the international political arena. In fact, in the previous multilateral set of negotiations, the UR (1986–1994), little had been achieved for agribusiness in terms of market access. It is therefore no surprise that most of the discussions on the DDA evolved around this sector and countries with comparative advantage for the production of commodities, such as Brazil, took offensive positions in the negotiations. What remains a puzzle is how Brazilian

negotiators could be willing to 'sacrifice' Brazil's industry notwithstanding its well-organised lobbying structure, and its declining competitiveness and growing demand for protection as the DDA negotiations evolved.

The chapter is organised as follows. The first section, based mainly on archival sources and elite interviewing, provides an historical overview of Brazil's positions in the DDA talks. The goal is to demonstrate that the country stuck with its demands in favour of liberalisation at the multilateral level while not insisting on second-best options, notably the FTAA. The section concludes with a brief assessment of the conventional explanation for the embrace of liberalising positions: the integration of the domestic with the international field of the market in the 1990s, yet with enough compensation for losers. I then test with probit models whether a high level of IC in different sub-sectors is correlated with a preference for liberalisation. Having found the expected results, I thus demonstrate the impact of IC over malapportionment, which was crucial in 2008, when the DDA negotiations came into deadlock. A complementary test ends the chapter and tackles directly the effects of IC and of uneven representation among states over demands for liberalisation. The results corroborate the role of IC in empowering liberalising sectors.

The Brazilian Interest in the DDA Negotiations

'We knew that, in the round, industry would be sacrificed', summarises a bureaucrat with close connections with the manufacturing sector.[1] The Brazilian position was from the beginning of negotiations to prioritise market access for agriculture over other possible domestic interests. With more commodity exports, bureaucrats and the government envisioned a stronger domestic economy. In such a scenario, there would

[1] Interview with senior bureaucrat, Brasília, 6 July 2012.

be positive side-effects for other sectors, including manufacturing.[2] For instance, its sub-sectors could benefit from eventual possible expansion in domestic demand, notwithstanding the fiercer competition with imports that would inevitably occur with tariff reduction.

The idea that Brazil could benefit from multilateral liberalisation of agriculture, however, did not arise after the completion of the process of economic opening or in the context of preparation for the Doha Development Round. In 1987, when the UR was still in place and ISI had not yet been dismissed as a development strategy, Ambassador Rubens Ricupero arrived in Geneva to represent Brazil[3] at the secretariat of the General Agreement on Trade and Tariffs (GATT), which oversaw the multilateral system of trade in the pre-WTO era (1948–1994). He replaced another experienced career diplomat, Ambassador Paulo Nogueira Batista, known for defending national industry. Ricupero thought that Brazil should start considering demanding more access to agricultural markets even if the country ended up making concessions on issues related to industry and services.[4] Under Ricupero's leadership, Brazil joined the Cairns Group, formed by agricultural exporters, such as Australia and Argentina. The Cairns Group had opposed domestic policies in the developed world, notably in the US and Europe, which distorted the price of commodities in the international market. One of his successors, Ambassador Luiz Felipe Lampreia, had the same perception[5] when he led the Brazilian mission in Geneva as the UR was concluded between 1993 and 1994. Dominated by American and Western European

[2] Interview with senior bureaucrat, 18 Oct 2012.
[3] Interview with Rubens Ricupero, Ambassador in Geneva (1987-1991), São Paulo, 25 July 2011.
[4] Ibid.
[5] Interview with Luiz Felipe Lampreia, Minister of Foreign Relations (1995-2001), Brazil, 8 Aug 2011.

interests in the aftermath of the Cold War, the round did not bring significant changes in agricultural trade for the developing world.

The lack of agricultural liberalisation in the UR impacted the subsequent multilateral negotiations. At the failed launch of the Millennium Round during the Ministerial Meeting of Seattle, in 1999, Brazil expressed dissatisfaction with the results of the UR, in particular in agriculture.[6] Just after the launch of the Doha mandate, in November 2001, the country expected that the round would bring opportunities for its exporters not only in agriculture, but also for NAMA in both developed and developing markets. Brazilian negotiators believed that there would initially be some margin for negotiating a reduction of protection given to industry if bounded (with a maximum limit) rather than applied tariffs were employed as a basis for a trade-off.[7] However, negotiators did not focus on services as much as on agriculture and NAMA. They expressed satisfaction with the fact that the sector did not encompass the organisation's principle of single undertaking, which implies a consensual decision. Instead, each negotiating part could make requests for the opening of certain services only to specific members of the WTO. Brazil expressed offensive interests with independent offers to 18 members, most of which were countries in the developed world and Latin America,[8] on construction, audiovisual, and with its MERCOSUR partners, on distribution, post, ICT, and tourism. Nonetheless, as negotiators agreed, progress in services was conditioned upon the

[6] WTO 2000, 19.
[7] Carta de Genebra, Feb 2002, 3-4.
[8] Carta de Genebra, Oct 2002, 15.

evolution of talks on agriculture and NAMA.[9] Of these, the former had constituted the core of national interests in the DDA negotiations since before its inception.[10]

Given the lack of progress in the talks during 2002, Brazil, after President Lula's inauguration in January 2003, started to consider building alliances out of the traditional Cairns Group to tackle US and particularly EU resistance to effective liberalisation of their agricultural markets. The Brazilian Ambassador in Geneva, Luiz Felipe de Seixas Corrêa, then brought together a group made up purely of developing countries with interests in reforming the treatment of agriculture in the multilateral system of trade. With India as a key partner, the country then formed the agricultural G-20. The G-20 gained projection as it managed to counter,[11] in the ministerial meeting in Cancun, Mexico, in September 2003, the timid joint proposal on agriculture made by the EU and US. Their draft did not address Brazil's liberalising interests.[12] As with the Cairns Group, the G-20 demanded the fulfilment of the DDA, which had determined the discussion of market access, domestic support, and export subsidies in agriculture. The group also encompassed the defence of SDT to developing countries, which still had large shares of their population dependent on agriculture. G-20's adhesion to the use of SSM[13] and special products (SP) was not, however, at odds with Brazil's interests. Having a large family-based agriculture, Brazil's small peasantry could eventually benefit from such mechanisms. That said, more than representing the concerns of balancing the domestic offensive

[9] Carta de Genebra, Feb 2002, 4-5.
[10] Carta de Genebra, Jan 2003, 6.
[11] Narlikar and Tussie 2004.
[12] Carta de Genebra, Aug 2003, 2.
[13] WTO 2003.

and defensive interests Brazil had in agriculture,[14] the G-20 translated the importance of commercial farming for the country. Brazilian negotiators often expressed such a position, stressing the country's own interests or claiming that, without advances in agriculture, the DDA would be meaningless for the Global South.

Before the Cancun ministerial meeting, Brazil also demonstrated dissatisfaction with the state of affairs in NAMA negotiations. In opposition to the country's and other developing nations' demands, the WTO draft for the conference predicted the adoption of a non-linear formula for tariff cuts, and made it mandatory to adhere to sectorial initiatives.[15] Without entering into technicalities that fall outside the scope of this work, a non-linear formula would have implied higher levels of tariff reduction for developing countries (which have higher levels of protection on average) than for developed ones. Sectorial initiatives would allow more ambitious liberalising outcomes within specific NAMA sub-sectors. Hence, those initiatives could potentially reduce the space for developing countries to implement industrial policies. Being overshadowed by the disputes surrounding the definition of modalities in agriculture and NAMA, negotiation in services remained on the side-lines. Under Brazil's perception, developed countries had become less demanding in negotiating issues related to that economic sector.[16]

The Cancun ministerial, then, ended in deadlock. Negotiations were not resumed until July 2004, when the EU, the US, Brazil, India, and Australia (the so-called 'Five Interested Parties', FIPS), agreed upon a common negotiating agenda. The July Framework, as the document became known, reiterated the original Doha

[14] As a matter of fact, however, Brazilian negotiators expressed prior to the Cancun meeting concerns about the preservation of policy space to still carry its family farming program, the PRONAF, after the conclusion of the DDA negotiations (Carta de Genebra, Apr 2003, 6).
[15] Carta de Genebra, Aug 2003, 24 and 26.
[16] Carta de Genebra, May 2003, 15.

mandate compromise in tackling in the AoA not only issues of market access, but also domestic support and export subsidies. These were the three pillars of agricultural negotiation. Such a commitment, as well as the idea of less than full reciprocity (LTFR) in NAMA, met Brazil's core demands at that time.[17] Nonetheless, the country's negotiators were still aware of the inevitable bargaining they would face. As the bulletin on Brazil's activities at the WTO reported in June 2005, the pressures the country had already been suffering in NAMA would increase as it was the major *demandeur* in agriculture and the main target for industrial goods.[18] Complicating the scenario for Brazilian ambitions, the G-33 was maximising its demands for SDT in agriculture, with the demand for provisions related to SP and SSM that could bring levels of protection well above those current at the beginning of the UR.[19] This would diminish the developed countries' willingness to either reduce their own policy space in agriculture or accept less ambitious market access for NAMA in the developing world. For instance, the EU and the US reacted fiercely against the Argentina, Brazil, and India (ABI)[20] joint proposal presented in May 2005 of cutting tariffs in NAMA according to the mean of each country.[21] Such a proposal would restrict the scope of the expansion of the market access to industrial goods in the developing world.

The Hong Kong Ministerial, in December 2005, delineated the scope of the bargain upon which the DDA should be concluded. As the paragraph 24 of the conference declaration stated, negotiators had to 'ensure that there is a comparably

[17] Carta de Genebra, Sep 2004, 4.
[18] Carta de Genebra, June 2005, 9.
[19] Carta de Genebra, Jan 2005, 7; Carta de Genebra, July 2005, 6.
[20] Carta de Genebra, June 2005, 10.
[21] At the time of the presentation of the proposal, Egypt, Indonesia, China, and Kenya supported the ABI formula (Carta de Genebra, June 2005, 11).

high level of ambition in market access for Agriculture and NAMA'.[22] Such a high level of ambition would be achieved in a 'balanced and proportionate manner consistent with the principle of special and differential treatment'.[23] On the one hand, SDT in agriculture for developing countries had been granted in the declaration. The negotiating parts recognised that a final agreement should include provisions for the use of SSMs by developing countries based on a surge in prices and the quantity of imports. On the other, policies that consisted of export subsidies (as it was the case with governmental support to farmers in the EU and the US) had to be phased out by 2013. Thus, given that the level of liberalisation in the AoA should be matched with that in NAMA, the EU and the US were even less expected to agree on a high number of exceptions for developing countries. However, at least the LTFR principle was maintained.[24] Effective market access in agriculture in the developed world therefore implied a counter-offer in NAMA by developing countries. In fact, against Brazil's initial demands, a non-linear reduction formula (the 'Swiss Formula') was adopted at the Hong Kong Ministerial.

As a means of mitigating the effects of the inevitable bargaining between agriculture and industry, Brazil formed the group NAMA-11 with Argentina, China, Egypt, India, Indonesia, Namibia, Pakistan, the Philippines, South Africa, and Venezuela. The group's goal was to defend the inclusion of flexibilities for developing countries in the NAMA negotiations.[25] Nonetheless, from 2006 onwards the likelihood of achieving a high level of market access for agricultural goods in the developing world decreased. This was because G-33 pushed for a maximal use of

[22] WTO 2005a.
[23] Ibid.
[24] Ibid.
[25] WTO 2005b.

SSMs[26] and the talks were suspended in July of the same year. In such a scenario, the developed world would have been in a position to demand more market access in non-agricultural issues, in particular NAMA. With the focus on that issue-area and agriculture, services remained at the margins of the negotiations, notwithstanding the inauguration of the plurilateral approach after Hong Kong. In such a system, groups of countries would negotiate among themselves in a given sub-sector. Brazil then left aside most of the potential offensive demands in services.[27] In the country's view, negotiations in the area would depend on resolving grievances in agriculture and NAMA.[28]

In general, Brazil's positions remained stable between then and the deadlock of July 2008 during a mini-ministerial meeting in Geneva. The country was focused on expanding agricultural market in the developed world, offering in exchange the smallest possible sacrifice in NAMA. Despite clear signals of unwillingness from other members of the new Quad, in particular the US,[29] to make concessions to close the round, Brazil agreed to a coefficient of 20 in the Swiss Formula to reduce its NAMA tariffs. The lower the coefficient, the deeper the cuts on tariffs would be. Such a concession was made notwithstanding industry's initial demand for a coefficient of 30.[30] However, the industry's demand could not be satisfied in the face of negotiating constraints. This is because the initial draft for the Geneva meeting predicted three different bands of coefficients (19–21, 21–23, and 23–26) below the

[26] Carta de Genebra, Apr 2006, 5.
[27] Carta de Genebra, Apr 2006, 21-35. The only demand that Brazil reported to be engaged in that period was on agricultural services. In the second half of 2007, the country, however, reported to have demands in mode 4 (related to the transit of persons from a country to another for delivering services) (Carta de Genebra, Oct 2007, 11).
[28] Carta de Genebra, Oct 2007, 11.
[29] Interview with bureaucrat, Brasília, 15 June 2012.
[30] Interview with market actor, 4 June 2012.

30 coefficient.[31] Furthermore, the National Confederation of Industry (CNI, through the Brazilian Business Coalition, CEB) and the Federation of Industries of the State of São Paulo (FIESP) had officially agreed with the coefficient of 20. In addition, such a coefficient granted Brazil the right to keep between 5 and 10 percent of its tariff lines out of the cuts.[32]

Nevertheless, the manufacturing sectors with protectionist interests claimed behind the scenes that the deal had been 'rammed down their throats', as a member of a key interest group report.[33] In fact industry lobbies' representatives' sent to Geneva just to follow the mini-ministerial meeting attempted to limit Brazilian negotiators' concessions in NAMA as much as possible. Letters sent to the Itamaraty in July 2008, in the days preceding the meeting, by the car-making and textiles' associations (ANFAVEA and ABIT, respectively) demonstrated the sectors' concern with the concessions then envisioned for reaching a deal.[34] Negotiators also ignored the defensive demands from the Ministry of Agrarian Development (MDA) and the National Council of Food Security (CONSEA). Both demanded, on behalf of the small peasantry, Brazil's support for G-33 maximising positions regarding the use of SSMs, which would take the levels of protection of markets in the developing world beyond the pre-UR scenario.[35]

Thus, Brazilian negotiators did not neglect the accommodation of agricultural and manufacturing defensive interests in spite of how unfeasible it would be to accept

[31] WTO 2008.
[32] A country that made a choice like Brazil did for a coeficient in the middle of a given range, could exclude '… up to 10 percent of its most sensitive industrial tariff lines from the full effect of the formula, provided that these tariff lines do not exceed 10 percent of the total value of its NAMA imports. These tariffs would be subject to cuts equal to half of the agreed formula reduction. As an alternative, the member can keep 5 percent of its tariff lines unbound or exclude them from tariff cuts, provided they do not exceed 5 percent of the total value of its NAMA import' (WTO 2008).
[33] Interview with market actor, Brasília, 18 June 2012.
[34] ABIT 2008; ANFAVEA 2008.
[35] CONSEA 2008; interview with Rafael Cedro, former MDA bureaucrat, Oxford, 21 Feb 2013.

them in a final deal. In fact, Brazil had been defending since the beginning of the negotiations the LTFR principle for tariff reduction in NAMA.[36] However, the country's priority was to accommodate maximising positions that would benefit commercial agriculture, thus accepting concessions in non-agricultural sub-sectors in order to grant real market access in the developed world. Since before the launch of the DDA, it was known that any market access in agriculture in the developed world would imply concessions in areas in which the EU and the US could expand its exports. Those areas included mainly high-added value sectors, including manufacturing and services segments. The only feasible way to avoid such a result or at least to ensure it had minimal effects on protectionist sectors in Brazil was to go to DDA negotiations with fewer ambitions in agriculture or to compensate industry with second-best options. The latter, as explained ahead, did not come about.

Second-Best Options and Side Payments

The emphasis Brazilian diplomacy gave to the DDA negotiations was underpinned by the assumption that only further liberalisation at the multilateral level would be worthwhile for the country's foreign trade, and its further integration with the international market. This is because, as a bureaucrat explains, the developed world would hardly open its agricultural markets in bilateral negotiations.[37] In addition, both the government and the Itamaraty foresaw higher possibilities of protecting uncompetitive sectors (most of them in manufacturing-related activities) at the multilateral level than at the bilateral or regional one. However, such a strategy has a logical flaw: preferential agreements, including the formation of regional blocs, often

[36] Carta de Genebra, Apr 2003, 8.
[37] Interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012.

aim to assure the preservation of markets vis-à-vis the competition posed by third parties that remain out of the agreement.

Hence, had sectors with protectionist interests been as politically powerful as those with offensive demands and a higher degree of tolerance of further liberalisation, the country would probably have invested in establishing free-trade agreements (FTA) or preferential trade agreements (PTAs). They would be a means to reserve markets for potential losers in a successful DDA agreement. Nonetheless, the two major second-best alternatives to multilateral liberalisation were deliberately set aside by the Brazilian government from 2003 onwards, when Lula became President. In the meantime, no significant alternatives in the form of FTAs/PTAs were pursued. Negotiations for the creation of the FTAA in practice ended in 2005 after ten years of discussion. In turn, the talks to establish a free-trade bilateral agreement between the MERCOSUR and the EU were suspended by both parties in 2004 after a deal had almost been reached.[38]

Notwithstanding Lula's government notorious scepticism about the FTAA,[39] since Cardoso's government Brazilian diplomacy had perceived the agreement's potential risks. Brazil did not have in the FTAA talks much bargaining power vis-à-vis the US. In the domestic dimension, there were difficulties in reaching a consensus within the major sectors (particularly among manufacturers),[40] and strong opposition from labour unions.[41] Also, topics of Brazilian interest, in particular farming subsides in the developed world, could only be substantially tackled in the WTO.[42] Moreover,

[38] Interview with senior bureaucrat, 7 Aug 2012.
[39] Rodrigues Vieira 2014, 153.
[40] Interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012.
[41] Interview with Celso Lafer, Minister of Foreign Relations (2001-2002), São Paulo, 3 Aug 2011.
[42] Interview with bureaucrat, Brasília, 25 June 2012.

Brazil did not want to include in the agreement the so-called 'new themes', such as investment and property rights.

Therefore, given the perspective of further liberalisation at the WTO level and the fears that a regional agreement involving the US would be asymmetrical, FTAA negotiations had never been a priority for Brazil.[43] That said, Cardoso's government was more favourable than Lula's in continuing negotiations,[44] despite American resistance to committing the US to a symmetrical outcome in relation to its Latin American counterparts. With their origins in a framework-agreement in 1995 and being *de facto* launched in 2000, the MERCOSUR–EU negotiations had the potential to increase MERCOSUR's bargaining power vis-à-vis the US in the FTAA talks.[45] With such a strategy, the common market, which is a core priority for Brazilian diplomacy, could retain its political strength.

This indicates that there were opportunities to be explored with the possible establishment of the FTAA, in particular for industrial sub-sectors. This is because the Americas had become a market for Brazilian industrialised exports at least since the 1980s, when Brazil faced constraints in its domestic market due to the debt crisis and hyperinflation. However, with globalisation, competition had increased in the continent. A brief analysis of the composition of exports to the US (the largest market in the Americas) in the 2000s illustrates this process. In the period 2000–2002, at the beginning of the DDA negotiations, manufactured goods made up on average 75 per cent of all goods traded from Brazil to the US per year.[46] The American market, in

[43] Oliveira 2013, 167.
[44] Vigevani and Cepaluni 2007, 1322.
[45] Ibid., 1313.
[46] Rodrigues Vieira 2010, 95.

fact, was the most important for industrial exporters, then absorbing one third of all manufactured goods that Brazil traded overseas.[47]

Nevertheless, during the timeframe of the DDA negotiations, the scenario worsened for manufacturing exporting. In 2007, in the context of China's rise in the international economy, Brazilian industry lost market share in the US. Despite a sharp rise in the revenues of exported goods in comparison to 2001 (from US$ 57 billion to US$ 158 billion in current values),[48] in 2007 only about two fifths of all manufactures traded abroad had the American market as their final destination. Also, industrialised goods lost ground vis-à-vis commodities in the trade flows from Brazil to the US, accounting for only 63 per cent of the total.[49] The relative decline in exports to the American market became more crucial for Brazilian producers as MERCOSUR partners, especially Argentina, went through political–economic instability. As a consequence, their demand for manufactured imports from Brazil declined.

Evidence thus suggests that, regardless of the difficulties the Brazilian government faced in negotiating the FTAA, industrial sectors would have consented to some form of preserving markets in the Americas. In 2005, an online sample survey reported that 95 per cent of business unions affiliated to the FIESP believed that the FTAA could bring benefits to the country.[50] This same applied to 90 per cent of major industrial companies in 2002.[51] The industry regretted the strategy of Lula's government of not insisting on any deal with the Americas.[52] These facts indicate that, while not wanting any agreement, industrial sectors were in favour of a policy

[47] Ibid.
[48] World Bank 2010.
[49] MDIC 2008.
[50] Vitagliano 2005, 17.
[51] Ibid.
[52] Interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012; interview with market actor, Brasília, 18 June 2012.

that could guarantee their access to external markets in the Western Hemisphere. This became more crucial given increasing competition from China and the expansion of FTAs/PTAs throughout the world as a means of integrating productive chains based on different countries.

Brazil joined PTAs during the DDA negotiations through the MERCOSUR as the block signed agreements with Mexico (2002), India (2005, in force from 2009), Cuba (2006, in force from 2007), Israel (2007, in force from 2010), Southern African Customs Union (SACU, in 2008), Egypt (2010), and the Palestine Authority (2011).[53] With the exception of Mexico, with which Brazil has also had a bilateral agreement on automobile trade since 2002,[54] these markets are irrelevant for the majority of exporting sectors. These PTAs represent an attempt to establish deeper South–South political connections rather than the enhancement of export opportunities, as does the MERCOSUR–EU agreement, which would benefit more low-added value sectors (in particular agriculture) than manufacturers (negotiations on the agreement resumed in 2011).

At this stage, I do not address the ideological motivations that led Lula's government, with US active collaboration, to end *de facto* the FTAA negotiations while signing agreements with little relevance for players in the field of the market. Nor do I consider the international constraints the Brazilian state faced in issue-areas other than trade during the DDA negotiations. This is because, under the type of two-level game that the theory of fields implies, the domestic dimension always constitutes the focus of analysis of policymaking in foreign affairs. It is the internal dynamics of power that set the boundaries upon which a government can enact

[53] Oliveira 2012, 33.
[54] Ibid.

changes, notwithstanding the influence of the international dimension in policymaking. Thus, without the advantage of liberalising sectors vis-à-vis protectionist/status quo ones in PP, Brazil (in particular under Lula's government) would not have neglected negotiation opportunities that preserved markets for the 'losers' of liberalisation and of a possible DDA deal. That said, in Chapter 6, I explore the incentives the Brazilian diplomacy had from the international dimension to reiterate the country's disposition to put all its eggs into the WTO basket.

Therefore, what remains to be explained at this stage are the origins of the PP of commercial agriculture and other liberalising sectors. This acquires paramount relevance in a context in which protectionist sectors were likely to have further losses from more economic openness. In the 2000s, agriculture, among other relatively low-added value sectors that gained from liberalisation, did not need access to developed markets to expand its exports further. This was the result of the Global South's growing demand for raw materials. Moreover, as mentioned in the previous section, the proposed agreement in 2008 granted to developing countries (including large emerging markets) the right to deliver SSMs to counter export surges. Such possibility would impose a potential limit on the expansion of Brazilian exports of agricultural goods in the Global South, including China (which became its major trading partner during the round) and India.

The Conventional Explanation: Change in the Economic Paradigm

The most obvious explanation for Brazil's preference for opening markets in agriculture even at the expense of maintaining protected defensive sectors lies in the process of economic liberalisation in Brazil. This causal narrative was often mentioned by bureaucrats and the members of interest groups involved in the DDA

negotiations interviewed for this thesis. That process started in late 1980s and began to be consolidated with the end of hyperinflation in 1994. After several unsuccessful attempts, the Real Plan, elaborated by a team that Cardoso led as Minister of Finance, finally brought down the high level of rising prices that had haunted the field of the market in Brazil for ten years. Bresser-Pereira contends that Brazil's liberalisation, in particular in the light of the goal of defeating hyperinflation, led the primary sector (agriculture and mining) and the financial services to gain economic prominence over industry and other services.[55]

That said, a closer look at the sequence of facts that resulted in the transition from ISI towards a liberalised, world-integrated economy was anything but a linear process. Agriculture and commodity-exporting sub-sectors were not the obvious winners beforehand. After the unilateral reduction of tariffs in 1990 and 1994, the country partially reversed its liberalisation in 1996, as tariffs in industrial sectors rose again.[56] According to Kingstone, one year after the implementation of the Real Plan, between the mid-1995 and the mid-1996, uncertainty about Cardoso's ability to advance his programme of economic reform grew. This led industrialists to maximise their demands in economic policy in general.[57] In fact, as Etchemendy argues, Brazil adopted a statist model of openness, with compensations for ISI insiders.[58] Thus, despite much criticism of Cardoso's reforms and Lula's decision to maintain them, Brazil's integration in the international field of the market did not represent in any way the unconditional adoption of neoliberal ideas.[59] The country liberalised its economy throughout the 1990s without following a strict neoliberal approach, with a

[55] Bresser-Pereira 2009.
[56] Abreu 2006.
[57] Kingstone 1999, 204; Schneider 1997, 113-114.
[58] Etchemendy 2011, 9 and 258.
[59] Sola 2008.

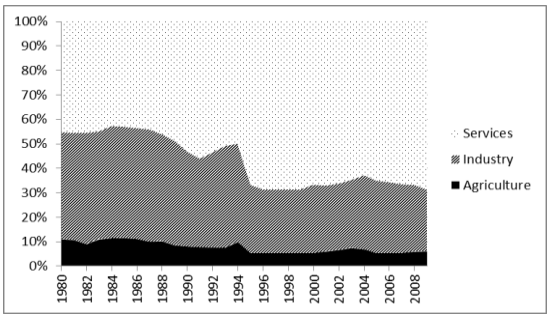
blind adoption of Washington's Consensus prescriptions.[60] Policymaking did not neglect sub-sectors that had gained strength under the ISI period.

Following the theoretical framework outlined in Chapter 2, and the facts mentioned above, we can thus identify the dominant economic paradigm in Brazil under the DDA negotiations. This is a *sine qua non* condition to assess which economic sectors gained more power in the field of the market after the country left the ISI policies it adopted during most of the period between the 1930s and the 1980s. ISI implied shifting the economic focus from commodity-exporting, as had been the case since the colonial period, to the industrialisation of the domestic market. However, even with industrialisation, Brazil remained a strong exporter of tropical goods, including coffee, cocoa, rubber, and sugar. Producers, particularly coffee plantation owners, relied on governmental anti-market measures, such as minimum price policies.[61] Until the UR, Brazilian diplomacy in the GATT system followed such configuration of the domestic market, demanding stability in commodity prices rather than liberalisation of agriculture.[62] Industrial goods had historically the domestic market as a target, yet since the 1970s the country adopted clear export promotion policies,[63] one of factors that led Brazil to increase in the 1980s the participation of manufactured goods in its exports (figure 4.1). The sharp rise in the proportion of primary exports only after 2005, as also demonstrated in figure 4.1, suggests that liberalising sectors, in particular agriculture, did not have more economic strength than protectionist sectors during most of the DDA negotiations.

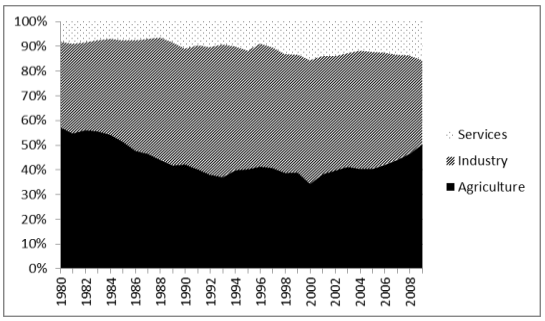
[60] Williamson 1990.
[61] Sikkink 1991, 161-164.
[62] Interview with Rubens Ricupero, Ambassador in Geneva (1987-1991), São Paulo, 25 July 2011.
[63] Bulmer-Thomas 2003, 323.

Figure 4.1. Selected economic data (Brazil, 1980–2009)

Share of the GDP per sector (per cent)



Composition of Exports



Source: World Bank (2010). **Note**: agriculture includes the primary sector in general, including mining.

The fact that, during most of the negotiations, agriculture (with dominant offensive interests) and industry (with dominant defensive demands) had the same level of economic power makes the Brazilian liberalising demands in the round particularly puzzling. It is even more puzzling considering that during the DDA negotiations manufacturing had been losing competitiveness to its foreign counterparts year after year. Moreover, as described in the section 'The Brazilian Interest in the DDA Negotiations', the main negotiating parts seemed to move towards a very likely (not to say inevitable) deadlock. The EU and the US, on the one hand, demonstrated less willingness to reform their respective policies of agricultural support and demanded further concessions from the developed world in NAMA. India, on the other, had embarked on a strict defence of the use of SSM, which reduced the prospect of an effective expansion of market access in agriculture.

Therefore, considering that economic liberalisation in Brazil attributed equal weight to global insertion and domestic stability, it might be expected that both liberalising and protectionist coalitions had the same PP (table 4.1). The actual Brazilian position regarding the DDA, however, indicates that the liberalising sectors in fact had more strength, as they were favoured in the formation of national

demands. Hence EC did not inform PP alone. Factors other than economic strength explain why liberalising demands prevailed in the formation of the national interest.

Table 4.1. PP as a function of EC and predicted bargain in the DDA (Brazil)

Sector	EC	PP	Trend in a bargain	Actual outcome	Congruence
Liberalising	1	1	Maintenance of the current levels of protection	Liberalising demands prevail	No
Protectionist	1	1			

In sum, despite hurting industrial interests, the government persuaded domestic actors to accept the liberalising wave of the first half of the 1990s as part of the efforts to stabilise the country's economy, the potential of which was hindered by hyperinflation. In such a context, even sectors that were fearful of foreign competition, including most of industry,[64] did not resist economic opening. As liberalisation advanced, more defensive sectors, particularly in manufacturing, successfully reacted against the opening of the domestic market. However, they also benefited from new market opportunities abroad. This led the government to become cautious about liberalisation. Policymakers adopted protectionist measures that nonetheless did not hurt the interests of emerging players, such as the agribusiness exporters. Therefore, in the transition from ISI to liberalisation, sub-sectors with protectionist interests continued to have economic and political relevance, as they did under the economic paradigm under which the Brazilian economy has been operating since at least the mid-1990s.

Testing Whether EC and IC Impact Negotiating Demands

Based on the configuration of the field of the market in Brazil, under the conventional view that PP is a function of a sector's EC, one might then expect that liberalising and

[64] Bresser-Pereira 1993.

protectionist segments had the same weight in the country's positions in the DDA negotiations. In such a scenario, following the theory outlined in Chapter 2, the government would be expected to side with the latter while giving side payments to the former, rather than support the growing preference for agriculture, as it became evident in the terms of the trade-off Brazil accepted in July 2008 in Geneva. Nonetheless, evidence shows that the country adopted throughout the negotiation a position which implied reducing industrial tariffs in exchange for more market access, particularly in the developed world. Hence, such trade-offs favoured liberalising interests in all economic sub-sectors within agriculture, industry, and services at the expanse of the most protectionist ones. That would be the case even if exceptions to tariff cuts in NAMA were granted: not all protectionist segments could be able to benefit from the measure.

Given that configuration of power within the field of the market does not provide a plausible explanation for Brazil's national stances in the DDA negotiations, it is necessary to test whether the field of society attributed more power to liberalising demands. Society and market, as explained in Chapter 2, are the two main fields in which players are embedded. Thus, a sector's IC impacts its PP. In turn, the uneven distribution of PP across liberalising and protectionist segments can lead one coalition to prevail over another as national demands in a trade negotiation are defined (proposition 1a).

Following the theory outlined in Chapter 2 and in the light of the dominant conception of national identity in Brazil, as defined in Chapter 3, I here list and explain the measures corresponding to both dependent and independent variables. Also, I define the relevant controls that represent alternative measures of power. The

assumptions are then tested in multivariate probit regression models with a breakdown of 32 sub-sectors responsible for about 90 percent of all Brazilian exports of goods and services in 2002 and 2008, totalling 64 observations. Unless otherwise noted, for this I aggregated unit-level data per sector from the National Household Sample Survey (PNAD) corresponding to these years.[65] The PNAD, which is conducted by the Brazilian Institute of Geography and Statistics (IBGE), offers the best data available for social characteristics of economic sub-sectors in Brazil and has been widely employed in applied economic research related to that country.[66]

Dependent Variable

As explained above, Brazil had predominantly liberalising demands in relation to the DDA. The position of a given sector (variable Preference) is then coded 1 whenever liberalisation is preferred and 0 for the maintenance of the status quo/protectionism (see the list of variables in table 4.2). The position of a sector at a given point in time during the negotiation stems from its relative performance in exports since the consolidation of liberalisation, unless expressed otherwise by the organised lobby of the segment (see exceptions in the Methodological Appendix). In the Brazilian case, the consolidation happened in 1997, the first full year after the partial reversal of unilateral tariff reduction that had been applied after 1990 as part of the strategy of opening the economy and fighting inflation.[67] The preference is defined as 1 whenever the variation of a sector's participation in the overall exports of goods and services of the country is equal or above the national variation. Value 0 means the

[65] IBGE 2003 and 2009.
[66] Personal Communication with Carlos Roberto Azzoni, professor and former dean of the School of Economics, Administration, and Accounting of the University of São Paulo, 15 July 2011.
[67] In 1996, relevant tariffs in manufacturing (particularly in the influential automobile sector) increased again after the trend of decline initiated at the beginning of the decade (Abreu 2006).

opposite. I calculated the proportion of exports of each sector based upon the database of the Foundation for Foreign Trade (FUNCEX),[68] a Brazilian think-tank sponsored by major exporters.

Considering the domestic political dynamic and the pace of the DDA negotiations, two points in time were chosen for the analysis: 2002 and 2008. The latter corresponds to the deadlock of negotiations, whereas the former is the last year of Cardoso's presidency, often reputed to be more liberal in economic terms than Lula's PT. The analysis of positions in 2002 allows, as explained below, the creation of a dummy that controls sub-sectorial preferences according to the party that holds the presidential office and then, under conventional institutional accounts, dominate both negotiation and ratification steps.

Independent Variables

We can first define the proxies for measuring the two components of a sector's EC. The proportion of the workforce employed in a given sector expresses how much it contributes to the stability of the field of the market in the domestic dimension. It is a continuous variable whose values fall in the range 0–1. The contribution of a sector to the stability of the market vis-à-vis the international dimension has as a proxy the proportion of its exports in the overall amount of goods and services sold abroad by the sectors considered in the sample. As for the measure for the dependent variable, here I use FUNCEX data. Both dimensions are expected to have an insignificant effect over the dependent variable. This is because, as discussed above, both liberalising and protectionist sectors had on average the same leverage in the economic arena. Following the discussion on national identity in Brazil conducted in

[68] FUNCEX 2012.

Chapter 3, IC in Brazil corresponds to the proportion of non-whites in a given sector. The higher the proportion, the more strength a sector has in the field of society and thus the more likely it is to impact the position embraced by the country in the negotiations. So, in the Brazilian case, one expects IC to be positively and significantly correlated with liberalisation. Any other result falsifies the application of the theory for Brazil's case.

Controls

There are other variables not related to the theoretical model that could be expected to impact a sector's PP. Following the methodological considerations outlined in the Introduction, alternative measures for EC need to be included to demonstrate the validity of the proxies chosen by for operationalising the concept in the Brazilian case. The PNAD has two variables to account for the average economic strength of individuals attached to a given sector. The proportion of highly skilled workers (those who hold at least a high school degree), and high average income (measured in the local currency, the Brazilian Real) are proxies for measuring whether people within a given sector are more likely to follow policy issues. That makes policymakers more accountable. Insofar as high average income and high skill tend to be associated with capital-intensive sectors, I do not expect that these proxies will have a significant effect on the dependent variable. This is because, in spite of the fact that manufacturing is traditionally more reliant on capital than agriculture, the primary sector in Brazil has increased its productivity under liberalisation largely due to investments in technology.

As for IC, alternative measures corresponding to patterns of mutual identification other than race should not be included insofar as there are no significant

identity disputes within party politics in Brazil. Hence it is not expected that forms of identity other than the one associated with the dominant social paradigm of racial diversity impacted the definition of national interests in the DDA. Furthermore, the PNAD has no variable on religion, a potential point of contention in Brazil's politics and which became more prominent after re-democratisation with the growth of followers of evangelical churches (born-again Christians). Nonetheless, I opted to include a control that measures the proportion of non-whites among owners. According to the theoretical predictions, such a measure tends to be insignificant as what matters for the empowering of a sector is its entire IC. This, as explained before, corresponds in the Brazilian case to the proportion of non-whites in a sector regardless of the hierarchical positions they occupy in the marketplace.

To test for the plausible effect of the organisation of interests of a sector on its PP, I compute a dummy for the existence of an organised lobby in the negotiation phase based upon archival research findings and elite interviewing. Evidence of an organised lobby exists when at least two interviewees for the project or an archival source indicate that a sub-sector was following the development of the DDA negotiations and established direct links with a bureaucratic unit without the mediation of sectorial federations, such as the National Confederation of Agriculture (CNA) and CNI. Following these coding principles, sectors with associations scored 1 and 0 in their absence. The proxy is expected to impact significantly and positively the dependent variable. No controls related to asymmetries of information and access points to institutions within the field of the state are considered. All sectors listed in the sample had no differences as those traditional 'I's are concerned. Further details

about them are presented in Chapter 6, where the micro-dynamics of the negotiation stage involving lobbies and bureaucrats in Brazil is set out.

Table 4.2. Summary of variables – Sectors (Brazil)

Variables	Description	Mean	Standard deviation	Range	Source
Dependent Variable					
Preference	1=Liberalising 0=Protectionist	0.3907	0.4917	0 or 1	Own elaboration based on FUNCEX 2012
Independent Variables					
Proportion of Non-whites	Proportion of non-whites in the sector	0.4878	0.1201	From 0.2702 to 0.7656	IBGE 2003, 2009
Participation in Exports	Proportion of the exports from the sector among the selected sectors (normalised)	0.9162	0.2202	From 0.1386 to 1.2123	FUNCEX 2012
Participation in the Workforce	Proportion of the overall working population in the sector (normalised)	0.5692	0.1490	From 0.0742 to 0.8195	IBGE 2003, 2009
Controls					
Preference under PSDB's Government	Preference in a given government (1=PSDB; 0=PT)	0.5000	0.5040	0 or 1	Own elaboration
Proportion of Non-whites among Owners	Proportion of owners who are non-whites in the sector	0.3105	0.1442	From 0 to 0.6667	IBGE 2003, 2009
Average Income	Average earnings in Brazilian Real (current values)	929.1745	556.9787	209.4092 to 3375.7590	IBGE 2003, 2009
Proportion of Highly Skilled People	Proportion of people in the sector with 11 years of study or more	0.3844	0.0235	0 to 0.8759	IBGE 2003, 2009
Organised Lobby	Evidence of sectorial body lobbying in the DDA negotiations (1=Yes; 0=No)	0.2657	0.4452	0 or 1	Own elaboration based on archival research and elite interviewing

Finally, a dummy variable (Preference under PSDB's Government), coded 1 for 2002 and 0 for 2008, was included to control for the year in which a given position existed. This measure also accounts for a possible effect over the positions of the party that holds office. As the President in Brazil alone has the ultimate responsibility for conducting foreign policy, he/she and his/her party is expected to have a significant

impact on negotiating preferences due to institutional factors. Given that Brazil became more optimistic about the potential benefits of multilateral trade as the DDA negotiations evolved, the variable may have a negative effect on liberalising positions.

Models and Findings

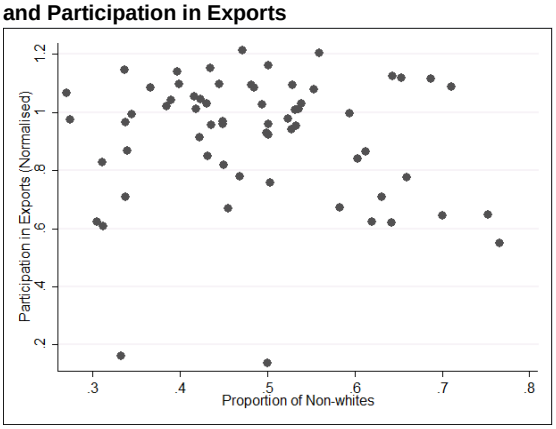
I employ five probit models to demonstrate how important it is to consider the influence of IC in empowering a sector in the process of elaborating national positions in a trade negotiation. Model 1 considers the main measure of IC only (proportion of non-whites in a sector as an independent variable and of owners who are non-whites as a control), model 2 focuses on the international dimension of EC (participation in exports), while model 3 also considers the proxy that measures the contribution of a sector to the domestic stability to the field of the market (participation in the workforce). Model 4, in turn, considers both EC and IC, which are then controlled in model 5 by variables other than the proxy that identifies whether a sector espoused a given position in 2002, the last year of PSDB's government.

As shown in table 4.3, the proportion of non-whites is positively and significantly correlated with a preference for liberalisation in all models. In turn, the proportion of non-whites among owners (a control that could be an alternative to measuring IC by considering a sector entire workforce) has no significant effect on the dependent variable, nor do the measures for EC, which indicates that in Brazil the liberalising and protectionist sectors have levels of economic power that neutralise each other. In such a context, IC increases the PP of activities interested in further opening. In fact, descriptive data also suggests that the measures of EC, on the one

hand, and the proxy for IC, on the other, are independent of each other (figure 4.2). Nonetheless, other measures of power have significant effects over positions.

Figure 4.2. Correlation between the proxy for IC and the measures of EC for sectors (Brazil, 2002 and 2008)

Proportion of Non-whites and Participation in Exports



Proportion of Non-whites and Participation in the Workforce

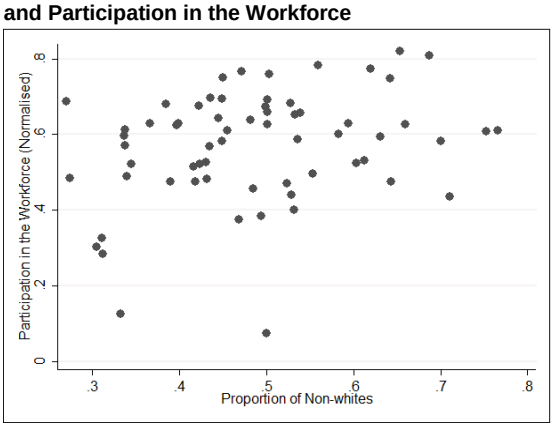


Table 4.3. What impacts a sector's preference for liberalisation (Brazil, 2002 and 2008)?

Probit Models	Model 1 (IC only)	Model 2 (Exports only)	Model 3 (EC only)	Model 4 (IC and EC)	Model 5 (with all controls)
Independent Variables					
Proportion of Non-whites	4.3284** (1.7200)			4.4887** (1.8127)	5.6721** (2.1934)
Participation in Exports		-0.0026 (0.7860)	-0.2380 (0.9707)	0.2652 (0.9929)	-1.3198 (1.1789)
Participation in the Workforce			0.8677 (1.5333)	-0.3808 (1.5081)	3.0502 (1.9747)
Controls					
Preference under PSDB's Government	0.9049*** (0.3131)	0.5791** (0.2357)	0.5945** (0.2388)	0.9065*** (0.3166)	2.4351*** (0.5127)
Proportion of Non-whites among Owners					2.1225 (1.3491)
Average Income					0.0023** (0.0010)
Proportion of Highly Skilled People					-0.7299 (1.3669)
Organised Lobby					0.6159 (0.4648)
Constant	-2.8876*** (0.9256)	-0.5768 (0.7085)	-0.8633 (0.7674)	-2.9952*** (1.0775)	-7.4954*** (1.7524)
Pseudo R^2	0.1403	0.0379	0.0440	0.1418	0.2848
N	64	64	64	64	64

*p<0.10 **p<0.05 ***p<0.01

OBS: S.E. reported according to 32 robust clusters, each corresponding to a sector.

Organisation of interests has a positive but non-significant impact on the prevailing position in the negotiation (table 4.4). In probit models, it is always necessary to look at those effects to be sure about the actual impact of independent variables and controls over the dependent variable because the regressions are not linear. In contrast with the theoretical predictions, one of the measures that could alternatively operationalise EC at the individual level (average income) has a significant effect on the demand for liberalisation. However, the marginal effect of the variable is very small, below 1 per cent.

Table 4.4. Marginal effects on a sector's Preference for Liberalisation (Brazil, 2002 and 2008)

Probit Models	Model 1 (IC only)	Model 2 (Exports only)	Model 3 (EC only)	Model 4 (IC and EC)	Model 5 (with all controls)
Independent Variables					
Proportion of Non-whites	1.6386**			1.6978**	2.1532**
Participation in Exports		-0.0010	-0.0910	0.1003	-0.5010
Participation in the Workforce			0.3319	-0.1440	1.1580
Controls					
Preference under PSDB's Government	0.3324***	0.2188**	0.2244**	0.3327***	0.7539***
Proportion of Non-whites among Owners					0.8057
Average Income					0.0009**
Proportion of Highly Skilled People					-0.2771
Organised Lobby					0.2385

*p<0.10 **p<0.05 ***p<0.01

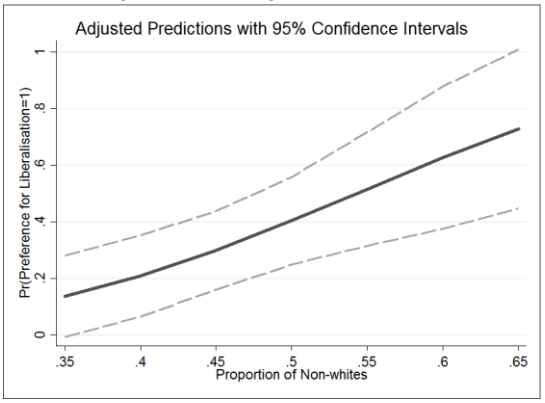
OBS: Marginal effects reported according to 32 robust clusters, each correspondent to a sector.

Contrary to predictions based on conventional wisdom, PSDB's government, rather than PT's, had a positive effect on the liberalising position. It suggests that in 2008 the number of sectors that favoured the maintenance of the status quo increased. The results echo the general perception of the declining competitiveness of Brazilian industry, then making PT government's defence of further liberalisation through the

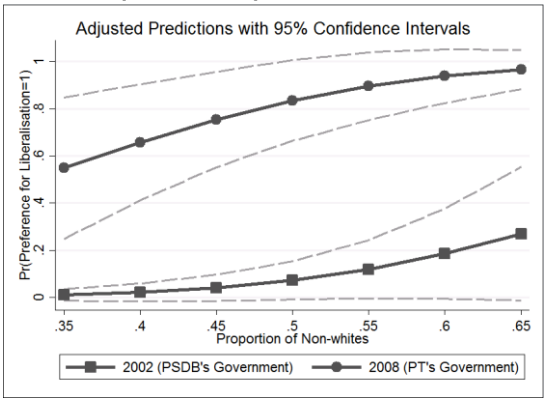
DDA negotiations even more puzzling under conventional explanations that ignore IC. This is not to mention that, as discussed above, the PT-led administration offered no compensation for industrial exporters in terms of bilateral agreements. The effect of IC on liberalisation, however, is greater in 2008 than in 2002 (figure 4.3), supporting the argument that attachment to dominant conceptions of nationality can be crucial to empower sectors that share a common position vis-à-vis their opponents.

Figure 4.3. Marginal effects of the Proportion of Non-whites on Preference for Liberalisation

All sectors (2002 and 2008)



All sectors (2002 or 2008)



It is worth noting that none of the controls that are proxies for alternative measures of power removes the effect of IC over trade preferences. To summarise, IC, on the one hand, is not the sole factor that empowers sectors when the EC of both liberalising and protectionist sides negate each other. On the other, attachment to dominant social identity composes the equation that conferred advantage on economic activities that supported further economic opening vis-à-vis sectors which favoured the maintenance of the status quo.

Testing Whether IC Impacts Asymmetries of Power

As explained before, there was no actual ratification of the DDA as it has not yet led to an agreement. However, such a fact has no relevance for this work insofar as the

goal here is to demonstrate the negotiating positions that result the impact of social identity in the empowerment of sectors through anticipated consequences, among other factors. In the case of Brazil, descriptive data and secondary sources suggest that state malapportionment reduces the weight of protectionist sectors in the parliament and therefore in any vote that implies a trade-off that favours the liberalising sectors.

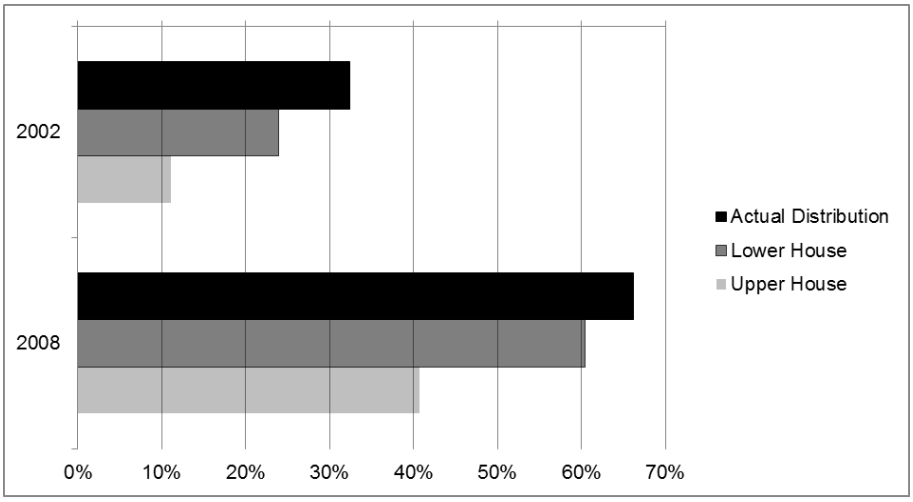
Based on the literature on Brazilian domestic politics discussed in Chapter 3, one can expect that MPs tend to represent the interests of states by which they are elected. Assuming the existence of spill-over effects from exporting sectors to others that would not be directly impacted by eventual liberalisation (as it is the case of most segments within services),[69] representatives from states where the share of the population employed in liberalising sectors surpasses that employed in protectionist ones are likely to vote to seek the most benefits for their constituencies. This is the case as long as, within liberalising-dominant states, the economic arena as a whole would benefit from expansion in trade. In contrast, protectionist-dominant states would be likely to face problems in the short-term even if in the long-run their market players could move production assets to other sectors. As figure 4.4 demonstrates, in 2002 and 2008, the participation of protectionist-dominant states in the composition of both lower and upper houses was inferior to that in the population as a whole.

While in 2002 about 33 per cent of the population lived in protectionist-dominant states, only 23 per cent of the MPs in the lower house could be classed as protectionist-dominant. In the upper house, the reduction was far more drastic, with only about 8 per cent of the MPs from protectionist-dominant states (namely Ceará,

[69] As discussed earlier, services as a whole accounts for more than 60 per cent of Brazil's GDP, yet is only responsible for 11 per cent of exports (World Bank 2010).

Rio Grande do Sul, and São Paulo). In 2008 the same pattern persisted despite the accentuated growth in the proportion of sectors that would not tolerate further liberalisation. The representation of states with more people in protectionist than in liberalising sectors in the upper house was reduced by about one third of their actual participation in the overall population, falling from 66 per cent to 41 per cent.

Figure 4.4. Population of protectionist-dominant states (Brazil, 2002 and 2008)



Source: Câmara dos Deputados 2012; IBGE 2003 and 2009; Senado Federal 2012.

Certainly the effects of malapportionment on the representation of sectorial interests in the parliament alone do not mean that the ratification of a liberalising agreement is inevitable. However, the bias against protectionist sectors is far from being negligible, particularly in the upper house. This is crucial considering that federalism is a relevant characteristic of the political field in Brazil. Thus the factors which impact the current patterns of state over-representation can be expected to inform part of the causes that led Brazil to maintain liberalising stances in the DDA negotiations.

Dependent Variable

Here I investigate which elements of the Brazilian states are correlated with over-representation in both houses of the parliament. The dependent variable is continuous,

and originally indicates when above 1 over-representation of the state and otherwise if below that value. Values equal to 1 mean no existence of malapportionment for a given state. Given the need for a normalised distribution of the dependent variable in a linear regression, the values were rescaled in a range from 0 to 1, in which in practice corresponds to an index of malapportionment: the higher the value, the farther a state is from patterns of representation proportional to its population.

The current structure of malapportionment has been in place since 1995. This is therefore the time point that should be analysed in the statistical models. In that year, the number of MPs in the lower house was fixed in 513 (increased from a previous limit of 503). In turn, the upper house has had 81 MPs since 1990. As mentioned before, Brazilian states (including the federal district where the capital Brasília is located) have in the lower house a minimum representation of eight MPs and a maximum of 70, regardless of the state's population. As explained in Chapter 3, MPs are elected in an open-list proportional system, in which candidates can receive votes from anywhere in states where they are running for a seat. In the upper house, each federative unity has three representatives. Then, in the case of over-representation in the lower house, the dependent variable results from the division of the share of a state among the total of MPs and its share in country's population. Over-representation in the upper house is calculated following the same logic.[70]

Independent Variables

The theory predicts that, given the lack of significant disputes around identity issues in Brazil, translation of IC into PP is structural. Thus IC, measured by the proportion

[70] Câmara dos Deputados 2012; IBGE 2001 and 2007; Senado Federal 2012.

of non-whites in a given federative unit,[71] is expected to be positively correlated with the index of over-representation of states in both houses of the parliament. Other proxies, however, have to be included among the independent variables as the dynamics of power within the field of society is not the only factor that potentially impacts the institutional design of a federation. Insofar as there is a small number of observations (Brazil has only 27 federative units), however, I opted not to include more than three additional independent variables in the model (table 4.5).

Table 4.5. Summary of Variables – States (Brazil, 1995)

Variables	Description	Mean	Standard deviation	Range	Source
Dependent Variables					
Over-representation in the Upper House (normalised scale)	Scale of political weight in the upper house relative to the state population	0.5547	0.1356	From 0.2296 to 0.7864	Own elaboration based on IBGE 2004 and Senado Federal 2012
Over-representation in the Lower House (normalised scale)	Scale of political weight in the lower house relative to the state population	0.2632	0.0675	From 0.1849 to 0.4664	Own elaboration based on IBGE 2004 and Câmara dos Deputados 2012
Independent Variables					
Proportion of Non-whites	Proportion of Non-whites in the state population	0.5981	0.2098	From 0.1020 to 0.8270	IBGE 2004
GDP per Capita (normalised scale)	Scale of state GDP divided by the number of inhabitants	0.8122	0.0604	From 0.7167 to 0.9877	IBGE 2004 and 2013
Average Farm Size (normalised scale)	Farming area divided by the number of properties	0.4305	0.1053	From 0.2837 to 0.6450	IBGE 2006.
Population Density (normalised scale)	Number of inhabitants divided by state area	0.5199	0.1629	From 0.2264 to 0.7979	IBGE 2004

Federal arrangements tend to be characterised by mitigating the political power of constituencies with large populations, yet without necessarily having the largest territories within a country. I then employ a measure of population density to control

[71] IBGE 2003 and 2009.

for such a fact.[72] The proxy also accounts for the very likely over-representation of frontier regions, to which more PP can be attributed as a means of addressing national security concerns in a federation. The literature on Brazilian federalism suggests that malapportionment is conditioned by regional inequalities – the higher the state GDP, the lower its over-representation in both upper and lower houses.[73] To test for this, I employ in the linear regressions on state over-representation a measure of state GDP per capita.[74] I expect this variable to have a negative effect on the index of over-representation of both houses.

In Brazil's case much has been written on the power of landowners and oligarchs at the federal level. They usually represent backward regions which, nonetheless, could benefit from further economic openness as Brazil's agriculture acquired a comparative advantage as liberalisation advanced. To control for this, I computed the average farm size per state.[75] The expectation is that, the larger the mean for a state, the higher tends to be its over-representation.

Models and Findings

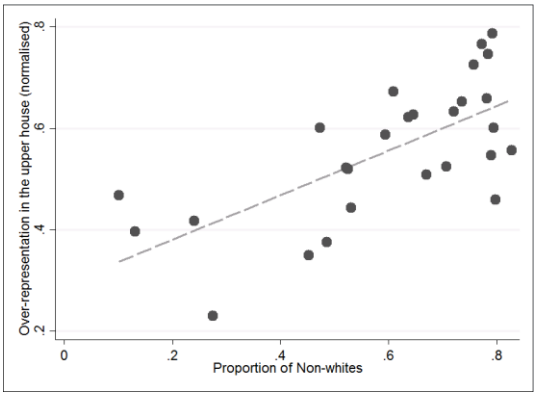
OLS regressions in table 4.6 corroborate the hypothesis that the proportion of non-whites in a state is positively correlated with over-representation. The effect of IC (measured by the proportion of non-whites in the state – models 1 and 5) has more prominence in the upper than in the lower house (see also figure 4.5). In models in which IC is ignored (2, 3, and 4), the explanatory power of the regression, measured by the adjusted R^2, decreases. This indicates that the proportion of non-whites in states composes a relevant part of the equation of malapportionment in Brazil's

[72] IBGE 2004.
[73] Bohn 2006, 194; Tavares 1998, 89.
[74] IBGE 2004 and 2013.
[75] IBGE 2006.

federal system and therefore of the constraints on the political power of protectionist sectors at the ratification stage.

Figure 4.5. Correlation between the Proportion of Non-whites and Over-representation (Brazil, 1995)

In the upper house



In the lower house

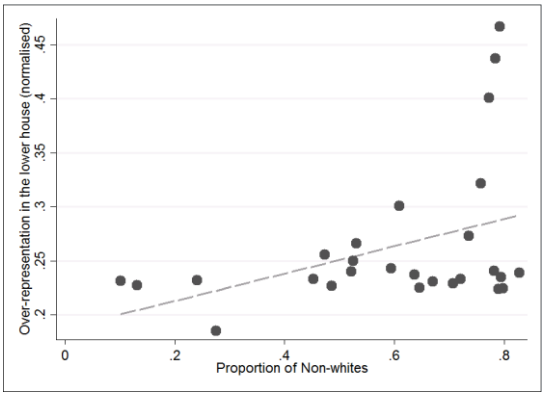


Table 4.6. What impacted the creation of the patterns of state over-representation in parliament existent during the DDA negotiations (Brazil, 1995)?

OLS Model	Model 1 (IC)	Model 2 (econ. balance)	Model 3 (olig. balance)	Model 4 (natl. security)	Model 5 (all indep. var.)
Dependent Variable (Over-representation in the Upper House)					
Proportion of Non-whites	0.4403*** (0.0946)				0.2597** (0.1107)
GDP per Capita		-1.0731** (0.3942)			-0.4470 (0.3796)
Average Farm Size			0.3824 (0.2458)		0.1194 (0.2586)
Population Density				-0.5429*** (0.1261)	-0.2990 (0.1793)
Constant	0.2922*** (0.0598)	1.4270*** (0.3210)	0.3909*** (0.1088)	0.8377*** (0.0686)	0.8673** (0.3382)
Adjusted R^2	0.4428	0.1978	0.0518	0.4027	0.5640
Dependent Variable (Over-representation in the Lower House)					
Proportion of Non-whites	0.1265** (0.0592)				0.1236* (0.0639)
GDP per Capita		0.1000 (0.2226)			0.4242* (0.2191)
Average Farm Size			0.3170*** (0.1114)		0.0610 (0.1493)
Population Density				-0.2501*** (0.0661)	-0.1870* (0.1035)
Constant	0.1876*** (0.0374)	0.1820 (0.1.813)	0.1268** (0.0493)	0.3933*** (0.0359)	-0.0843 (0.1952)
Adjusted R^2	0.1207	-0.0317	0.2142	0.3389	0.4143
N	27	27	27	27	27

*p<0.10 **p<0.05 ***p<0.01

Population density is negatively correlated with over-representation, which confirms intuitive predictions of the literature that considers federalism as a mechanism to increase the relative political weight of less populated regions within a country. Nevertheless, against any intuitive expectation, proxies for economic factors (state GDP per capita and average farm size, which could indicate agrarian-exporter interests besides the power of oligarchs per se) have no effect on the design of over-representation in the upper house. Therefore it can be inferred that states with a higher proportion of non-whites had more political weight in both lower and upper houses, enabling the over-representation of states that concentrated liberalising interests. This was more crucial in 2002 than in 2008, when, as shown in figure 4.3, the proportion of the population living in states with protectionist interests surpassed that of federative units with a majority within offensive segments.

Other works support such conclusions. Abreu, for instance, identifies liberalising interests in non-white regions in the Centre-west, as well as in parts of the North-east that have been incorporated into the agricultural frontier since liberalisation, such as the countryside of the states of Maranhão and Piauí.[76] Moreover, according to numerous secondary sources,[77] many congressmen have rural interests as they are landowners. This is another reason to validate the intuitive prediction that a correlation of forces in Brazil's parliament leans against protectionist interests. Increasing exports could create spill-over effects for the overall economy of the states that concentrate more liberalising sectors. Attachment to the dominant conception of nationality, however, has a crucial role to play in expanding the PP of the latter while reducing the influence of protectionist sectors.

[76] Abreu 2006.
[77] For instance, Castilho 2012.

An Additional Test: Does Over-representation per se Impact Preferences?

The findings of the previous section inevitably prompt a question: if malapportionment reduces the weight of protectionist sectors in the parliament, should one believe that over-representation of a sector through malapportionment correlates with a preference for liberalisation? In that case, malapportionment would then be a cause rather than the mechanism through which the most powerful sectors exert influence on the process of defining the national interest.

Hence, to verify whether a sector's IC does not compete directly with malapportionment as a factor that informs its PP, I revisit the most robust models presented in table 4.2, considering two new controls (table 4.7). One corresponds to the proportion of the workforce in states over-represented in the upper house, and the other measures the same for states with overweight in the lower house.

Table 4.7. Summary of Variables – Sectors (Brazil, complementary test)

Variable	Description	Mean	Standard deviation	Range	Source
Proportion within States Over-represented in the Upper House	Proportion of the workforce of a sector working in states over-represented in the upper house	0.2776	0.1350	From 0.0549 to 1.000	Own elaboration based on IBGE 2003 and 2009
Proportion within States Over-represented in the Lower House	Proportion of the workforce of a sector working in states over-represented in the lower house	0.3690	0.1107	From 0.000 to 0.6293	Own elaboration based on IBGE 2003 and 2009

OBS: See table 4.2 for a description of the other variables employed in the model.

The results in models 3, 4, and 5 (table 4.8) suggest a certain degree of co-linearity between the proportion of non-whites within a sector and the proportion of individuals of a sector residing in a state over-represented in the parliament, particularly in the upper house. Having said that, the variables that measure the latter characteristic are never statistically significant, whereas the coefficient for the

proportion of non-whites still falls within acceptable degrees of significance ($p<0.10$ in the case of models 3 and 5, and $p<0.01$ in model 4) even with the addition of the new variables.

Table 4.8. Does over-representation per se impact trade preferences (Brazil, 2002 and 2008)?

Probit Model	Model 1 (IC and EC)	Model 2 (sign. ctrls)	Model 3 (upper house)	Model 4 (lower house)	Model 5 (with all controls)
Independent Variables					
Proportion of Non-whites	4.4887** (1.8127)	6.3577*** (1.9244)	4.8782** (2.2564)	6.0946*** (1.8551)	3.9423* (2.1132)
Participation in Exports	0.2652 (0.9929)	-1.3986 (1.0595)	-0.9116 (1.2495)	-1.2757 (1.0822)	-0.5839 (1.2143)
Participation in the Workforce	-0.3808 (1.5081)	3.0402 (1.8587)	3.7321 (2.3581)	2.6348 (2.0030)	3.2856 (2.3007)
Controls					
Preference under PSDB's Government	0.9065*** (0.3166)	1.8943*** (0.4446)	1.8960*** (0.4370)	1.8363*** (0.4697)	1.7976*** (0.4662)
Average Income		0.0016** (0.0006)	0.0017*** (0.0007)	0.0016** (0.0007)	0.0017** (0.0007)
Proportion within States Over-represented in the Upper House			2.3253 (3.0841)		3.2260 (3.1169)
Proportion within states Over-Represented in the Lower House				1.6731 (2.0271)	2.6783 (2.6193)
Constant	-2.9952*** (1.0775)	-6.3623** (1.7480)	-7.1847*** (2.6261)	-6.7180*** (1.8890)	-8.0143*** (2.8410)
Pseudo R^2	0.1403	0.2430	0.2592	0.2507	0.2771
N	64	64	64	64	64

*p<0.10 **p<0.05 ***p<0.01

OBS: S.E. reported according to 32 robust clusters, each correspondent to a sector.

The results thus do not contradict the argument that malapportionment lies at the heart of the process of attributing more political power to liberalising rather than to protectionist sectors. Rather, the regressions above and the correspondent marginal effects (table 4.9) furnish more evidence to corroborate the theoretical prediction that the attachment to the idea of racial diversity empowers economic sectors vis-à-vis others. The mechanism through which such empowerment occurs is the over-representation in the parliament of states with a higher proportion of non-whites. Such a conclusion makes even more sense in the light of the fact that additional

statistical tests whose results are not reported for the sake of brevity demonstrate that the proportion of non-whites within states did not change significantly after 1995, the year when the over-representation patterns present during the DDA negotiations time-frame emerged.

Table 4.9. Marginal effects on a sector's Preference for Liberalisation, controlling for over-representation (Brazil, 2002 and 2008)

Probit Model	Model 1 (IC and EC)	Model 2 (sign. ctrls)	Model 3 (upper house)	Model 4 (lower house)	Model 5 (with all controls)
Independent Variables					
Proportion of Non-whites	1.6978**	2.3994***	1.8315**	2.3125***	1.4920*
Participation in Exports	0.1003	-0.5278	-0.3423	-0.4841	-0.2210
Participation in the Workforce	-0.1440	1.1474	1.4012	0.9998	1.2435
Controls					
Preference under PSDB's Government	0.3327***	0.6302***	0.6282***	0.6178***	0.6065***
Average Income		0.0006**	0.0006**	0.0006*	0.0007***
Proportion within states over-represented in the upper house			0.8730		1.2209
Proportion within states over-represented in the lower house				0.6349	1.0136

*p<0.10 **p<0.05 ***p<0.01

OBS: Marginal effects reported according to 32 robust clusters, each corresponding to a sector.

Nevertheless, the hypothesis that there might be other channels through which non-whites gain more power in the ratification process which the models analysed in this chapter do not observe cannot be discarded. Considering the data presented in this chapter, a very plausible new hypothesis consists of evaluating the effects of the proportional representation system through which members of the lower house are elected in empowering non-whites. As explained in Chapter 3, candidates run in an open-list organised according to parties or groups of parties within each state. Nonetheless, insofar as for most candidates it is too costly to compete for votes in all parts of a given state, they tend, unlike upper house contenders, to concentrate their

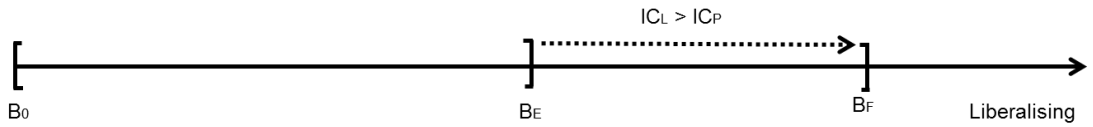
campaign in some regions only.[78] Thus, eventually, even within the states with a lower proportion of non-whites, intra-state regions where they are more present might be electing more representatives. It is interesting to note that, as the current patterns of malapportionment arose along with the legitimation of the notion of racial democracy in the 1930s, so did the current proportional representation system. However, there is no data available to test such a plausible hypothesis on the impact of IC on political representation in Brazil.

Conclusion

This chapter's findings have two implications. First, evidence confirms the theoretical prediction that sectors with relatively high IC (measured by the proportion of non-whites in the case of Brazil) impact the position adopted by the state in an international trade negotiation (proposition 1a). Second, the structural effect of IC (proposition 1b) in empowering liberalising sectors has also been revealed to be plausible insofar as the proportion of non-whites in states correlates positively with over-representation, in particular in the upper house. In Brazil, the upper house is responsible for the final vote in the process of ratifying international agreements. Figure 4.6 represents the effect of IC in widening the country's win-set in the DDA. Such a scenario corresponds to what happened in 2008, when the proportion of liberalising sub-sectors had declined yet remained over-represented in the parliament.

[78] These clustered votes, according to Ames (1995a, 333), make candidates more accountable to voters rather than to regional bosses. Campaigns are usually geographically limited (Ames 1995b, 409). Furthermore, according to the same author, in the lower house, MPs from a same state tend to vote together when they have a common interest (1995a, 335).

Figure 4.6. IC's impact on the win-set for the DDA negotiations (Brazil)



With EC being evenly distributed across both liberalising and protectionist/status quo sectors, the upper limit of Brazil's win-set would be expected to be found at B_E. However, as the IC of liberalising sectors (IC_L) is on average higher than that of protectionist ones (IC_P), then the limit of the win-set was actually B_F. Certainly IC is not the single cause that empowers liberalising sectors vis-à-vis protectionist ones. Having said that, in the light of the various pieces of evidence presented above, IC is part of the equation that led Brazil to be willing to 'sacrifice' industry (and then the protectionist sub-sectors) to expand market access in agriculture (with benefits for the liberalising segments as a whole). This happened in spite of major counterparts in the negotiating table (the EU, the US, and India) becoming less committed to liberalisation throughout the round.

Notwithstanding the robust results shown above, more research is needed to investigate the role of the Brazilian parliament (and thus of malapportionment) in impacting policymaking in foreign affairs. As far as the DDA is concerned, however, the qualitative evidence discussed in Chapter 6 dismisses any role for political parties per se, providing another evidence of the plausibility of the argument put forward in this thesis. Before comparing the quantitative findings about the Brazilian case with qualitative work, we can expand our understanding about the impact of IC in bargains between liberalising and protectionist sectors in examining a case in which identities are disputed in the political arena: India.

5. IDENTITY AS A POLITICAL INSTRUMENT IN INDIA

> [O]ur desire was to ensure that agriculture markets across the world are freed from the substantial distortions that are caused by large scale subsidization. These distortions prevent agriculture from fulfilling its potential of being an engine of growth.
>
> (Arun Jaitley, NDA Minister of Commerce, Cancun Ministerial, September 2003)

> India, therefore, today has offensive interests in both manufacturing industry and in services and the multilateral WTO negotiations gives us the best opportunity to provide more market access for our products. At the same time, we have defensive interests in agriculture and in some sensitive areas in manufacturing industry.
>
> (Kamal Nath, UPA Minister of Commerce, on the July Framework of 2004)

The aim of this chapter is to assess whether the main argument of this thesis is applicable to India during the DDA negotiations: the country's protectionist position in the negotiations satisfies the demands of sectors mostly attached to the dominant conception of national identity (proposition 1a). Post-colonial India, as argued in Chapter 3, legitimised secularism (understood as the equal respect for all religions in the public space) as its prevailing social paradigm. However, from the early 1990s Hindutva, which emphasises Hindu contributions to the formation of the Indian state, has emerged as an alternative, competing conception of nationality. Yet as secularism has been legitimised for longer, it is expected to inform the levels of IC of economic sectors, on the theoretical grounds defined in Chapter 2. Insofar as such a social paradigm aimed to praise the religious diversity of India, one can operationalise IC as being inversely related to the proportion of Hindus in a sector. So the lower the proportion of Hindus, the higher is the IC of an economic segment and the higher tends to be its PP, which also stems from a sector's EC.

Statistical analysis presented in this chapter corroborates the predictions for the Indian case. Protectionist sectors have on average a lower proportion of Hindus than liberalising segments. Other divisions, including caste, are not significantly associated to any coalition. Therefore, how is it possible that between 2001 and 2004 the country

adopted liberalising stances in the DDA negotiations? As identities are instrumentalised in party politics in India (proposition 1b), IC is only converted into PP if the governing coalition espouses the dominant conception of nationality (proposition 1c). In that period, the NDA was in power under the leadership of the BJP, the expression of the Hindutva project in party politics.

Under the NDA government, India was more willing to liberalise agriculture and increase its exports from the sector, provided safeguards were in place against a possible surge of imports for the purpose of food security. This means that protectionist sectors, which are more religiously diverse, suffered constraints in influencing national stands in the DDA negotiations. Their IC could not be converted into PP insofar as the ruling coalition espoused a social paradigm that downplayed secularism. When the UPA (led by the Congress) came into power in 2004, the government embraced more protectionist stances in the negotiations. The more diverse sectors were then finally able to convert their IC into PP as the coalition defended secularism. In turn, the liberalising sectors (which have high EC as they contribute significantly to exports) were signalled with second-best deals in the form of bilateral trade agreements. Therefore, evidence suggests that IC drove India's national interest in the Doha Development Round.

Probabilistic regressions demonstrate that NDA's coalition in the lower house tended to be composed of MPs from states with a high proportion of Hindus. To reiterate what was demonstrated in Chapter 3, not all Hindus need necessarily embrace Hindutva to make it valid. However, that religious group as a whole is the basis for legitimising such a project as a feasible conception of national identity. Also, NDA's MPs come from states with high average property size, which indicates a material interest in liberalising agriculture, as larger farms are expected to yield more efficient

production. In turn, UPA's MPs are not significantly correlated with the religious make-up of their respective states, indicating that the coalition represents states with both a high and a low proportion of Hindus.

Nevertheless, the UPA is more likely to have as its political basis states with a high proportion of workers in protectionist sectors, as well as with smaller farms on average, which indicates a preference for defensive positions in the DDA. Although international treaties in India just need the consent of the Prime Minister and his/her cabinet, the lower house implicitly ratifies agreements insofar as MPs can react against the government with a vote of no confidence. This is a crucial matter considering that both the NDA and the UPA were coalitions made up of diverse parties that could defect at any time. Furthermore, MPs in both lower and upper houses can ask questions of the government on negotiations, signalling sub-national demands. This was the case with the Congress and other opponents to the NDA which expressed first and foremost concerns about religiously diverse, protectionist sectors.

The chapter begins with an analysis of archival sources and elite interviewing which demonstrate that the NDA was far more willing than the UPA to liberalise agriculture and, thus, to benefit other sectors with an offensive interest in the DDA negotiations. Each governing coalition's position can be explained regardless of international processes. I conclude the section with a brief assessment of the move towards bilateral deals (which the UPA accelerated). Also, I dismiss the conventional explanation for the embrace of positions aligned with liberalising sectors: the transformations in the field of the market in the 1990s, with the emergence of an economic paradigm that favoured liberalisation and empowered manufacturing and services over agriculture. I then test with probit models whether a high level of IC in

different sectors is correlated with a preference for protectionism. After finding the expected results, I demonstrate how the NDA and the UPA represented constituencies within states with different characteristics in the field of society. A complementary test ends the chapter with the analysis of questions on the DDA negotiations made by the opposition to the NDA, corroborating the argument that IC empowered protectionist sectors.

The Indian Interest in the DDA Negotiations

An analysis of the evolution of the Indian positions suggest that the country started the DDA negotiations by prioritising its offensive interests in services and was more willing to liberalise agriculture. By 2008 the space for concessions in agriculture had been reduced, as well as the priority initially put on services, whereas industry foresaw more gains[1] than at the beginning of the talks.

Removal of quantitative restrictions was concluded in 2001, signalling the irreversibility of integration with markets in the international dimension.[2] As the GoI stated in the 2002 India's Trade Policy Review (TPR),

> in the ongoing negotiations on the Agreement on Agriculture India has submitted detailed proposals with a view to safeguarding the food and livelihood security of the large subsistence level farming community in India and *maximizing export opportunities for Indian agricultural products* by seeking a reduction in the high tariffs and subsidies prevalent in developed countries (my emphasis).[3]

This contrasts strongly with GoI's diagnosis of the sector five years later, in the subsequent TPR:

> In order to provide inclusive growth and to dissipate social tensions, not only does this vulnerable sector of the economy need special care and protection, the pressure on land also needs to be relieved by providing alternative avenues of employment in manufacturing and services to the millions joining the agricultural workforce every year. This is the reason why India's agricultural tariffs are comparatively high in

[1] Interview with Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011; Sally 2011, 10.
[2] WTO 2002b, 8.
[3] Ibid., 16.

> comparison to its non-agricultural ones and also of its high expectations in the negotiations in NAMA and Services of providing substantial market access in the developed markets of the world.[4]

What explains the change from a position in agriculture with significant offensive elements towards a defensive one? As the following analysis demonstrates, the change in government in May 2004 marks the main turning point in India's position in the DDA negotiations.

As a matter of fact, since the early negotiating stages, India demanded SDT for its agriculture. On a special session of WTO's Committee on Agriculture held in January 2003, the Indian delegation stated that, once modalities were defined in agriculture, the right of countries to establish special import measures per product, specifically those consumed domestically and produced by poor farmers, should be granted.[5] Ajit Singh, then minister of Agriculture, attended the Tokyo Mini-Ministerial in the subsequent month.[6] While mentioning in the conference the need to address food security and the livelihood concerns of small and marginal farmers, he said that India wanted more market access in agriculture in some of the developed countries that were closed to Indian products.[7] In NAMA, the country advocated market access for products in which the government perceived potential to explore comparative advantage, such as textiles and leather goods, while demanding flexibility in tariffs to protect its small-scale sectors.[8] This would allow India to accommodate intra-sectorial contradictions, as in the case with textile-related industries. On average, the sector had under liberalisation a performance relatively inferior compared to other exporting sub-sectors (see Methodological Appendix). This is not to say that most of those who depended on

[4] WTO 2007, 13.
[5] India & the WTO, Jan 2003, 5.
[6] India & the WTO, Feb 2003, 6.
[7] Ibid., 6-7.
[8] India & the WTO, June-July 2003, 3.

textile jobs to survive were in a situation of vulnerability because the sector, as agriculture, is largely unorganised and therefore fragmented.[9] Hence most people within textile-related industries tended to prefer the status quo rather than uncertain reforms. Finally, as expected, in services the focus was on the movement of persons (mode 4, correspondent to cases in which a worker has to conduct a service in another country).[10]

In the subsequent DDA meetings leading up to the crucial Cancun Ministerial in September 2003, when the G-20 was formed, India continued to emphasise the need for SDT provisions in agriculture, including SSMs, for developing countries.[11] However, in the domestic dimension, the government signalled that the round was an opportunity for the country to increase its agricultural exports. The MoC, in replying to a question by a lower house opposition MP from the state of Kerala about the preparations for the ministerial meeting, reported that, following consultations with various stakeholders in agriculture, there had been convergence 'on the need to safeguard the interests of our agricultural production and farmers during the negotiations… taking into account the food security and livelihood concerns of developing countries…, and through increased market access for agricultural products of *export interest* to us' (my emphasis).[12] A similar answer was given to a question from another lower house opposition MP from Punjab just a month before Cancun.[13] These positions were in line with the conclusion of the consultations held prior to the launch of the DDA in 2001. As the government stated in the parliament during a debate on March of that year, '…[d]uring these consultations, there was a unanimous view that India in its negotiating proposals must highlight its food security and livelihood concerns while also seeking increased market

[9] Harriss-White 2003; Dhanabhakyam and Shanthi 2014.
[10] India & the WTO, Feb 2003, 6-7.
[11] India & the WTO, Apr 2003, 9; India & the WTO, June-July 2003, 2-4.
[12] Lok Sabha 2002b.
[13] Lok Sabha 2003.

access for its agricultural exports especially in the markets of the developed countries'.[14] In fact, as a senior bureaucrat reports, the NDA/BJP had plans of liberalising agriculture in the DDA negotiations.[15]

The NDA/BJP government perspective of increasing agricultural exports within the framework of a possible multilateral deal in the context of the DDA arises clearly when the content of responses to MPs' questions on agriculture and the WTO is analysed. Between 2001 and May 2004, when the UPA Congress-led alliance came to power, nine out of 15 government answers to questions related to the topic (60 percent) in the lower house explicitly mention that the country was pursuing the expansion of India's agricultural exports in the DDA negotiations.[16] In responses given to questions in the upper house during the same period, 11 out of 26 answers (42 percent) made direct reference to the pursuit of more exporting markets for Indian food producers.[17] Nonetheless, in all cases the government pointed out the need to temper those offensive goals with the protection of sensitive parts of the agricultural sector through SDT, which was expected to be granted by the AoA. Between May 2004 and the end of 2008, the year when the negotiations went into deadlock, no response to the 20 agricultural-related questions on WTO negotiations asked in the lower house made reference to any possible strategy of boosting food exports within the DDA context. In the upper house, only one out of 23 answers did so. UPA's responses to MPs recognised the pursuit of more market access in agriculture once subsides in the developed world were removed, however without maximalist pretensions. Rather than adopting an export-led strategy for agriculture, the Congress-led government emphasised, along with the adoption of

[14] Lok Sabha 2001a.
[15] Interview with senior bureaucrat, Delhi, 29 Sep 2011.
[16] Lok Sabha 2012.
[17] Rajya Sabha 2011.

SSMs, 'substantial improvements in market access, particularly for products of export interest to developing countries'.[18] In contrast to India's statements under NDA in defence of Indian agricultural exports, such rhetoric suggests a dubious position at least. For the UPA, India would pursue changes in the agricultural multilateral trade as long as they addressed first and foremost the concerns of poor farmers in the Global South rather than creating new opportunities beyond the existing ones.

Further strong evidence of NDA's willingness to liberalise Indian agriculture (and thus to pursue further trade openness through the DDA negotiations that would benefit exporting-competitive sectors at the expense of defensive ones) can be found in the government's statements to domestic entrepreneurs and to international audiences in fora other than the WTO itself. In June 2003, the Prime Minister, Atal Bihari Vajpayee, declared at a G-8 extended dialogue meeting that the DDA should focus on the rapid elimination of tariff and non-tariff barriers to developing country exports, as well as on phasing out the trade-distorting agricultural subsidies, while ensuring the livelihood security of billions of farmers in developing countries.[19] The minister of Commerce, Arun Jaitley, stated in November 2003 at the 4th India–EU Business Summit, that market access in agriculture would grow gradually within the WTO context. However, for this to happen, developed countries would have to make a greater contribution in the field.[20] This suggests that, during the NDA government, India expressed a stronger stance on SDT in WTO meetings than in general forums, such as the G-8 extended meeting, and in the parliament. Thus, in the international dimension, the GoI signalled that it wanted more policy space, whereas in the domestic one it addressed the potential

[18] Lok Sabha 2012.
[19] India & the WTO, June-July 2003, 5.
[20] India & the WTO, Oct-Nov 2003, 7.

gains of larger farmers with liberalisation without generating anxiety among small producers.

In line with stances expressed in the DDA negotiations, the NDA 2004 election manifesto expressed the desire to reform Indian agriculture to expand rather than just enhance the opportunities then existing with regard to food exporting. The manifesto states the goal of making India an economic superpower through a seven-pronged strategy which listed as its first goal making the country the 'the food factory of the world'.[21] Also, the country would be converted into the global manufacturing hub, the service provider to the world, the centre of the knowledge economy, the global tourism destination, the global healthcare destination, and the global higher education destination.[22] While the targets related to services' sectors are easily defendable in the light of India's comparative advantage in the area, the idea of converting the country into *the* food factory of the globe could only be attained with domestic reforms in agriculture. Reforms were advocated to a certain extent by the UPA,[23] yet with a focus on expanding production for the domestic market rather than on exporting. Also, NDA's plans for a second term would have implied enhancing exports of commodities and processed-food. In fact, to achieve its objectives in agriculture, the coalition would have launched a 'Second Green Revolution' in August 2004 had it been able to secure another consecutive term.[24]

After the UPA's victory in the 2004 general elections, the equation that had guided up till then India's positions in the DDA was inverted. Rather than pursuing export opportunities within a framework of SDT that could accommodate the demands

[21] NDA 2004.
[22] Ibid.
[23] Ibid.
[24] Ibid.

of peasants and small farmers in general, the country put the emphasis on the livelihood concerns of those groups. In one of Kamal Nath's first statements as minister of Commerce, in June 2004, he argued that the focus of the G-20 should be the interests of the farmer, 'including the food and livelihood concerns of the vast agro-dependent rural population'[25] in the developing world. It is noteworthy that Nath espoused such a view before the establishment of the July Framework in which the FIPS reached a minimum common ground to keep negotiating. As a researcher says, 'under the Congress-UPA government, the ministers [of Commerce and Agriculture] have been increasingly aggressive, trying to protect the interest of the farmers'.[26] Other policymakers, however, do not see a breakthrough in India's positions as the government changed in 2004, yet recognize that Nath was more vocal than his predecessors in defending the interests of Indian farmers and had more political connections with them.[27]

Moreover, the G-20 had been since its inception more offensive than defensive. Hence it is no coincidence that, after the UPA's rise to power, India tended to emphasise its membership in the G-33[28] over its participation in the G-20. Whereas the G-33 had a focus on SDT, in particular through the use of SSMs and the establishment of SP lists, the G-20 had as its main target the elimination of subsides to producers in the developed world and, thus, increasing market access. The internal dynamics of the G-20 after June 2004 furnishes further evidence for changes in Indian behaviour after NDA's defeat. According to a key Brazilian policymaker who contributed to the

[25] India & the WTO, June-July 2004.
[26] Interview with think-tank researcher, Delhi, 21 Sep 2011.
[27] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011; interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[28] Although India was member of the G-33 since its creation in September 2003, in the Cancun meeting, when the G-20 also officially started its activities, the newsletter 'India & the WTO' never mentioned that the country was a member of the group until the UPA came to power. This, in light of the evidence presented thus far, suggests that the NDA government did not want to portray itself to domestic constituencies as being too protectionist in the DDA negotiations.

formulation of G-20 positions, India reduced its space to accommodate liberalising demands within the group under the new administration. Thus, it became harder to find a balance between the offensive and defensive interests of the states that were part of the coalition.[29]

Nevertheless, UPA's administration did not close all doors to some liberalisation in agriculture.[30] Nor did it immediately reduce India's ambitions in services, centred on modes 1 (cross-border supply) and 4, and in the areas of construction and engineering, computer, medical and audio-visual technology, and financial activities.[31] In NAMA, there was still a balance between offensive and defensive interests. This is because India maintained its opposition to making sectorial negotiations mandatory,[32] and made a joint proposal with Argentina and Brazil of an alternative formula to the Swiss one (the ABI model, explained in Chapter 4).[33] Moreover, India joined the group NAMA-11. Yet the potential commitments regarding the farming sector were in fact reduced, in contrast to the period 2001–2004, and not only at the rhetorical level. Regardless of the subsequent developments of the DDA negotiations, including growing unwillingness of the EU and the US to reform their schemas of agricultural support, the UPA came into power more reluctant than the NDA had been to open agricultural markets. This is not to say that the Congress-led coalition did not take action to improve conditions in the countryside. However, in opposition to NDA's approach, it did not rely on multilateral liberalisation to push for domestic changes, preferring to implement incremental reform and to incentivise specific export-leaning sectors, such as fruit production.[34]

[29] Interview with bureaucrat, Brasília, 21 June 2012.
[30] India & the WTO, Aug 2004, 5; India & the WTO, Aug-Sep 2005, 1.
[31] India & the WTO, Aug 2004, 6.
[32] India & the WTO, Aug 2003, 3; India & the WTO, Aug 2004, 6; India & the WTO, Dec 2005.
[33] India & the WTO, Dec 2005.
[34] India & the WTO, Aug 2004, 6.

The lack of progress in the negotiations in the aftermath of the Hong Kong Ministerial reinforced the protectionist trend that had started with UPA's rise to power. Being perceived as a framework that would not only help to protect farmers 'from unfair competition in the domestic market', yet would 'also open up new opportunities for export of agricultural products',[35] the Hong Kong Declaration would also grant enough policy space for the country in other areas. These included service sub-sectors in which India had offensive interests.[36] Nonetheless, the settlement would not bear fruit owing to its own contradictions, specifically the continued growing incompatibility of interests among the main negotiating parts. On the one hand, the declaration called for a high level of ambition in market access for agriculture and NAMA in order to fulfil the development objectives of the round.[37] On the other, such ambition was not to contradict the principle of SDT in both core negotiating areas.[38] In practice, such a balance was unfeasible insofar as the DDA implied in a bargain between the Global North and the Global South, in which, on average, both sides would sacrifice their respective protectionist interests to achieve gains in liberalising sectors. Also, during the UPA government, the practical limits on reforming inefficient sectors of the Indian economy other than agriculture narrowed. In textiles, the impact of the uncertainty the end of the exporting quotas provided by the Agreement on Textiles and Clothing (ATC) brought to producers in 2005 onwards is worth noting. Studies that demonstrate that India could lose market share abroad in the sector due to increasing competition from other producers, particularly from Asia, corroborate such a perception. One of them

[35] India & the WTO, Dec 2005.
[36] India & the WTO, Jan-Fev 2006.
[37] WTO 2005a.
[38] India & the WTO, Mar-Apr 2006.

shows that after 2008, when restrictions China's exports in the segment were lifted, the relative level of competitiveness of the sector in India was predicted to fall further.[39]

Hence, historical evidence indicates that the change of government in 2004 was the main turning point in India's ambitions in the DDA. The country's win-set was subsequently reduced regardless of later developments in the international dimension that affected the DDA negotiations' progress. Whereas the NDA administration pursued the creation of new export opportunities provided the existence of sufficient policy space, as in the case of the use of SSMs in agriculture for food security purposes, the UPA brought protectionist concerns to the forefront, downplaying in practice demands for the expansion of market access. The prominence of defensive over offensive positions is evident in the emphasis given to the G-33 after May 2004, and grew with the lack of progress in the aftermath the Hong Kong Ministerial. Until then there was still the perspective for effective negotiations in services, the sector in which India concentrated most of its liberalising interests. All these defensive movements culminated with India's withdrawal from the July 2008 negotiations. Protectionism was not only manifested in agriculture: without liberalisation in the sector, the country's offensive demands would hardly be met by its negotiating counterparts in the Global North. Liberalising interests, however, were signalled with compensations for the growing lack of offensiveness in the DDA negotiations.

Second-Best Options and Side Payments

The second-best option offered to liberalising sectors in India came in the form of PTAs. At the beginning of the DDA negotiations, India already had PTAs with Bhutan and Nepal, and was in the process of implementing a FTA with Sri Lanka, which was

[39] Ananthakrishnan and Jain-Chandra 2005, 31. The authors point out that, in terms of competitiveness, the sector also falls behind vis-à-vis its Pakistani, Bangladeshi, and Mexican counterparts.

signed in 1998 and put into operation in 2000.[40] When the round was already in progress, during the NDA government, the country initiated conversations to liberalise trade with Egypt in 2002,[41] the MERCOSUR[42] and Afghanistan[43] in 2003, and established a FTA with Thailand, starting in 2004. However, the partnership with its South-east Asian neighbour is very limited, insofar as it removes tariffs between the two countries on only 82 goods.[44] The South Asian Association for Regional Cooperation, of which India is a part, concluded negotiations for granting preferences among its members (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka).[45] Initially scheduled for the year 2002,[46] the South Asian Free Trade Area came into force only in 2006, yet remains an unfeasible project in practice given the enduring regional rivalry between India and Pakistan.[47]

India was in the process of negotiating framework agreements with the goal of signing FTAs with four economic blocs besides the MERCOSUR at the beginning of 2005. That was before the DDA took its final route towards deadlock in the aftermath of the Hong Kong Ministerial in December of the same year: the Association of South East Asian Nations (ASEAN, composed of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam), the Bay of Bengal Initiative for Multi-Sectorial Technical and Economic Cooperation (formed by Bangladesh, Myanmar, India, Sri Lanka, and Thailand), the Gulf Cooperation Council (composed of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab

[40] WTO 2002a, 22.
[41] Asian Regional Integration Center 2014a.
[42] MoC 2014.
[43] Asian Regional Integration Center 2014b.
[44] MoC 2014.
[45] WTO 2002a, 21.
[46] Ibid.
[47] McDonald, Robinson, and Thierfelder 2007, 212. As of 2014, Pakistan had not granted most favoured nation status to India. Negotiations for this started in 2011 (MoC 2014).

Emirates), the SACU (made up by Botswana, Lesotho, Namibia, South Africa, and Swaziland). Also, the country conducted bilateral talks with Afghanistan, Chile, Korea, Singapore, and Mauritius to form separate agreements with each of them.[48]

In 2007, India initiated conversations to form an overreaching FTA with the EU[49] that would exclude substantial reform in the agricultural sector given the sensitivities of both parties in the area. Since the DDA deadlock of July 2008, the UPA government has engaged the country in other initiatives that may result in at least in comprehensive economic cooperation agreements (CECAs) with the European Free Trade Association (which comprises Switzerland, Iceland, Norway, and Liechtenstein, in December 2008), Canada, Israel,[50] New Zealand[51] (2010), Australia, and Indonesia (2011).[52] The Asia-Pacific Trade Agreement, with five members (Bangladesh, China, India, Korea, Lao PDR, and Sri Lanka), has been planning since 2009 to expand its system of preferences.[53] Moreover, China has already demonstrated interest in establishing a bilateral economic agreement with India.[54]

Preliminary evidence suggests that the bilateral agreements India signed and already brought into force have limited effects, insofar as they are restricted to markets with limited importance for the country.[55] Nonetheless, this does not mean that the bilateral strategy cannot have positive results as not all negotiations have been concluded yet. In 2014, only four of the bilateral negotiations that were still under negotiation nine years before had resulted in some trade liberalisation. Economic

[48] India & the WTO, Mar-Apr 2005, 26.
[49] European Commission 2014.
[50] Sally 2011, 21.
[51] New Zealand Ministry of Foreign Affairs and Trade 2014.
[52] Asian Regional Integration Center 2014c.
[53] MoC 2014.
[54] Agarwal and Ghosh 2011.
[55] Nataraj 2007, 14.

cooperation with Afghanistan[56] and Singapore started in 2005, whereas the FTA with Chile has been in place since 2007.[57] In 2010, a comprehensive economic partnership agreement with Korea came into effect,[58] and, a year later, a similar pact was celebrated with Japan.[59] The agreement with the MERCOSUR, as already mentioned in Chapter 4, came into effect in 2009, as well as the PTA with ASEAN, whose services part was approved by India in 2013.[60] Negotiations with the EU – whose conclusion would meet particularly the interests of ICT services[61] – are advanced, yet were suspended at the end of 2013 due to the 2014 general elections in India.[62] Moreover, FTAs/PTAs with partners in Asia have more political clout than economic objectives,[63] and have potential in the medium- and long-term to create trade rather than just diverting it. In fact, as explained in further detail in Chapter 7, the MEA perceived bilateral economic partnerships as an opportunity to gain more influence vis-à-vis China in Asia. This contributed to shaping India's bilateral move in trade agreements, which was not initially welcomed by most of industry,[64] notwithstanding the support of some sectors.[65]

Hence, regardless of actual gains achieved so far, FTAs/PTAs and their correlates, such as CECAs, were signalled as an alternative for offensive sectors in industry and services within a context in which multilateral liberalisation could hardly advance. It means that India's liberalising sectors had enough political power to get a second best, even considering that the country was motivated by factors other than the

[56] Asian Regional Integration Center 2014b.
[57] MoC 2014.
[58] Asian Regional Integration Center 2014d.
[59] Asian Regional Integration Center 2014e.
[60] *Business Standard*, 4 Feb 2014.
[61] Interview with Gagan Sabharwal, NASSCOM officer, Delhi, 29 Sep 2011.
[62] Pandit 2013.
[63] Sally 2011, 9.
[64] Interview with senior bureaucrat, Delhi, 7 Oct 2011.
[65] Interview with Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011. As Sally (2011, 10) argues, large business groups became more supportive of liberalisation as economic reforms progressed.

lack of progress in the DDA itself. That said, at this stage it suffices to say that, without a domestic configuration of power that would allow the accommodation of DDA losers, policymakers in India could not have considered such strategy.[66]

The Conventional Explanation: Limits in Changing the Economic Paradigm

The Indian approach that eventually prevailed in the DDA negotiations, with a preference for selective liberalisation, are conventionally understood as steaming from domestic constraints in the field of the market that had been impacting the process of economic openness since its inception, in the 1980s, and irreversibility, in the 1990s. Out of those constraints, concerns with food security and livelihood are paramount, insofar as at least two thirds of all Indians still lived in rural areas at the time the DDA was launched. As Varshney points out, since the 1960s farmers have been gaining influence at the federal government as agriculturalists became the single largest professional group among lower house MPs.[67]

However, the differences between NDA's and UPA's positions in the DDA negotiations (mentioned above) suggest that defensive interests in agriculture do not have inherent strength in the political field. Also, it challenges the assumption that bureaucrats are insulated from changes in government. Despite the NDA's commitment to pursuing exporting expansion should mechanisms of protection to the small peasantry be provided, any liberalisation tended to impact the countryside with the growth of export opportunities in agriculture. Furthermore, further openness would cause disruption (even if transitory) in India. In addition, an argument focused on market and

[66] An example of how the domestic dimension, in particular the expression of sectorial power in party politics, tends to be crucial for policymaking in foreign trade in India can be found in the process of signing the FTA with Sri Lanka under the BJP-led government. According to Mansfield and Milner (2012, 61-63), tea producers opposed the agreement. Only after NDA's victory in 1999 elections, the second under BJP's leadership, the FTA could be finally signed as the opposition had lost seats.
[67] Varshney 1993, 180-184.

politically-based constraints hardly holds given the extension of economic transformations India witnessed prior to the DDA negotiations.

Before analysing these transformations, however, we should remember how the field of the market in India used to be organised until the 1980s. The dominant economic paradigm implied, first, self-sufficiency of production in general. This consisted of almost Soviet-style planning, with long-term plans developed by the federal government. Also, ISI was driven by state-driven industrialisation, aiming to meet the economic needs of 'a fundamental class striving for class hegemony and advance of social production'.[68] This model persisted until the 1980s, relying also on secularism with conservative politics in the political field, and non-alignment in the international dimension.[69] Some authors, such as Kohli,[70] contend that liberalisation was launched in the 1980s. That was when the GoI[71] started building partnerships with local groups in a clear shift from a state-centric economic organisation towards a pro-indigenous business approach to overcome low economic growth during the 1970s. While these arguments are persuasive and rooted in empirical evidence, the 1991 reforms in the aftermath of a balance of payments crisis can still be considered the cornerstone of India's definitive rupture with its ISI socialist-style strategy.

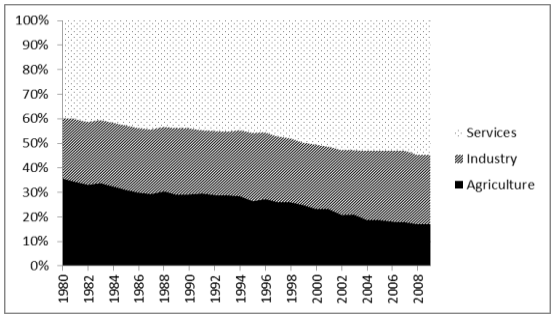
The 1991 crisis stemmed, according to Acharya,[72] from high fiscal deficits, and excessive regulation of both trade and production. Concerning trade, an anti-export bias and an overvalued exchange rate worsened the picture for producers. Political instability between 1989 and 1991, with successive short-lived coalition governments, also contributed to the crisis insofar as political instability dampened confidence in the

[68] Chatterjee 1993, 24.
[69] Jaffrelot 2010, xv.
[70] Kohli 2009. Read also Pedersen 2000.
[71] Jenkins 1999.
[72] Acharya 2002, 1519.

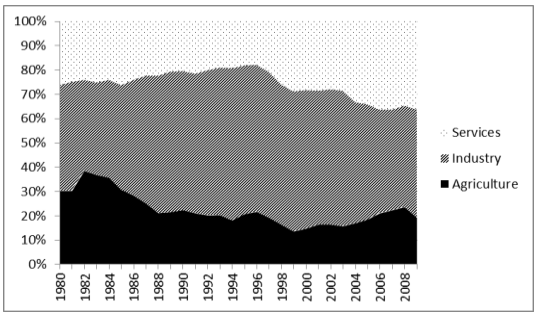
country's ability to deal with economic turmoil.[73] When Congress returned to power in 1991 after building a coalition with regional parties to form the government, it had no choice but to liberalise the economy in the face of a balance of payment crisis. As liberalisation advanced in India, two major trends could be observed. While agriculture and other primary activities saw their contribution to the overall GDP growth reduced, services increased their share in expanding national wealth.[74]

Figure 5.1. Selected economic data (India, 1980–2009)

India – Share of the GDP per sector (per cent)



India – Composition of Exports



Source: World Bank (2010). Note: agriculture includes the primary sector in general, including mining.

After liberalisation, India's GDP added value from industry remained more or less stable at around 28 per cent. In turn, manufacturers lost relative ground in their share in exports to services, out of which 70 per cent of the trade is related to computing.[75] India also saw a steady decline in its GDP share that comes from the primary sector, which now accounts for less than 20 per cent of economic activities. The proportion of agricultural/raw materials among all exports, however, has declined on average since the 1970s, notwithstanding the increasing competitiveness of Indian agriculture in the wake of the Green Revolution that happened in that decade.[76] Exports of vegetable

[73] Ibid., 1526.
[74] Ibid., 1517.
[75] World Bank 2010.
[76] Basu 2008, 565.

crops (including rice) accounted for almost 10 per cent of Indian merchandise exports in mid-1990s, a proportion that declined to less than 5 per cent in the end to that decade.[77] Concerns with agricultural liberalisation do not arise only from the large number of people living in rural areas. In the 1990s, the first decade of liberalisation, rural poverty rates remained stable, while inequality in general grew. Exports of high-added value products contributed to increases in income differences as they benefited higher-skilled and then higher-paid workers.[78]

In fact, manufacturing sectors that had initially feared liberalisation became supportive of deepening integration with the international field of the market. As liberalisation evolved, Indian industry became more confident.[79] Such a feeling was not shared by new players only, but reached also traditional business groups.[80] In addition, the country emerged as a competitive player in services.[81] The major business organisations, the Confederation of Indian Industries (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI), represent both liberalising and protectionist interests.[82] Both acquired relevance within liberalisation, attracting even ICT members,[83] which had already formed its own representative organisation, the National Association of Software and Services Companies (NASSCOM). Prior to the DDA, the association, founded in 1988 during the development of pro-business policies,[84] was successful in lobbying the government for public goods for its

[77] WTO 2010.
[78] Acharyya 2006.
[79] Interview with Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011.
[80] Pedersen 2000, 268.
[81] Bardhan 2010, 31.
[82] As Sally argues (2011, 10), many business groups still '… lobby for protection, but in more muted form given their wider international interests'.
[83] Sinha 2005b, 22.
[84] Kohli 2009.

associates.[85] Insofar as business embraced reforms and both the BJP and the Congress adopted liberalising stances, one could expect by looking only at the dynamics of the field of the market a constant position of liberalisation in India (table 5.1).

Table 5.1. PP as a function of EC and predicted bargain in the DDA (India)

Sector	EC	PP	Trend in a bargain	Actual outcome	Congruence
Liberalising	1	1	Liberalising demands prevail	Maintenance of the current levels of protection	No
Protectionist	0	0			

Hence, as liberalisation advanced, more offensive sectors in both manufacturing and services acquired more strength in the field of the market and tended to gain with further opening. This generated the expectation that the government would pursue further liberalisation, as the NDA was doing. Considering that the Congress had led India in the earlier stages of opening, the UPA could not be expected to downplay Doha's eventual benefits while signalling with second-best options to liberalising sectors unless protectionist sectors had somehow built political strength.

Testing Whether EC and IC Impact Negotiating Demands

As long as a focus on the field of the market (as well as on historical party preferences in the political field) leaves unsolved the puzzle about the changes in India's positions in the DDA negotiations, I now turn my attention to the field of society. To recapitulate, the country refused to liberalise agriculture in 2008 and, as a consequence, benefited other protectionist sectors. Liberalising segments were then negatively affected. Nonetheless, those segments supported second-best alternatives in the form of bilateral trade agreements. Between 2001 and 2004, however, the GoI aimed to maximise agricultural exports, opening thus space for offensive positions in the DDA.

[85] Athreye and Chaturvedi 2007, 162.

Based upon the theoretical predictions of Chapter 2, the fact that secularism is the most state-legitimised paradigm in the Indian field of society as outlined in Chapter 3, and the patterns of change in India's economic paradigm above mentioned, I hereby define the measures that operationalise dependent and independent variables. Also, I introduce controls that are alternative proxies for exploring the origins of a sector's PP. The goal here is to test whether sectors with a given negotiation stance influenced the formation of national positions through their IC (proposition 1a).

I am aware that India's statistical data is reputed to be messy. However, scholars from social sciences working on that country point out that there have been clear improvements in recent years.[86] The country has a large informal sector,[87] which may account for more than 90 per cent of its economy. The data that focuses only on formal companies, such as the Annual Survey of Industries, do not meet the needs of this work. Considering this, I have had to rely on sample surveys to capture the dynamics of power in the fields of the market and society. The National Sample Survey's (NSS) rounds on consumption[88] allow for the identifying of each economic sector of identity-related variables, including religion, as well as alternative measures of power.

The NSS has been subject to constant changes in sampling design since its beginnings in the 1950s. Nonetheless, all surveys conducted between the 61st (2004–2005) and 64th (2007–2008) rounds had sampling procedures designed upon the same principles and units of analysis (the 2001 Census districts). Each of those rounds

[86] Personal Communication, consultants and researchers at think-tanks, Delhi, Sep 2011.
[87] 'Estimates for India assembled from various sources for the years 1993–94 to 1996–97 put the informal economy at 60% of net domestic product, 68% of income and 60% of savings – and in 1999–2000 it involved 92–93% of the total workforce' (Harriss-White 2010, 171). Furthermore, 'only half of this organised workforce is unionised... Since the 1970s, the corporate sector has been deliberately casualising labour forces and rampantly informalising production through subcontracting, out-sourcing, job-working, and the like' (Ibid., 172).
[88] The use of the NSS then allows to capture the dynamics of what Harriss-White (2010, 171) defines as small-scale informality, the set of firms that employ low levels of capital, technology, and skills.

coincides with the end of a crucial period of analysis: 2004, when the NDA coalition, led by the centre-right BJP, lost the elections to the Congress-led UPA centre-left coalition; and 2008, when the negotiations entered into deadlock. Perhaps the 60th Round could have captured better the distribution of the relevant independent and control variables by the end of NDA's rule. Nevertheless, its methodology and units of classification differ from those used in 2004. In total 30 sectors are analysed, generating 60 observations. All proxies have as source the 61st and 64th NSS rounds, unless otherwise noted.

Dependent Variable

According to evidence listed above, India's dominant position in the DDA was for the maintenance of the status quo. Thus the position of a given sector (variable preference) scores 1 whenever protectionism is preferred and 0 for cases in which further liberalisation could be tolerated. The position of a sector in a given point in time during the negotiation stems from its relative performance in exports since the consolidation of liberalisation, unless expressed otherwise by the organised lobby of the segment (see exceptions in the Methodological Appendix). In the Indian case, that consolidation happened in 2001, when quantitative restrictions on imports were removed. A sector's preference is defined as 1 (then protectionist/status quo) whenever the variation of a sector's participation in the overall exports of goods and services of the country is below the national variation. The value 0 means otherwise (see Methodological Appendix). The proportion of exports of each sector was calculated based on data from the MoC,[89] which provides information on foreign trade according to tariff lines of the Harmonised System (HS) for the year 2002. These were grouped into economic sectors

[89] MoC 2012.

following the conversion table provided by the United Nations Statistics Division (UNSD)[90] for HS lines into the International Standard Industrial Classification of all Economic Activities, Revision 3.1, which the GoI uses in its statistics.[91]

Independent Variables

The two dimensions of a sector's EC (contribution to internal and external stability of the field of the market) are defined as follows. The proportion of the workforce employed in a given sector translates how much it contributes to the stability of the field of the market domestically. It is a continuous variable whose values are found in the interval between 0 and 1. The contribution of a sector to the stability of the market vis-à-vis the international dimension has as a proxy the proportion the same sector's exports in the overall amount of goods and services sold abroad by the sectors considered in the sample. As for the measure for the dependent variable, here I employ the data converted from tariff lines in the MoC dataset into sectorial classifications as explained above. Both dimensions are expected to have a significant and negative effect on the dependent variable. This is because the predictions of the theory for India suggest that protectionist sectors lacked EC vis-à-vis liberalising ones.

In India, considering the secularist paradigm as the dominant in the field of society, the variable to measure IC must be related to religious affiliation. Notice that the secularist paradigm does not preclude the absence of Hindus in the empowering of a given economic sector. Therefore, rather than using the proportion of non-Hindus as a

[90] UNSD 2012.

[91] This reclassification strategy followed the guidelines adopted by Rajesh S. Ratna, MoC senior bureaucrat, who conducted an influential study in India (Ratna 2009) about the impact of trade liberalisation on gender, as well as recommendations from FUNCEX researchers who faced analogous challenges in doing the same type of conversion in the Brazilian case. A potential limitation may lie in the fact that the separation between industry and services is problematic. This is because a large number of people in services' sectors are likely to be working in subcontracting regimes for industries (Harris-White 2003). However, given that the NSS identifies individual's primary occupation, any eventual bias tends to be mitigated.

proxy for a sector's IC, it makes more sense to consider the proportion of people affiliated to Hinduism as the measure for that concept. It is expected to have a negative but not necessarily significant effect on the dependent variable. The logic behind this intuition is that the higher the proportion of Hindus in a sector, the more distant it is from the ideal of religious diversity which is central of secularism.

Controls

Proxies other than those that operationalise political power as a function of EC and IC need to be included in the models for controlling the effect of independent variables. Moreover, following the operationalisation guidelines set out in Chapter 3, alternative measures for EC and IC need to be included to demonstrate the validity of the proxies chosen to operationalise those concepts in the case of economic sectors in India. India's NSS does not systematically collect data on individuals' income that could be correlated with the economic sector where they make most of their living. Thus, in lieu of average income, I employ as an alternative measure of EC the proportion of people who receive regular wages/incomes in a sector. The variable accounts for the possible effects of individual economic characteristics in empowering a sector. No data on education per economic sector is available. However, given that India has low levels of schooling, such a type of data would hardly serve as a plausible alternative proxy for EC.

There is no data on religion and business ownership. Nevertheless, this would not be an appropriate alternative measure of IC in the Indian case. Secondary sources point out that there is an increasing segmentation of economic activities according to religious affiliation.[92] Such a fact means that intra-sectorial hierarchies based on social identity are unlikely to have any effects that could compete with empowerment that

[92] Gayer and Jaffrelot 2012.

stems from a sector's position in the field of society regardless of its leverage in the field of the market. That said, India represents an instrumental variety of IC, which corresponds to the existence of relevant disputes on identity issues in the political field.

Table 5.2. Summary of Variables – Sectors (India, 2004 and 2008)

Variables	Description	Mean	Standard deviation	Range	Source
Dependent Variable					
Preference	1=Protectonist 0=Liberalising	0.7833	0.4154	0 or 1	Own elaboration based on MoC 2012 and UN 2002
Independent Variables					
Proportion of Hindus	Proportion of Hindus in the sector	0.7952	0.0891	From 0.5555 to 0.9524	NSSO 2005, 2008
Participation in Exports	Proportion of the exports from the sector among the selected sectors (normalised)	0.4688	0.1631	From 0.0842 to 0.8456	MoC 2012
Participation in the Workforce	Proportion of the overall working population in the sector (normalised)	0.3322	0.1530	From 0.0378 to 0.8422	NSSO 2005, 2008
Controls					
Preference under NDA's Government	Preference in a given government (1=NDA; 0=UPA)	0.5000	0.5042	0 or 1	Own elaboration
Proportion of People from Upper Castes	Proportion of people from upper castes in the sector	0.4127	0.1477	From 0.1394 to 0.6709	NSSO 2005, 2008
Proportion of People receiving Regular Wages	Proportion of the workforce in the sector receiving regular wages	0.4120	0.2521	0.0028 to 0.8888	NSSO 2005, 2008
Proportion of People living in Rural Areas	Proportion of the workforce in the sector living in rural areas	0.3780	0.2218	0.0443 to 0.9497	NSSO 2005, 2008
Organised Lobby	Evidence of sectorial body lobbying in the DDA negotiations (1=Yes; 0=No)	0.2333	0.4265	0 or 1	Own elaboration based on archival research and elite interviewing

Therefore a model that conceives identity as impacting political power needs alternative proxies that account for other disputes in the field of society. The most obvious one is caste politics, given the rise of lower castes in party politics, as previously explained. I then include in the models the proportion of people from upper castes in a sector. Given

the empowerment of subaltern groups since the late 1980s, one can expect the proxy to have a negative effect on the dependent variable. Another relevant identity cleavage in Indian politics is the rural/urban divide,[93] with the empowerment of the former over the latter insofar as most constituencies in both national and provincial levels have majorities living outside the cities. I then compute the proportion of people within a sector living in rural areas. The theory advanced in this thesis, however, predicts no significant effect of the rural/urban divide.

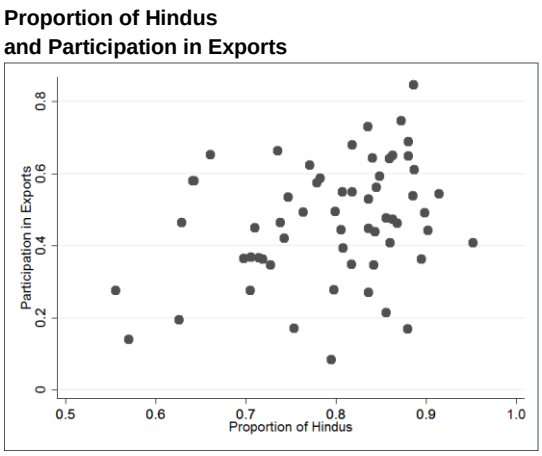
Based upon the findings from archival research and interviews conducted with elite Indian policymakers and members of interest groups, I created a dummy for the existence of business associations in a sector following the DDA negotiations and attempting to lobby the government. I followed the rule that considers an organised lobby to exist whenever at least two interviewees or an archival source indicate that a sector was following DDA's development and had established direct links with a bureaucratic unit without the mediation of umbrella associations, such as the CII and the FICCI. Existence of an active association corresponds to 1, and 0 otherwise. No controls related to asymmetries of information and access points to the field of the state are considered insofar as, it is shown in Chapter 7, all sectors listed in the sample stood in equal conditions with regards to these 'I's. Finally, a dummy variable (preference in 2004), coded 1 for 2004 and 0 for 2008, was included to control for the year in which a given position existed. This measure also accounts for a possible effect over the positions of the party that holds office. Following the theoretical predictions of Chapter 2, the variable is not expected to remove the predicted effects of the independent variables that operationalise EC and IC.

[93] Varshney 1993 and 1995.

Models and Findings

As all models in table 5.3 indicate, a sector's participation in exports is negatively and significantly correlated with protectionism (models 2, 3, and 5). This is the expected pattern, insofar as the literature agrees that so far capital-intensive industries, such as ICT services, are the winners from liberalisation in India and so are expected to push for further liberalisation. However, there is no conclusive association between the proportion of the workforce within a sector and its preferences, as the coefficient has no statistical significance. That said, in the light of the qualitative evidence previously shown, it is plausible to confirm the hypothesis that protectionist sectors in India lack EC (whose proxies are not collinear to IC, according to figure 5.2), insofar as their contribution to exports (and then to the stability of the field of the market vis-à-vis the international dimension) is not significant, and, as the regression results indicate, their participation in the workforce can be as relevant as that of liberalising segments.

Figure 5.2. Correlation between the proxy for IC and the measures of EC for sectors (India, 2004 and 2008)



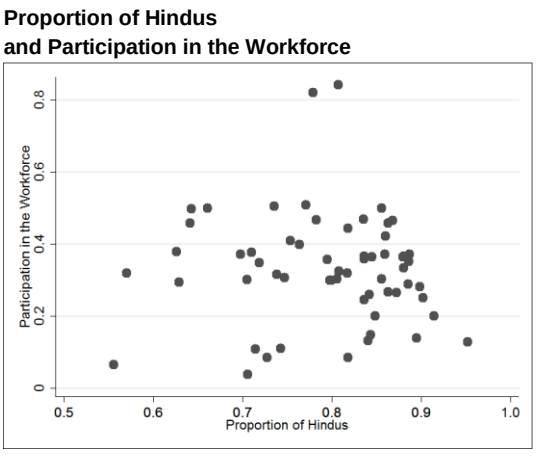


Table 5.3. What impacts a sector's preference for protectionism (India, 2004 and 2008)?

Probit Models	Model 1 (IC only)	Model 2 (Exports only)	Model 3 (EC only)	Model 4 (IC and EC)	Model 5 (with all controls)
Independent Variables					
Proportion of Hindus	-10.0607** (4.4348)			-8.1859* (4.2850)	-8.8177* (4.9968)
Participation in Exports		-3.1925* (1.6790)	-3.7524* (2.1525)	-2.9875 (1.9946)	-5.1794** (2.4226)
Participation in the Workforce			3.0891 (1.8773)	2.4145 (1.8969)	1.8983 (1.6709)
Controls					
Preference under NDA's Government	-0.1629 (0.3076)	-0.3069 (0.2956)	-0.3504 (0.3239)	-0.2220 (0.3604)	-0.0777 (0.3400)
Proportion of People from Upper Castes					3.4182** (1.6103)
Proportion of People receiving Regular Wages					-3.5267 (2.1926)
Proportion of People living in Rural Areas					-2.2347 (2.1568)
Organised Lobby					1.1498 (0.7873)
Constant	9.1533** (3.7779)	2.5503*** (0.7848)	1.9275** (0.7930)	8.3612** (3.7028)	10.8513** (4.7764)
Pseudo R^2	0.1934	0.1186	0.1851	0.2902	0.3792
N	60	60	60	60	60

*p<0.10 **p<0.05 ***p<0.01

OBS: S.E. reported according to 30 robust clusters, each correspondent to a sector.

Table 5.4. Marginal effects on a sector's preference for protectionism (India, 2004 and 2008)

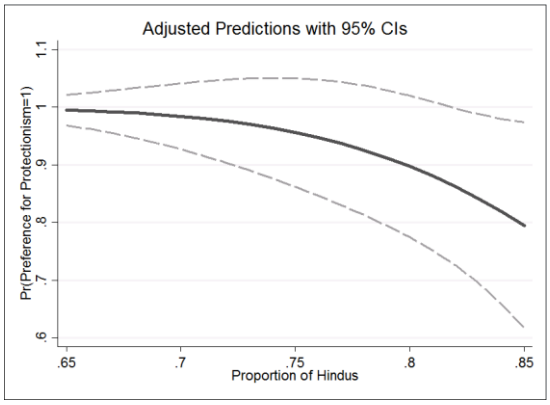
Probit Models	Model 1 (IC only)	Model 2 (Exports only)	Model 3 (EC only)	Model 4 (IC and EC)	Model 5 (with all controls)
Independent Variables					
Proportion of Non-whites	-2.2598***			-1.7001**	-1.4948*
Participation in Exports		-0.8492*	-0.9575**	-0.6205	-0.8780**
Participation in the Workforce			0.7313*	0.5015	0.3218
Controls					
Preference under NDA's Government	-0.0366	-0.0816	-0.0894	-0.0461	-0.0132
Proportion of People from Upper Castes					- 0.5795
Proportion of People receiving Regular Wages					-0.5978
Proportion of People living in Rural Areas					-0.3788
Organised Lobby					-0.1204*

*p<0.10 **p<0.05 ***p<0.01

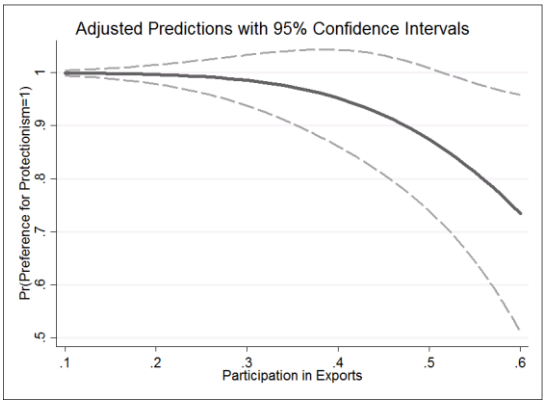
OBS: Marginal effects reported according to 30 robust clusters, each corresponding to a sector.

Figure 5.3. Marginal effects of IC and EC on Preference for Protectionism (India, 2004 and 2008)

IC (Proportion of Hindus)



EC (Participation in Exports)



Despite lacking EC, protectionist sectors have, on average, high IC. Following the theoretical predictions, preference protectionism is negatively impacted in the two periods of observation (2004 and 2008) by the proportion of Hindus in a sector (figure 5.3). Furthermore, the marginal effects of the proportion of Hindus and their participation in exports have significance. Models 1, 4, and 5 then corroborate the argument that IC informs part of a sector's PP regardless of its EC (also demonstrated in figure 5.2). Most controls that could indicate alternative sources of power of sectors in the Indian context have no significant effects when IC is added to the regression equation. The only exception is the existence of organised lobby in a sector, insofar as its marginal effects (table 5.4) on the preference for protection are significant. The role of lobbying in empowering economic sectors in the process of defining the national interest in India will be further explored in Chapter 7.

India's political system is biased towards rural constituencies. However, the proportion of a sector's workforce living outside the cities has no significant impact on protectionism, nor does the proportion of people who are paid regular wages (an indication of higher income and less social vulnerability). The proportion of people

from upper castes (usually with privileged status) has a significant positive correlation with protectionism, yet the marginal effects lack statistical significance. This indicates that caste is not a relevant variable in empowering economic sectors in the bargaining between liberalisation and protection. Such a lack of significance, however, does not contradict the fact that caste is a form of identity which, along with religion, impacts the organisation of the market in India.[94] While such a finding does not exclude the role of caste within hierarchies in the market as part of social structures (or institutions) of accumulation (particularly in informal jobs), it suggests that they are not relevant for the concept of IC – associated with a state-legitimised social paradigm that embodies national identity. As argued in Chapter 3, disputes about the definition of nationhood in India have been first and foremost a matter of religion, not of caste, as the political alliances between lower and upper caste Hindus in many states suggest.[95]

Testing Whether IC Impacts Asymmetries of Power

I now evaluate the intuition that, depending on the coalition that holds power in India, certain sectors have more influence in the ratification stage than others because of their attachment to the most legitimate conception of national identity. For this, I verify through probabilistic multivariate regressions, in the lower house, the characteristics of a MP which are correlated with the likelihood that he/she supports the government. Before describing both dependent and independent variables in each case, as well as the controls, a caveat must be mentioned. In the lower house, MPs are elected by district within states. On the one hand, there is no reliable data on socio-economic

[94] Harriss-White 2003 and 2010.
[95] Narayan 2009.

characteristics of those constituencies.[96] On the other, given the rise of regional parties, the overall state dynamics in the market and society tend to impact competition at the district-level. Regional parties and state-level politics are then expected to be essential parts of the 'divided leviathan' that informs the Indian state.[97]

Dependent Variable

In both periods under analysis (2001–2004 and 2004–2008), MPs from parties that were either officially part of the governing coalition or gave outside support (a kind of warranty in the case of a vote of no confidence) are considered non-opposition representatives (see summary of variables in table 5.5). In the case of MPs that were replaced in by-elections that took place between general elections, only the characteristics of who remained in office during most of each of the periods are considered. That is the case because I assume that the distribution of IC across the governing coalition could impact the national set of demands at any time-point during a given government and, therefore, in the negotiation. In testing the characteristics of MPs who back a government, the dependent variable is coded 1 for supporters of the coalition, and 0 for otherwise. The coding was done based upon the aforementioned criteria of government/opposition membership. For this, I rely on data from the composition of the *Lok Sabha*, with MP's party membership.[98]

[96] Alam (2010) summarizes the discussion on data and methodological limitations in producing information on India's electoral districts. Census data, for instance, represent information about a given area that comprises more than an electoral district, then complicating any eventual aggregation/disaggregation strategy as overestimation is likely to bias results. State-level analysis captures the political dynamic in those sub-units, yet within-state patterns are ignored. Nonetheless, state-level proxies constitute the best data available for the purposes of the thesis.
[97] Sinha 2005b, 24.
[98] Lok Sabha 2013a and 2013b.

Independent Variables

The variables correspond to data from the 28 states and seven union territories that made up the Republic of India during the period under analysis. First and foremost, one has to test whether the measure employed to operationalise the IC of a sector has a significant correlation with government membership. Here I employ the most precise data available in the 2000s on the distribution of religious groups per state, namely the results of the 2001 Census. Under the NDA rule the proportion of Hindus in the state where a MP's constituency is located tends to impact the dependent variable positively (in line with hypothesis 1c that predicts that IC cannot be converted into PP if the governing coalition does not espouse the dominant conception of nationality). During the UPA-led government, in turn, the same variable is expected to have either a significant and negative effect or no significance at all insofar as religious diversity corresponds to the ideal and defence of secularism.

Nevertheless, another proxy needs to be included to test whether a given set of interests per se back a coalition. The proportion of people employed in protectionist sectors out of the total workforce of a state operationalises the distribution of interests in each sub-national unit (state or union territory). The variable is expected to have no effect insofar as, according to the theory, interests do not suffice to explain which sectors win in bargaining: what matters is the power of each sector, embodied by their IC and manifested instrumentally in parliamentary representation at the ratification stage (proposition 1b) if the coalition in power espouses the dominant conception of national identity (proposition 1c).

Controls

I employ six controls for the independent variables – two related to the economic characteristics of a MP's state and other four concerning political factors. Based on data from the Ministry of Finance (MoF)[99] and the 2001 Census,[100] I calculated the State GDP per capita in current values of the local currency (the Indian Rupee). This proxy identifies whether a given coalition represented relatively richer regions of the country and, therefore, more economically powerful constituencies. I also use the average farm size in a state (in hectares) to control for the representation of agrarian interests. As in the Brazilian case, the expectation is that such a control does not remove any predicted effect of identity, yet may have a positive correlation with support for the NDA insofar as the coalition pursued agricultural liberalisation, while in the UPA the impact tends to be negative due to its defence of protectionist stances.

Given the perception reported by several academics[101] and journalists that the number of suicides among small farmers grew in the 2000s because of the economic problems liberalisation brought, I consider in the analysis the average proportion of self-employed people in agriculture among registered self-killing cases in each state. This proxy aims to measure how sensitive such an issue was for MPs within their respective states. Despite the fact that crime statistics in India are not accurate,[102] I opted to work with a control for farmers' suicides due to the relevance of that issue among politicians and policymakers, according to elite interviews conducted during fieldwork in the country. Furthermore, those statistics themselves informed part of the perception that suicide rates involving small farmers increased in the 2000s. Thus even if they are not

[99] MoF 2008 and 2011.
[100] MOSPI 2001.
[101] For instance, Mishra 2007.
[102] For a methodological discussion on this, read Patel et al. 2012.

accurate, they contributed to rising awareness in the political field about farmers' plight during the DDA negotiations. This awareness was expected to have an effect on the formation of a more cautious approach to negotiations under the UPA government.

Table 5.5. Summary of variables – States and parliament (India)

Variables	Description	Mean	Standard deviation	Range	Source
Period 2001–2004 (NDA Government)					
Dependent Variable					
Government Support	Affiliation in the lower house (1=Government; 0=Opposition)	0.5283	0.4997	0 or 1	Own elaboration, based on Lok Sabha 2012
Independent Variables					
Proportion of Hindus in the State	Proportion of Hindus among the state population	0.7998	0.1455	From 0.0355 to 0.9470	MOSPI 2001
Proportion of People in Protectionist Sectors	Proportion of the working population of the state in protectionist sectors	0.4852	0.0583	From 0.1929 to 0.5553	NSSO 2005
Controls					
State GDP per Capita	Absolute value of state GDP per capita in Indian rupees current values	18,040.93	7,777.25	From 0 to 60,529.52	MoF 2008
State Average Farm Size	Average size of rural property	1.4221	0.9106	From 0.2358 to 7.2830	MoA 2001
Proportion of Suicides involving Farmers in the State	Proportion of suicides within the state committed by farmers	0.1410	0.0627	From 0 to 0.4145	NCRB 2013
State Governed by an Ally	Affiliation to the Governing Coalition (1=Government; 0=Opposition)	0.3547	0.4789	0 or 1	Own elaboration, based on Lok Sabha 2012
MP from Regional Party	Membership to a Non-National Party (1=Yes; 0=No)	0.21132	0.4086	0 or 1	Own elaboration, based on Electoral Commission of India 2004
MP in Seat for Lower Castes	Elected to a reserved seat based on caste (1=Yes; 0=No)	0.2075	0.4059	0 or 1	Own elaboration, based on Lok Sabha 2012

Table 5.5 Summary of variables – States and parliament (India) (cont.)

Variables	Description	Mean	Standard deviation	Range	Source
Period 2004–2008 (UPA Government)					
Dependent Variable					
Government Support	Affiliation in the lower house (1=Government; 0=Opposition)	0.6302	0.4832	0 or 1	Own elaboration, based on Lok Sabha 2012
Independent Variables					
Proportion of Hindus in the State	Proportion of Hindus among the state population	0.7994	0.1450	From 0.0355 to 0.9470	MOSPI 2001
Proportion of People in Protectionist Sectors	Proportion of the working population of the state in protectionist sectors	0.5680	0.0957	From 0.2222 to 0.7271	NSSO 2008
Controls					
State GDP per Capita	Absolute value of state GDP per capita in Indian rupees current values	28,932.50	13,741.52	From 0 to 117,367.20	MoF 2011
State Average Farm Size	Average size of rural property (normalised)	1.3266	0.8603	From 0.2252 to 6.9408	MoA 2006
Proportion of Suicides involving Farmers in the State	Proportion of suicides within the state committed by farmers	0.4743	0.0627	From 0.11314 to 0.5747	NCRB 2013
State Governed by an Ally	Affiliation to the Governing Coalition (1=Government; 0=Opposition)	0.3245	0.4686	0 or 1	Own elaboration, based on Lok Sabha 2012
MP from Regional Party	Membership to a Non-National Party (1=Yes; 0=No)	0.6528	0.4765	0 or 1	Own elaboration, based on Electoral Commission of India 2004
MP in Seat for Lower Castes	Elected to a reserved seat based on caste (1=Yes; 0=No)	0.2094	0.4073	0 or 1	Own elaboration, based on Lok Sabha 2012

Each of the remaining control variables are dummies for a crucial aspect of India's political field that may be independent of dynamics in the fields of the market and society: the influence of state-level politics in the federal government and vice versa, the increasing influence of regional parties at the national level through their participation in coalitions, and the reservation of seats to SCs or STs. MPs whose state was governed

during most of the period under analysis by a party allied to the coalition in power in the national level score 1 (variable State Governed by an Ally).[103] Any positive and significant correlation of this control with the dependent variables demonstrates the plausibility of the assumption that the socio-economic characteristics of a given state impact the MP despite the fact they are elected by districts that cover only part of that same state. Members who belong to regional parties according to the official classification of the Electoral Commission of India[104] score 1 in the variable MP from Regional Party, and 0 otherwise. MPs who occupy seats reserved for minorities score 1 in the last dummy of the model (MP in Seat for Lower Castes).

Models and Findings

The linkages between the fields of the market and society, on the one hand, and the state through party politics in the political field, on the other, are now analysed. All probit models are run with standard errors corrected in robust clusters per state or union territory to account for the impact of data with values that are the same for MPs from the same subnational unit.

In the BJP-led alliance, there were MPs from states with a larger average size of farms, and a higher proportion of Hindus (tables 5.6 and 5.7). The impact of the proportion of Hindus in a state is statistically significantly. This conforms to the literature on Indian politics that finds a high correlation between practicing Hindus (particularly in upper castes) and inclination towards the BJP and allies.[105] However, here the claim is not that all electors in a given state vote on NDA parties, yet that their MPs tend to be embedded in contexts where Hindus are more present than non-Hindus,

[103] Based on Lok Sabha 2012.
[104] Electoral Commission of India 2004, 16.
[105] For instance, read Kumar 2009.

constraining the conversion of IC into PP by the more religiously-diverse economic sectors, which, as demonstrated before, leaned towards protectionist positions.

Supporting the UPA government were mainly MPs from states with low average property size – which indicates a stronger association of peasantry interests with the UPA rather than with the NDA. The impact of the proxy for IC has no statistical significance. Such findings suggest that UPA's MPs tend to come from states with both high and low IC, which reiterates the coalition's linkages with secularism. The argument that IC empowered protectionist sectors as UPA came into power is therefore validated. Finally, it is worth noting that the proportion of suicides is negatively correlated with support for the UPA between 2004 and 2008. This suggests that the coalition had an additional reason to address the plight of peasants – the risk of losing further support in opposition-dominant states.

Such a possibility becomes crucial considering that in 22 July 2008, during the Geneva meeting after which the Doha Development Round went into deadlock, the UPA faced a vote of no confidence. This happened due to the fact that the Left Front, formed by communist and other leftist parties of India, withdrew support to the government as it opposed the conditions of the Indo-US Nuclear Deal. Minister Nath himself had to go to Delhi and returned only on 23 July to Geneva, when the mini-ministerial was on its third day.[106] Two days later the negotiations started to break apart and on 29 July the meeting came to an end.[107] Part of the deadlock was attributed to the constraints India's negotiators faced because of the parliamentary election of April 2009,[108] when the UPA successfully secured a second consecutive term.

[106] South Centre 2008, 5.
[107] Ibid.
[108] Wolfe 2009, 27.

Table 5.6. What impacts government support in the lower house (India, 2001–2004 and 2004–2008)?

Probit Models	Model 1 (IC only)	Model 2 (Population Only)	Model 3 (IC and Population)	Model 4 (Economic Controls)	Model 5 (All Controls)
Dependent Variable (Government Support, NDA, 2001–2004)					
Independent Variables					
Proportion of Hindus in the State	4.0136*** (1.0573)		3.8531*** (1.0557)	4.3868*** (0.8783)	3.3932*** (0.7941)
Proportion of People in Protectionist Sectors		0.6255 (2.4799)	-1.5686 (2.1907)	1.3139 (3.4939)	-0.1557 (3.5373)
Controls					
State GDP per Capita				0.0000 (0.0000)	0.0000 (0.0000)
State Average Farm Size				0.2243* (0.1189)	0.2208** (0.0872)
Proportion of Suicides involving Farmers in the State				-2.0931 (1.5526)	-0.6317 (1.7542)
State Governed by an Ally					0.7296** (0.2185)
MP from Regional Party					0.2043 (0.3649)
MP in Seat for Lower Castes					-0.0528 (0.1438)
Constant	-3.1722*** (0.8766)	-0.2157 (1.1746)	-2.2454** (1.0653)	-4.5240** (2.1260)	-3.0751 (2.0781)
Pseudo R^2	0.1018	0.0006	0.0931	0.1268	0.1552
N	544	544	544	544	530
Dependent Variable (Government Support, UPA, 2004–2008)					
Independent Variables					
Proportion of Hindus in the State	-0.3077 (1.0396)		0.0903 (1.1191)	-0.3286 (1.1095)	0.3860 (0.7823)
Proportion of People in Protectionist Sectors		-1.2735 (1.4568)	-1.3444 (1.6197)	0.7654 (1.8546)	4.7399** (2.0658)
Controls					
State GDP per Capita				0.0000 (0.0000)	0.0000 (0.0000)
State Average Farm Size				-0.8004*** (0.1430)	-0.5112*** (0.1257)
Proportion of Suicides involving Farmers in the State				-2.8042 (2.3800)	-6.4412*** (1.9528)
State Governed by an Ally					1.3298*** (0.3142)
MP from Regional Party					-0.4998 (0.3424)
MP in Seat for Lower Castes					-0.0676 (0.1002)
Constant	0.5945 (0.8067)	1.0736 (0.8168)	1.0421 (0.9361)	1.9408 (1.5149)	-0.0834 (1.3535)
Pseudo R^2	0.0010	0.0066	0.0067	0.1811	0.2720
N	545	545	545	545	530

*p<0.10 **p<0.05 ***p<0.01

OBS: S.E. robustly clustered according to each of the 35 states or union territories of India. In model 5, for the data corresponding to the NDA government, S.E. reported according to 34 robust clusters. Each corresponds to a state or union territory for which there is data for all independent variables. The only exception is Jharkhand, for which there is no data on farm size. Under the UPA government, S.E. in model 5 is reported according to 33 robust clusters. Lakshadweep, a union territory where no farmer suicides were registered in the period, was also excluded.

Table 5.7. Marginal effects on government support in the lower house (India, 2001–2004 and 2004–2008)

Probit Models	Model 1 (IC only)	Model 2 (Population Only)	Model 3 (IC and Population)	Model 4 (Economic Controls)	Model 5 (All Controls)
Dependent Variable (Government Support, NDA, 2001–2004)					
Independent Variables					
Proportion of Hindus in the State	1.6000***		1.5340***	1.7482***	1.3496***
Proportion of People in Protectionist Sectors		0.2486	-0.6245	0.5236	-0.0619
Controls					
State GDP per capita				0.0000	0.0000
State Average Farm Size				0.0894*	0.0878**
Proportion of Suicides involving Farmers in the State				-0.8341	-0.2513
State Governed by an Ally					0.2736***
MP from Regional Party					0.0809
MP in Seat for Lower Castes					-0.0210
Dependent Variable (Government Support, UPA, 2004–2008)					
Independent Variables					
Proportion of Hindus in the State	-0.1155		0.0338	-0.1228	0.1417
Proportion of People in Protectionist Sectors		-0.4774	-0.5040	0.2859	1.7407**
Controls					
State GDP per Capita				0.0000	0.0000
State Average Farm Size				-0.2990***	-0.1877***
Proportion of Suicides involving Farmers in the State				-1.0475	-2.3654***
State Governed by an Ally					0.4851***
MP from Regional Party					-0.1878
MP in Seat for Lower Castes					-0.0250

*p<0.10 **p<0.05 ***p<0.01

OBS: For the data corresponding to the NDA government, marginal effects reported according to 34 robust clusters. Each corresponds to a state or union territory for which there is data for all independent variables. The only exception is Jharkhand, for which there is no data on farm size. Under the UPA government, marginal effects reported according to 33 robust clusters. Lakshadweep, a union territory, where no farmer suicides were registered in the period, was also excluded from the analysis in that period.

An Additional Test: Opposition's Questions on the DDA under NDA Rule

Certainly the NDA represented constituencies located within states with a higher proportion of Hindus during the phase in which India was keener on advancing

liberalisation, particularly in agriculture. In debates in the parliament, the proportion of questions on the DDA is evenly distributed across situations and the opposition in the period 2001–2004. Descriptive data mentioned before suggests that in the lower house UPA represented constituencies located in states with lower proportion of Hindus, implying that both economic and identity factors were at stake in the 2004 contest – as well as in the evolution of India's positions in the DDA negotiations. However, which interests and identities were the opposition expressing before that year? With the same set of independent variables and controls of the previous section I now conduct statistical analysis to measure whether IC and a given set of interests covariate with questions on the DDA put by the opposition in both houses in the period 2001–2004, during the UPA government. Members of the lower house can ask questions on any topic to any member of the cabinet, as do MPs in the upper house in spite of, as mentioned above, not taking part in any possible vote of no confidence. MPs from both houses also constitute a joint standing committee on international trade.

The probit models presented below (table 5.9) aim to trace the social basis of those in opposition who signalled to the government any kind of concern with the negotiation as India joined the agricultural G-20, which had a clear liberalising agenda. Such dynamics matters even more for MPs in the upper house, as they are chosen by state legislatures. Therefore, questions in the parliament floor – in either house – are likely to express not just the concerns of those who voted for a given MP. In the case of the lower house, MPs have the interest of running for re-election, leading them to address interests related to their respective constituencies, and the state in which it is located, given that regional politics matters in parliamentary elections. In the upper house, a MP vocalises demands at the state level only, particularly from the chief

minister (the state-level head of government), as legislative assemblies elect members for *Rajya Sabha*. Looking at the social and economic characteristics of states then matters to an understanding of who was signalling what in relation to the DDA negotiations. Also, those characteristics are relevant in the process of verifying the existence of differences between the social bases of the NDA and the UPA.

For the analysis of the questions on the DDA, members of the opposition score 1 and government MPs receive 0 as the regressions focus on the signals and forces that back opposition's concerns with the negotiations. As in the statistical analysis of the composition of the coalition in power, I also rely on data from the composition of the parliament in the periods under analysis. While the socio-economic composition of the opposition suggests which interests would be represented and with which degree of power based on IC in a context of a possible agreement, the correlations between identity factors and questions put by the opposition in both houses reveals who was more concerned with the DDA when India seemed to move towards liberalisation, particularly in agriculture. Here there is no analysis of the content of the questions, insofar as a simple textual analysis would hardly contribute to identifying any plausible cause for questioning. Moreover, most questions are brief and do not reveal any explicit interest – unlike the answers from the ministers, which, as seen before, have been used as archival sources to demonstrate changes in positions between governments.

Table 5.8. Summary of variables – Questions in the parliament (India)

Variable	Description	Period	Source
Questions in the Lower House	Question on the DDA in the lower house (1=Opposition; 0=Government)	2001–2004	Lok Sabha 2012
Questions in the Upper House	Question on the DDA in the upper house (1=Opposition; 0=Government)	2001–2004	Rajya Sabha 2011

Table 5.9. What impacts opposition interest on the DDA in the lower and upper houses (India, 2001–2004)?

Variables	Probit Model (lower house)		Probit Model (upper house)	
	Coef./S.E.	Marginal Effects	Coef./S.E.	Marginal Effects
Dependent Variable (Questions in the lower house, 2001–2004)				
Independent Variables				
Proportion of Hindus in the State	-4.3749** (2.0640)	-0.7794***	-1.1811 (2.5090)	-0.4678
Proportion of People in Protectionist Sectors	-78.0086* (45.8078)	-13.8976*	3.4272 (11.8771)	1.3574
Controls				
State GDP per Capita	-0.0003* (0.0003)	-0.0000**	0.0000 (0.0001)	0.0000
State Average Farm Size	-0.7580*** (0.2827)	-0.1350**	-0.4244* (0.2424)	-0.1681*
Proportion of Suicides involving Farmers in the State	-12.3865** (6.2794)	-2.2067**	-2.9548 (4.8770)	-1.1704
State Governed by a Government Ally	-1.5450* (0.8862)	-0.1851**	1.2596** (0.6008)	0.4664**
MP from Regional Party	-2.9105*** (0.34302)	-0.7045***	-1.3016* (0.7079)	-0.4836**
MP in Seat for Lower Castes	2.0189** (0.9710)	0.2008***	-	-
Constant	54.4820** (27.0027)	-	-0.3611 (8.0313)	-
Pseudo R^2	0.6406	-	0.3271	-
N	46	-	60	-

*p<0.10 **p<0.05 ***p<0.01

OBS: For the data corresponding to the lower house government, S.E. reported according to 12 robust clusters. Each corresponds to a state or union territory for which there is data for all independent variables. For the data on the upper house, S.E. reported according to 16 robust clusters following the same rules.

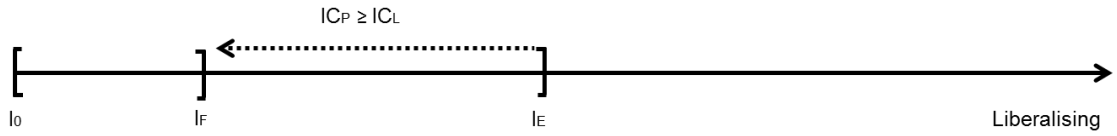
Under the NDA rule, the opposition's questions in the lower house came from MPs who represent the predominant social basis of those who did not support the government – more diverse states in religious terms (table 5.9). In the upper house, the model that employs the proportion of Hindus in the MP's state does not have the expected effects over questions made by the opposition in the periods under study (negative when NDA was in government). The explanation for this is unclear, although such a specific finding does not invalidate the initial argument as IC still has negative (yet not significant) effects over the dependent variable in the lower house.

Also in the lower house, MPs from states where the chief minister is affiliated to a party that supports the union government have an incentive to expose the contradictions of the alliance in power and, then, to ask questions on contentious points, as was the case with India's stances in the DDA negotiations. However, the effect of the same variable in the upper house is the opposite. Opposition's MPs who asked questions in the lower house tend to represent districts located within states where farmers' suicides were not a major problem. Having said that, it is worth noting that opposition's MPs representing lower castes tended to follow the unfolding of the DDA negotiations, as did those affiliated to national parties. As most part of the workforce occupied in sectors involved directly in foreign trade were found in segments that could hardly tolerate further opening, national parties opposed to the BJP, including the Congress, had an interest on expressing protectionist/status quo concerns.

Conclusion

The findings above confirm the theoretical prediction that sectors with relatively high IC (corresponding to a low proportion of Hindus in the case of India) impact the position adopted by a country in an international trade negotiation (proposition 1a). Organisation of interests has no clear effect, which suggests that when identities are instrumentalised lobbying can be ineffective as sectors are empowered depending on the conception of national identity that the governing coalition espouses. Once the NDA left power in May 2004, the UPA opened room for sectors with high IC to convert it into PP (figure 5.4), then moving India's win-set closer to its status quo in terms of protection of the field of the market vis-à-vis the international dimension. Other factors, in particular the smaller size of farms in states that backed the UPA the most and suicide waves in the countryside, also impacted the reduction of India's space for negotiation.

Figure 5.4. IC's impact on the win-set for the DDA negotiations (India)



Insofar as EC was concentrated in liberalising sectors and the NDA contested in practice the dominant social paradigm, India started negotiations willing to open its field of the market until the limit $I_{E.}$ This corresponds to the expected national position under an account that considers only leverage of sectors in the field of the market. However, with the UPA in power, the IC of protectionist sectors (IC_P), which is higher than that of liberalising ones (IC_L), could be converted into PP, reducing the limit of the win-set expanded to I_F. Certainly IC is not the single cause that empowers protectionist sectors: the UPA represented regions with smaller farms, which tended to be less competitive in a liberal agricultural trade regime. Also, the coalition had the incentive to compete with the opposition in states with a high proportion of farmer suicides.

The change in the win-sets between different governments contradicts conventional wisdom that takes for granted the continuation of national stances regardless of government, and consequently one of the most accepted explanation for India's positions in the DDA negotiations – the existence of a professional, stable bureaucracy. Also, the evolution from a liberalising/offensive position towards a protectionist/defensive one inevitably weakens the hypothesis that India's negotiating stances reflect the demands of interest groups or a national consensus on liberalisation. In fact, the statistical analysis suggests, and qualitative data corroborate that the sectors that eventually prevail are not necessarily those most organised in terms of lobbying. Nevertheless, such a conclusion can only be corroborated after a qualitative analysis of the negotiating process of the DDA in the cases under study, to which I now turn.

PART III – ASSESSING ALTERNATIVE FACTORS

I tested in Part II the core argument of the thesis and showed that the IC of economic sectors has a positive correlation with the position a country defends in an international negotiation and has an impact on asymmetries of power in the ratification stage of a two-level game. I now evaluate the impact of other 'I's in the preferences that Brazil and India pursued in the negotiating process of the DDA (proposition 2a). I then leave aside the dynamics of the field of society – where identities are reproduced – and focus on organised interests in the political arena. Therefore, I explore the connections of organised interests with bureaucracies responsible for elaborating the national interest in the field of state. I also analyse how the state reacted to constraints from the international society and market. This allows me to demonstrate why institutions, organisation of interests, information, and ideas do not suffice for understanding the process through which the national interest is defined in a two-level game.

Before doing so, I first identify for each country whether domestic or international embeddedness of the field of the state prevails in the negotiation stage of a two-level game. In India, there is a stronger domestic embeddedness, making policymakers more subject to processes in the domestic fields (proposition 2c); Brazil is a case of international embeddedness, making its economic diplomacy more subject to constraints from the international dimension (proposition 2b). Testing these propositions allows the comparison of results with those from Part II, on ratification, and the consequent evaluation of proposition 3, which predicts that constraints on the negotiation stage tend to be false positives in explaining the formation of national preferences insofar as ratification shadows this process.

Evidence presented in Chapters 6 and 7 (on Brazil's and India's negotiating dynamics respectively) stem largely from the findings on archival research and elite interviewing. I first trace how economic sectors in both cases organised themselves to defend their positions in the DDA negotiations. In doing so, I structure the analysis around three major sectors: agriculture – as classified by the WTO; industry – encompassing the NAMA rubric; and services – ranging from activities heavily regulated by the state, such as education and law firms, to emerging sectors, particularly ICT. Although this classification is problematic insofar as a large number of people in the services' sector are likely to be working in subcontracting regimes for industries, I opted to follow such a division because businesses adopt these categories to organise themselves into federations that aggregate specific economic segments. I structure the analysis around six points applied to each country taken separately: 1) how each major sector was organised to pursue its positions; 2) whether there were associations defending the interests of specific economic activities (sub-sectors) within each major sector in parallel to the action of federations; 3) whether workers pursued demands; 4) whether the organisation of each major sector and economic activities changed over time; 5) whether interested parts produced information; and 6) whether the interests of both sectors and activities were adopted by the government. Afterwards, I identify the position of different bureaucracies involved in the negotiations within the field of the state, with special attention to the nodal point of the process (the Itamaraty in Brazil, and the MoC in India). I then identify the evolution of constraints from the international dimension, including the fields of the market and society, over the players within the state and how diplomacy interpreted them. Throughout each chapter, I also make a congruence test between results expected in ratification and those found in negotiation.

6. BRAZIL: LOOKING ABROAD FIRST AND FOREMOST

> As far as Itamaraty is concerned, who made demands to the ministry [about the DDA] was the President of the Republic and myself only.
>
> (Celso Amorim, Minister of Foreign Relations, 2003–2011, 2 July 2012)

This chapter traces, for Brazil's case in the DDA negotiations, the organisation of interests in the political field and their relationships with actors within the field of the state responsible for foreign policymaking (proposition 2a). It also unfolds the interactions between those actors, located in different bureaucracies, and how they reacted to the configuration of power in the fields of the market and society prevalent in the international dimension during the DDA negotiations. In Brazil, the international fields are expected to be more relevant than the domestic ones in explaining choices made during the negotiation stage (proposition 2b). Such an expectation stems from the fact that Itamaraty is the nodal bureaucracy for trade agreements. It looks abroad first and foremost. Hence the ministry is more internationally rather than domestically embedded.

However, as demonstrated below, the political developments on the negotiation stage are false positives in explaining the Brazilian preference for liberalisation in the DDA context (proposition 3). The President of the Republic, who is the chief negotiator as the head of state and of government, sets the boundaries within which diplomats work. In turn, the President is constrained by the distribution of PP in the parliament, which is responsible for ratification. As explained in Chapter 4, PP in both lower and upper houses leans towards states with a higher proportion of non-whites. This expresses the dominant conception of national identity, which praises racial diversity and thus non-European contributions to the formation of Brazil. Hence, the higher the proportion of non-whites in an economic sector, the higher its IC. The proportion of

non-whites in a sector impacts significantly the likelihood that it does not oppose further liberalisation.

The predominance of international embeddedness over the domestic one explains why Itamaraty used the round as a means of increasing Brazil's prestige in the international field of society and thus its strength in international politics. This was in line with Brazil's self-perception, under Lula's government, as an emerging power that could soft balance the Global North with the enhancement of South-South connections. The articulation of the agricultural G-20 with India in 2003 is evidence of such a perception and strategy. This reiterated the power of liberalising sectors in the domestic dimension. Yet international embeddedness cannot explain the country's position in prioritising a trade-off in which protectionist sectors – most in manufacturing – would lose. This is because dependency on commodity-exporting is not associated with a state's empowerment vis-à-vis its counterparts in the international field of the market. Moreover, Brazilian insistence on liberalisation ignored the prospect of a global crisis (which arrived in August 2008, right after the July 2008 deadlock) and growing unwillingness from the other three major negotiating parts – the EU, the US, and India, itself under the UPA government – to make the necessary concessions for the DDA negotiations to reach a conclusion.

Aside from international embeddedness per se, Itamaraty's continuous dominance over foreign affairs also contributed to reaffirming the prevalence of liberalising interests. This happened in spite of the rise of other bureaucracies in that issue-area during the period in which the DDA negotiations took place. MAPA, representing the agro-exporting interests, MDIC, predominantly in association with protectionist manufacturing sectors, and the MDA, associated with small farmers with

protectionist interests, participated actively in the negotiations in the domestic dimension. Sectorial associations in agriculture lobbied the government. Yet so did industry insofar as it had been mobilised since 1996 when the CEB was formed following the demand posed by the launch of the negotiations of the FTAA. Services with offensive interests, such as ICT, also mobilised themselves, though this did not reverse their marginal position in the Brazilian national interest in the DDA.

Having said that, I do not claim that factors other than the constraints on ratification, analysed in Chapter 4, are irrelevant to understanding Brazil's negotiating stances in the DDA negotiations. Nevertheless, the size of the win-set available at the hands of Brazilian diplomats was first and foremost a function of the uneven distribution of IC between liberalising and protectionist/status quo sectors in the domestic dimension. In sum, Itamaraty would not have successfully pushed for the liberalisation of agricultural markets in the absence of a balance of PP (which is impacted by IC) among economic sectors favouring liberalising ones. Therefore, the design of the field of the state in Brazil and ideas related to increasing the prestige of the country in the international field of society reinforced, yet did not originate, the national interest. Nor was it the case with the organised lobby of agricultural exporters. As bureaucrats say, Itamaraty makes no move without the consent – explicit or implicit – of the President. The occupant of the post, in turn, experiences constraints from the parliament in crafting and passing legislation, including in foreign policy.

The chapter is organised as follows. First, I demonstrate that protectionist sectors were as well organised as liberalising ones in the negotiation phase. This suggests the argument on social identity and sectorial IC is crucial to explaining the politics of domestic interests within Brazil during the DDA negotiations. Hence I

describe the configuration of the field of the state with regards to the formulation of the national interest in international trade negotiations. This is essential for demonstrating that, notwithstanding its apparent autonomy, Itamaraty is constrained by the distribution of PP in the domestic dimension through the President and the parliament. Also, the ministry established relevant connections with divergent interests in the domestic dimension. The last section analyses how negotiators were constrained by Brazil's international embeddedness in the market and society. I conclude the chapter with a congruence test which demonstrates that the dynamics of the ratification stage prevailed over the inputs policymakers received in the negotiation.

Organisation of Interests in the Political Field

The literature often considers that in Brazil the state is the economic actor that matters the most[1] vis-à-vis weak and unrepresentative business associations.[2] Such a situation would hence render irrelevant inputs from societal actors for the overall direction of policymaking, including in foreign affairs and on trade-related issues. This could have been the case during under the ISI phase, between the early 1930s and the late 1980s, in particular during the Military Dictatorship (1964–1985).[3] Such a pattern persisted in the first years after re-democratisation. The negotiations of the UR (1986–1994) of the GATT and the formation of the MERCOSUR (signed with Argentina, Paraguay, and Uruguay in 1991) saw barely any contributions from organised interests.[4]

However, the irreversibility of the economic liberalisation process led business associations, particularly from industry, to attempt increasing influence on

[1] Schneider 2009, 571.
[2] Schneider 2004, 9.
[3] Schneider 1991, 252; Sikkink 1991, 9.
[4] Carvalho 2003, 369; Schneider 2004, 5. According to Veiga (2002, 15), inputs from business organisations and labour unions related to the MERCOSUR were transmitted to the state in a non-institutionalised manner.

policymaking. Equally important for such a change was the prospect of establishing the FTAA,[5] with negotiations launched in 1994, and the talks for a MERCOSUR–EU trade agreement, which begun in 1999. Therefore, lobbying in both agriculture and industry with the aim of influencing outcomes in trade negotiations surged well before the DDA was launched in 2001, and the abortion of the Millennium Round, following the Seattle protests in 1999. Conventional wisdom, however, claims that agribusiness influence in negotiations stems from three factors: the expansion of commodity production within the context of liberalisation, the political and technical organisation of the sector; and representation in the channels of communication with the government.[6] Nevertheless, industry was also organised in lobbying groups and had strong connections with the field of the state. Representation of manufacturing in negotiations is based on the CEB, created in 1996 to follow the FTAA negotiations, or in intra-sectorial umbrella organisations, such as the CNI,[7] or even sub-sectorial associations.

Both capital and labour in industry were as well organised as agribusiness to pursue their defensive interests. Also, as mentioned in Chapter 4, labour and trade unions managed to moderate the degree of liberalisation,[8] as in 1996 applied tariffs were increased after the first years of liberalisation.[9] This furnishes evidence against the argument that industrial associations lost power after the ISI phase.[10] Furthermore, Brazil has also defensive interests in agriculture, coming from medium and small producers focused on the domestic market. In addition, construction and financial services have offensive interests. Defensive positions in the sector would then stem

[5] Mancuso and Oliveira 2006, 160.
[6] Carvalho 2010, 416.
[7] Mancuso and Oliveira 2006, 160.
[8] Kingstone 1999.
[9] Veiga 2002, 13; Abreu 2006.
[10] For this argument, read Marques 2009.

from perceptions of policymakers within the field of the state.[11] Hence it is still unclear how agribusiness was able to impose its demands on trade negotiations in a more satisfactory manner than the protectionist segments. That is what I trace below.

Agriculture

Brazilian agriculture has a single body of representation for large- and middle-sized producers, the National Confederation of Agriculture (CNA).[12] Middle-sized producers, however, are also represented by the National Confederation of Workers in Agriculture (CONTAG),[13] which has both rural workers and owners of small properties as its primary constituencies. In opposition to CNA offensive stances, these constituencies tend to have protectionist interests, as their scale does not allow them to compete in the international market and are more devoted to the production of permanent crops that supply domestic consumers. Liberalising agricultural interests, however, were also manifested through sectorial associations that represent specific commodity producers. The most active were the Brazilian Association of Beef Exporting (ABIEC); the Brazilian Association of Poultry Exporting; the Brazilian Association of Pork Producers and Exporters; the Brazilian Association of Vegetable Oil Producers, representing soya bean exporters; and the Union of Sugar Cane Producers.[14] Hence, in terms of interest organisation, offensive interests within agriculture had an advantage over those that preferred the status quo.

Such an advantage was built throughout the 1990s. As explained in Chapter 4, liberalisation in Brazil was followed by the increasing competitiveness of agriculture

[11] Cunha 2008.
[12] Interview with Camila Sande, CNA officer (2009-), Brasília, 27 June 2012.
[13] Interview with Luiz Vicente Facco, CONTAG director, Brasília, 3 July 2012.
[14] CNA 2012; interview with Marcus Vinicius Pratini de Moraes, Minister of Agriculture (1999-2003), São Paulo, 13 Aug. 2011; interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012; interview with Antônio Jorge Camardelli, ABIEC officer, São Paulo, 30 May 2012.

beyond traditional crops that the country has producing, mainly for export, for more than a century, such as cocoa, coffee, and sugar cane.[15] Besides relying on government support for foreign trade in the ISI context, producers of these 'old commodities' had captive markets abroad. Therefore, they had never shown strong interest in agreements that could result in more market access for Brazilian commodities.[16] In fact, only after the signature of the agreement that formed the MERCOSUR 1991 did the agricultural sector start to make systematic demands in trade policy. Neither CNA nor CONTAG had participated in the process of policymaking until then, notwithstanding the action of sectorial associations.[17]

However, not all agricultural sectors built enough comparative advantages up to the point to defend further liberalisation. Dairy, non-tropical fruits, rice, and vegetable producers, as most interviewees reported, were the sectors with potential opposition to tariff reduction at both bilateral and multilateral levels.[18] Despite their protectionist interests, they did not constitute relevant sectorial associations to lobby the government. Their demands, as well as those from subsistence farmers, were channelled through the CONTAG and other non-governmental organisations (NGOs) that formed the Brazilian Network for People's Integration (REBRIP). The REBRIP was a coalition of civil society organisations with an anti-liberal orientation that lobbied the government to adopt protectionist measures in the DDA negotiations.[19] The lack of stronger action on

[15] Sikkink 1991, 161-164.
[16] Interview with Rubens Ricupero, Ambassador in Geneva (1987-1991), São Paulo, 25 July 2011.
[17] In the 1980s, producers of beef, poultry, and pork had acted to improve market access to Western European countries, which already imposed non-tariff barriers, such as sanitary restrictions, on Brazilian goods (Ministério das Relações Exteriores 1978). Such lobbying experience was employed after mid-1990s as those sectors attempted to influence Brazilian interests in international negotiations. It is worth noting that sectorial organisation was not necessarily a function of the structure of production. For instance, whereas cattle for beef are usually raised in large properties, pork and poultry come from either small or medium producers (Ibid.).
[18] Interview with Luiz Vicente Facco, CONTAG director, Brasília, 3 July 2012.
[19] Oliveira 2013, 192-200.

the part of defensive agricultural sectors suggests that they had in fact a status quo position with regards to the DDA negotiations. Two facts corroborate such an argument. First, their experience after the consolidation of liberalisation was better than initially expected. When the MERCOSUR was formed, small and family-based entrepreneurs in daily product and non-tropical fruit businesses feared increasing competition from Argentine and Uruguayan exporters.[20] They are reputed to have much more expertise and quality than Brazilian producers, which, however, survived the formation of the common market. Second, as a CONTAG representative reports, the most fearful producers could support an agreement at the WTO provided that there were safeguard mechanisms in place that could lift barriers in the event of a possible surge in imports.[21]

Producers of all sizes backed their positions with the help of academic studies. Nonetheless, the capacity of the exporting sectors to produce information for lobbying purposes was stronger. At the beginning of 2003, prior to the crucial Cancun meeting in September of that year, when the G-20 was launched, Itamaraty stimulated agribusiness associations to set up a think-tank to carry out studies to assist Brazil's delegation in DDA negotiations.[22] Dubbed Institute for the Study of International Negotiations (ICONE), the think-tank sent researchers, including its director, Professor Marcos Jank, to negotiations along with Brazilian diplomats.[23] Given the increasing knowledge of negotiators on trade rules and international economics, they demanded that players in the domestic field of the market backed their demands with technical studies. CONTAG did not create its own think-tank, yet commissioned studies from professors with an anti-liberal orientation based on departments of economics in nationally-prestigious

[20] Interview with Luiz Vicente Facco, CONTAG director, Brasília, 3 July 2012.
[21] Ibid.; interview with Rafael Cedro, former MDA bureaucrat, Oxford, 21 Feb 2013.
[22] Interview with André Nassar, ICONE officer, São Paulo, 20 July 2012; interview with senior bureaucrat, 18 Oct 2012.
[23] Interview with André Nassar, ICONE officer, São Paulo, 20 July 2011.

universities, such as the Federal University of Rio de Janeiro.[24] In addition, the small producers relied on the technical support of MDA staff.[25]

As the DDA negotiations went beyond their original timeframe (2001–2005), the interest of exporters' lobbying in the negotiations declined.[26] A rise in international prices also contributed to reducing interest insofar as commodity producers increased their gains without further liberalisation. ICONE even lost financial support and redirected its resources to other questions pertinent to the agribusiness sector, particularly the expansion of the market for biofuels.[27] More than the evidence of exporters' pessimism about the outcome of the round, such facts suggest, on the one hand, that commodity producers relied on the government to achieve their offensive priorities. On the other, the context invalidates a pure interest-group explanation for Brazilian negotiators' embrace of the July 2008 proposal, which would have implied the cutting of industrial tariffs. The country accepted a liberalising agreement in spite of the apparent declining mobilisation of the sector that would mostly benefit from the deal.

Evidence therefore suggests that offensive sectors within agriculture in Brazil were well organised in both general and sectorial terms. Workers and small producers also had a voice, although clearly the balance of interests leaned toward the sectors with more interest in expanding access to international markets. Nonetheless, considering the structure of the negotiations in agriculture, defensive interests could have been accommodated had the framework for the AoA come into force. As discussed in Part II, all major countries at the negotiating table had agreed to include SSMs to protect small

[24] Interview with Luiz Vicente Facco, CONTAG director, Brasília, 3 July 2012.
[25] Interview with bureaucrat, Brasília, 2 July 2012; interview with Rafael Cedro, former MDA bureaucrat, Oxford, 21 Feb 2013.
[26] Interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012; interview with André Nassar, ICONE officer, São Paulo, 20 July 2012.
[27] Interview with André Nassar, ICONE officer, São Paulo, 20 July 2012.

farmers from import surges. This was a core demand from CONTAG's and REBRIP's representatives. Given India's resistance to concede on this, commodity exporters would not have been able to get a maximal opening. The trade-offs between offensive and defensive interests within agriculture, however, do not explain the lack of strength of the industrial sectors, whose organisation of interest is analysed below.

Industry

In contrast to commodity producers, manufacturers with defensive interests were less fortunate in persuading the government to adopt their demands. However, the evidence suggests that industrial lobby was as well organised as agro-exporting interest groups. Two major sectorial organisations linked manufacturers to the field of the state: the CNI and the FIESP. In addition, sub-sectorial associations had direct connections to the government. The most active were the Brazilian Association of Machines and Equipment Manufacturers; the Brazilian Association of Electrical and Electronic Industry (ABINEE); the Brazilian Association of Chemical Industries (ABIQUIM); the ABIT; and the ANFAVEA.[28] Organised labour too espoused defensive positions as much as entrepreneurs did.

As had happened with agriculture at the beginning of the liberalisation process, the Brazilian industry simply watched the government sign the agreements that led to the formation of the MERCOSUR. Nonetheless, unlike agriculture, industry sent representatives to Geneva to follow the conclusion of the UR.[29] Luiz Fernando Furlan, who would later chair MDIC between 2003 and 2006, went to Geneva in 1993 on

[28] ABINEE 2007, 18; ABIT 2008; ANFAVEA 2008; interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011; interview with market actor, 4 June 2012; interview with Welber Barral, MDIC's Secretary of Foreign Trade (2007-2011), Brasília, 18 June 2012; interview with senior bureaucrat, 20 June 2012, Brasília; interview with market actor, Brasília, 4 July 2012.

[29] However, there is evidence that at least two agricultural sectors (soya bean and orange juice) lobbied the government to adopt more offensive positions for the agriculture in the UR (interview with Rubens Ricupero, Ambassador in Geneva [1987-1991], São Paulo, 25 July 2011).

FIESP's behalf.[30] The industrial lobby in foreign trade policy has grown since then. Under the CNI's leadership, entrepreneurs from all sectors (including non-industrial ones) and business associations representing constituencies from all over the country formed the CEB in 1996[31] to influence government's positions in the negotiations of the FTAA.[32] In the same year, CNI made internal changes in order to adapt to an increasingly competitive economic environment. It created committees on policy-related issues, including international trade, formed by sub-sectorial associations rather than the state-level federations which are the confederation's members.[33] The goal was to make the discussions more representative, given that not all states are strong in all industrial sectors. Hence, it made more sense to hear the voice of the sub-sectors within manufacturing in particular in order to craft better positions for policymaking in general. Due to the fear of facing competition from the American market, CEB's members were cautious about the agreement,[34] although they did not totally oppose it.[35]

Considering that FTAA negotiations preceded and largely took place in parallel with DDA talks, it is surprising that CEB's organisational capacity could not be used to influence Brazilian government and diplomacy. It became the main forum for dialogue between manufacturers and the government in trade negotiations. A reason for this might be the fact that the coalition was never institutionalised, and never had a secretariat of its own. The coalition had as its 'headquarters' CNI's department of international negotiations. However, CEB's symbiosis with CNI did not reduce its

[30] Interview with Luiz Fernando Furlan, MDIC's minister (2003-2006), São Paulo, 2 Aug 2012; interview with Lia Valls Pereira, consultant, Rio de Janeiro, 6 Aug 2012.
[31] Interview with Sandra Pólonia Rios, former CNI officer, Rio de Janeiro, 9 Aug 2012.
[32] Mancuso and Oliveira 2006, 160.
[33] Schneider 1997, 114.
[34] Interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012; interview with Sérgio Amaral, MDIC's minister (2001-2002), São Paulo, 25 May 2012.
[35] Interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012; interview with market actor, 4 June 2012; interview with market actor, Brasília, 18 June 2012.

strength as the confederation had similar interests and a high political-technical capability in terms of responding to trade-related questions. That said, the coalition, with around 150 members, had a problem of decision-making due to its size.[36] However, the macro-position was clear: as CNI and government officials report, particularly from the MDIC, the CEB had mainly protectionist interests in the DDA negotiations.[37]

Given the weight of the state of São Paulo in Brazil's manufacturing sector (about 40 percent of the country's total in 2002 and 2010),[38] the FIESP has historically acted with relative independence from the CNI.[39] The federation itself was part of the CEB. So did state-level sub-sectorial associations that constitute the FIESP. In 2002, in the early stages of the DDA negotiations, FIESP created its own department of international negotiation.[40] Yet as the multilateral negotiations evolved, the federation took a different path from that of the CEB.[41] In 2006, the FIESP created a department dedicated to agribusiness under the leadership of Roberto Rodrigues, who had been the head of MAPA between 2003 and that year.[42] Meanwhile, the most protectionist interests from manufacturing remained entrenched in the CEB or acted independently through sub-sectorial organisations. In fact, the FIESP more than the CNI had developed stronger ties with the commodity sector. The federation even supported the ICONE, the think-tank set up to develop the state of São Paulo's strength in

[36] Interview with market actor, 4 June 2012; interview with market actor, Brasília, 18 June 2012.
[37] Barbosa 2007, 201.
[38] SEADE 2003 and 2012.
[39] Interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012; interview with market actor, Brasília, 18 June 2012.
[40] Interview with market actor, 4 June 2012; interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012.
[41] Interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011; interview with market actor, 4 June 2012; interview with André Nassar, ICONE officer, São Paulo, 20 July 2012.
[42] Interview with Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012; interview with market actor, 4 June 2012.

agribusiness: there are extensive plantations of coffee, orange, and sugar cane in its territory, and a large food-processing sector. Furthermore, with the relative decline of manufacturing and growth in agribusiness, it was expected that capital would migrate from the former to the latter in the event of further liberalisation. Thus industrial entrepreneurs could divert investments to commodity production if economic opening at the multilateral level hit manufacturing segments hard. Changing from a sector to another, however, would not be possible for most industrial workers, at least immediately. Such a fact becomes crucial in understanding the redistributive impact of the trade-off Brazil accepted in the context of the DDA. São Paulo concentrated in 2008 about 30 percent of all workforce within protectionist sub-sectors in the Brazilian field of the market, against only 18 percent of all occupied people at liberalising segments.[43]

Therefore, the mixture of interests between agriculture and industry in the state where manufacturing and therefore protectionist interests have been a strong political actor could have been a necessary but is not a sufficient cause for the diminishing influence of industrial sectors over the Brazilian government in international negotiations, particularly the DDA. The 'infiltration' of agribusiness within the FIESP contributed to weakening industry's position in the domestic bargain that the DDA agreement would imply for actors in the field of the market in Brazil.[44] However, this is not the cause of manufacturers' lack of influence over the process insofar as other constituencies with protectionist interests were still mobilised by the time that the FIESP became more supportive of liberalisation. Industrial labour, which has been a historical ally of President Lula's PT and feared rise in unemployment in the event of the reduction of industrial tariffs, also organised itself to make itself heard in

[43] IBGE 2009.
[44] Interview with market actor, 4 June 2012.

policymaking. Unlike manufacturers, for whom it would have been viable to migrate their capital to agribusiness in the event of further industrial decline, workers would not have necessarily have the appropriate skills to get jobs in sectors that would benefit from liberalisation. Labour would then have faced potential unemployment in a scenario of increasing competition at both domestic and international levels. That was the most likely outcome for the Brazilian industry had the DDA negotiations been successful in 2008. The Central Union of Workers (CUT), the largest labour federation in Brazil and a historical ally of Lula's PT, was part of the REBRIP[45] and commissioned studies on the impact of the DDA on the labour market.[46]

Furthermore, as mentioned at the beginning of this subsection, national associations of apparel and textiles, car makers, chemicals, electrical equipment, and electronics lobbied the government directly. Besides relying on the action of CEB, CNI and FIESP action, these sectors liaised directly with bureaucrats. All were very cautious about the potential outcome of the DDA for their business. The ABIT (clothing and textiles),[47] the ABIQUIM (chemicals),[48] and the ANFAVEA (automobile)[49] even wrote lobbying letters to Itamaraty in the context of the 2008 deal. This is a rare practice among sub-sectorial associations, entrepreneurs, and federations given the existence of informal channels between lobbying groups and the field of the state. In addition, the evidence suggests that industry has as much strength as agriculture did in terms of the production of information to support the sector's demands. The CNI produced several studies to influence both entrepreneurs and government positions in the DDA, FTAA,

[45] Interview with Welber Barral, MDIC's Secretary of Foreign Trade (2007-2011), Brasília, 18 June 2012; interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012; Oliveira 2013, 192-200.
[46] An example is Instituto Observatório Social and Lasos 2008. See also Barbosa 2007 for other studies.
[47] ABIT 2008.
[48] ABIQUIM 2008.
[49] ANFAVEA 2008.

and MERCOSUR–EU negotiations.[50] So did the FIESP, which carried out its own studies projecting gains and losses for different economic activities, considering different negotiating scenarios at bilateral, regional, and multilateral levels.[51]

Therefore the findings on industrial organisation contradict most of the conventional wisdom on Brazilian business after liberalisation. During the DDA negotiations, industry had two relatively strong bodies to defend the interests of the sector in general, as well as to produce studies to support its positions. Manufactures not only had available the tools to defend their positions, but they organised themselves earlier than commodity producers to lobby trade negotiations. Workers supported protectionist demands as they feared the negative impact of further tariff reductions. Nonetheless, the average industrial protectionist agenda was overshadowed by offensive positions in agriculture. However industry is not alone in this paradoxical situation, as I explain in the section below.

Services

Out of all major sectors, the cluster of services is the one in which players within both the market and the state find most difficult to assess possible gains and losses from trade agreements.[52] In contrast with agriculture and industry, market access in services depends largely on measures other than tariff cuts, such as the adoption of the freedom of movement of workers between states. Moreover, international trade statistics in this

[50] Interview with market actor, Brasília, 18 June 2012; interview with market actor, 4 June 2012. Some studies are available at CNI 2014. However, given the confidential character of most projections, most reports remain classified and, therefore, undisclosed to researchers.
[51] Interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012; interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011; interview with market actor, 4 June 2012.
[52] Interview with bureaucrat, Brasília, 25 June 2012; interview with Guilherme de Aguiar Patriota, Itamaraty bureaucrat, Brasília, 26 June 2012.

sector began to be compiled only recently – in the mid-2000s.[53] In Brazil, the first reliable data on services trade became available around the same period.[54] Thus even activities that could gain from further economic liberalisation may not envision the opportunities that agreements could offer. Alternatively, if entrepreneurs in these activities do so, these opportunities tend not to be fully assessed given the lack of information about how gains can be measured.

Conventional wisdom simply assumes that services in Brazil had no interest at all in liberalisation given that the government did not emphasise the sector in the DDA and other trade agreements negotiated after liberalisation. For the same reason, it is usually taken for granted that the sector was in a defensive position. In fact, unlike the confederations of agriculture and industry (the CNA and the CNI respectively), the National Confederation of Commerce, Services, and Tourism (CNC) did not participate systematically in the process of consultation with stakeholders regarding the DDA and other agreements.[55] A senior bureaucrat reports that CNC's inputs to the negotiations lacked technical quality, in contrast with agriculture's and industry's contributions.[56] Another bureaucrat complained about the lack of coordination among the sub-sectors within services, even when these made their voice heard through industry-dominated organisations, including the CEB, CNI, and the FIESP.[57] However, in spite of CNC's lack of interest in international negotiations, specific service-based activities in Brazil envisioned opportunities within the DDA. The major interest was in mode 4, which aimed to facilitate the movement of service providers among countries. Others watched

[53] World-wide cross-national data for services trade is only available from 2005 onwards, according to World Bank's (2010) and WTO's (2010) datasets.
[54] Interview with senior bureaucrat, Brasília, 5 July 2012.
[55] The three sectorial organizations, however, were invited for meetings to discuss Brazil's positions in services.
[56] Interview with senior bureaucrat, Brasília, 5 July 2012.
[57] Interview with bureaucrat, Brasília, 27 June 2012.

the negotiations with attention, in spite of not having expressed clear positions as they expected to be ready in the case of having to face further competition from abroad. The sub-sectors with offensive interests were software development and construction, and hence were active in lobbying the government. In turn, finance, retail, and telecommunication services had defensive positions, and did not follow the negotiations as closely as their liberalising counterparts.

Unlike the software sector in India, an obvious winner from economic liberalisation, the software sector in Brazil does not figure among those which have acquired a comparative advantage in the last two decades. Software companies in Brazil lack the inherent comparative advantage the ICT sector found in India – the technically qualified, English-speaking upper strata. Nonetheless, following the example of South Asia, multinationals based in Brazil and local companies founded in 2004 the Brazilian Association of ICT Companies (BRASSCOM).[58] In 2007, BRASSCOM merged with the Brazilian Institute for Digital Convergence,[59] which had the multinational IBM as a major player.[60] BRASSCOM officially denies having an interest in the DDA negotiations.[61] However, government officials and independent consultants, as well as documents, present evidence to the contrary.[62] One of the main reasons that the association (whose name was inspired by its Indian counterpart NASSCOM) was created was to demand from the Brazilian government an offensive position in services negotiations in the context of the DDA. The Brazilian Institute for Digital Convergence

[58] Interview with Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012.
[59] IT Web 2007.
[60] Interview with bureaucrat, Brasília, 5 July 2012.
[61] The association refused to indicate a representative to be interviewed for this thesis during fieldwork conducted in Brazil, in May 2012. It replied through its public relations office to have no interest in the DDA negotiations.
[62] IT Web 2007; interview with Sérgio Amaral, MDIC's minister (2001-2002), São Paulo, 25 May 2012; interview with bureaucrat, Brasília, 5 July 2012.

also espoused liberalising views, as an IBM letter to Itamaraty in 2006 suggests.[63] Private consultants conducted studies upon BRASSCOM's request to assess the prospects that the round offered for the sector.[64] The association also joined the Global Services Coalition, formed by national representative bodies of services with the aim of advancing the negotiations for the sector at the multilateral level.[65]

Construction and engineering companies adopted another approach, liaising directly with policymakers instead of acting through a sectorial association. Initially they had neutral positions regarding the round. That started to change as major players in the sub-sector[66] and the MDIC[67] conducted studies to support the Brazilian negotiating proposals in services. The relatively small number of large players in this sector (about four)[68] and their historical connections with the Brazilian state (enhanced during the Military Dictatorship) explain this strategy. Furthermore, out of all services in Brazil, construction has by far the highest level of expertise in external markets. Players in this sector claim not to have problems with trade opening as long as it does not happen in a unilateral manner.[69] Also, starting during the Military Dictatorship, large subcontractors engaged in projects abroad in the Global South. For instance,

[63] Marc Lautenbach, General Manager of IBM Americas in 2006, suggested to the Itamaraty that, in order to break the paralysis of the negotiating process in the aftermath of the 2005 Hong Kong Ministerial, Brazil should be more pro-active in services. 'If Brazil presents an offer to bind its current level of openness in new services commitments, the burden will be on negotiators from developed countries to present improvements in their agricultural offers. We respectfully urge you to consider this opportunity for Brazil to demonstrate leadership in the WTO. Our growing investment in Brazil is based on confidence in the ability of the country's workforce to capitalize on global opportunities in information and technology services – especially in IT services and in business process outsourcing. The benefits of a successful Round will be greater participation for Brazil in the global services market and increased prospects for growth in general' (IBM 2006).

[64] Interview with Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012.

[65] Apart from Brazil, the following countries had associations in the coalition as of 2008: Australia, Barbados, Canada, China (based on Hong Kong), EU, Japan, New Zealand, Taiwan, Trinidad and Tobago, and the US (Global Services Coalition 2008a and 2008b).

[66] Interview with Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012.

[67] Interview with bureaucrat, Brasília, Brasil, 27 June 2012; interview with bureaucrat, Brasília, Brasil, 5 July 2012.

[68] They are Andrade Gutierrez, Camargo Correa, Odebrecht, and Queiroz Galvão.

[69] Cunha 2008, 131.

Brazilian companies constructed most of Iraqi roads build during Saddam Hussein's regime prior to the Gulf War (1991), in the context of the strategic relationship the military dictatorship in Brazil developed with Iraq to ensure a constant supply of oil for the country in the aftermath of the Iranian Revolution of 1979.[70] Even after liberalisation, construction still engaged in subcontracting abroad, particularly in Africa[71] and Latin America.

Finance, retail, and telecommunications are among the other sub-sectors for which there is evidence of interest in DDA's developments. In contrast to software and construction, all three demonstrated concerns with the possible opening of the domestic market to further foreign competition. Banking had undergone restructuring in the 1990s, with privatisation of most state-owned commercial banks and takeovers of small corporations by large ones. Foreign players invested in the country, yet did not threaten major players, whose capital is predominantly domestic.[72] Nevertheless, the Brazilian Federation of Banks preferred the maintenance of the status quo.[73] In what concerns retail, liberalisation had already also brought international players into the sector. Therefore, the sector tended to be defensive.[74] So did telecommunications, which was privatised in 1998. Even multinationals who bought state licenses after that year to operate services opposed further opening as they feared competition.[75] Moreover, the

[70] Whitehead 1986, 108.
[71] Interview with Sérgio Amaral, MDIC's minister (2001-2002), São Paulo, 25 May 2012. For a brief overview on the action of Brazilian multinational corporations in Africa, read White 2010.
[72] On the transformation of the banking market in Brazil during the 1990s, read Beck, Crivellia, and Summerhill 2005.
[73] Cunha 2008, 132. The organization commissioned to private consultants studies on the impact of the DDA (interview with Ricardo Mendes, FIESP officer [1999-2002] and consultant, São Paulo, 1 June 2012) and was invited for meetings to discuss the Brazilian position in services (CNA 2012).
[74] Interview with senior bureaucrat, Brasília, 5 July 2012.
[75] An example is the Spanish group Telefonica, which demanded studies to understand the potential impact of the DDA on the Brazilian telecommunication market (interview with Ricardo Mendes, FIESP officer [1999-2002] and consultant, São Paulo, 1 June 2012).

REBRIP acted against the liberalisation of public services, including energy and water supply, education, and health.[76]

Evidence therefore indicates the existence of well-articulated offensive interests in the services sector, as well as of protectionist/status quo positions in relevant sub-sectors. However, liberalising sub-sectors were far more active. Due to the lack of a sectorial lobbying body (like the CNA in agriculture and the CEB/CNI and the FIESP in industry), services as a whole would not be expected to have as much power as their counterparts. Having said that, the fact that the negotiations for the sector were broken down into offers to groups of international trade partners on specific issues (as explained in Chapter 4) opened room for attending to the demands of sub-sectors, such as construction and ICT. Hence, in the light of explanations for interest formation the focus of which lies on the organisation of lobbying, one would expect that Brazilian government had been more active in the negotiation of services within the DDA.

Summary of Interests

Table 6.1 summarises the findings of this section. The symbol (L) corresponds to liberalising positions, whereas (P) means protectionist, and (L/P) a divide between the two. The only case in which lobby organisation and the position the Brazilian government defended in the DDA negotiations match is in offensive agriculture. On the one hand, it built stronger capabilities than the sub-sectors with defensive interests. On the other, agribusiness could not expect to win the domestic trade-off between liberalising and protectionist/status quo positions due to the strong organisation of industrial interests, which were overwhelmingly defensive. Nor was the organisation of

[76] REBRIP 2014.

interests of liberalising sub-sectors within services convergent with the national position.

Table 6.1. Summary of Sectorial Positions (Brazil, 2001–2008)

Item	Agriculture	Industry	Services
Dominant Position	• (L)	• (P)	• (L/P)
Sectorial Lobby	• (L) CNA	• (P) CEB/CNI, • (L/P) FIESP	• Not identified
Sub-sectorial Lobby	• (L) Beef, Pork, Poultry, Soya bean, Sugarcane	• (P) Automobile, Chemicals, Electricals, Electronics, Machinery, Textiles	• (L) ICTs
Other Lobby (including labour)	• (P) CONTAG, REBRIP	• (P) CUT, REBRIP	• (P) REBRIP
Changes in the Lobbying Structure	• (L) FIESP (2006)	• (P) Increasing participation of sub-sectorial lobby	• (L) Creation of BRASSCOM (2004)
Production of Information	• (L) ICONE; • (P) Researchers in Universities	• (P) CEB/CNI, • (L/P) FIESP	• (L) Independent Consultants
Overall Organisational Strength	• (L) Strong	• (P) Strong	• (L) Strong; • (P) Weak
Government Position	• (L)	• (L)	• (P)
Expected Result	• (L)	• (P)	• (L)
Conclusion	• Congruence	• Incongruence	• Incongruence

I therefore now turn to the analysis of another ‘I’: institutions. Organisation of interests may not suffice for a sector to have power in a bargaining process without strong connections with the field of the state.

Institutions: The State as a Field

'Insofar as Itamaraty faces the limits of foreign positions in the international dimension, it is reasonable that the ministry formulates the national demands in a trade negotiation'.[77] That is how a senior bureaucrat explains the prominent role the Ministry of Foreign Relations played in relation to the DDA negotiations within the field of the state in Brazil and its connections with players in the domestic dimension. However, both Cardoso's and Lula's governments developed institutional mechanisms to widen the number and type of societal actors contributing to inputs for policymaking in the international dimension,[78] including the formulation of positions on agreements with consequences over foreign trade policy. How could Itamaraty not have embraced protectionist demands in relation to the DDA talks, such as those from manufacturing sectors, in a context in which the process of policymaking of international negotiations included more actors from within the field of the state and the domestic dimension in general?

An analysis of the negotiation stage prompts an answer focused on the institutional design of the state: in spite of all the changes mentioned above, Itamaraty remained more embedded in the international dimension than in the domestic field, looking abroad first and foremost while defining Brazil's national interest. This constrained inputs from other bureaucracies and organised interests that would contradict diplomacy's major view of the DDA as an opportunity to conclude the unfinished business of the UR while projecting Brazil's diplomatic prestige in international society.

[77] Interview with senior bureaucrat, Brasília. 20 June 2012.
[78] Cason and Power 2009, 118.

Itamaraty, the Nodal Bureaucracy

If one contrasts foreign policymaking in Brazil and the country's state capacity in general, Itamaraty clearly emerges as a bureaucracy with more autonomy and internal coherence than other parts of the Brazilian state apparatus. In addition, bureaucrats who belong to the ministry arrogate to themselves a monopoly in defining the national interest.[79] Yet at least in terms of negotiations on trade-related matters, including the DDA negotiations, the bureaucracy has adapted itself since mid-1990s to receive inputs from other units within the field of the state. Also, given the complexities that arise from globalisation, diplomats became more receptive to interactions with organised interests as a mean of avoiding misperceptions in negotiations. Those changes occurred, however, while the ministry preserved its role as the 'nodal point' of Brazilian diplomacy.

Given that Itamaraty perceived the launch of a new multilateral round of trade liberalisation as inevitable,[80] the ministry then organised a channel with other bureaucracies and societal organisations in 1999. In July of that year, four months before the Seattle Ministerial Meeting that would have launched the Millennium Round, President Cardoso created the Inter-Ministerial Working Group on International Trade of Goods and Services (GICI). The group focused on liberalisation at the multilateral level.[81] With the Doha Ministerial scheduled for 2001, the ministry adapted its internal organisation to accommodate the DDA talks along with the ongoing negotiations for the FTAA and the MERCOSUR–EU agreement. Rather than having a department for each

[79] Faria, Lopes, and Casarões 2013, 468.
[80] Interview with senior bureaucrat, Brasília, 20 June 2012.
[81] Presidência da República 1999. Besides Itamaraty, the GICI had as members the ministries of Finance; MDIC; MAPA; Science and Technology; Budget and Public Management; and Environment, as well as the Chamber of Foreign Trade (CAMEX). The latter, along with the three first ministries listed, will be analysed in detail ahead as they remained as relevant players from the field of the state in foreign trade policy as the DDA negotiations evolved.

negotiation, a single secretary started to oversee all three agreements.[82] Nonetheless, a separate forum for interaction with other bureaucracies and organised interests was maintained for each negotiation.[83] Despite the official separation of groups, there were joint-meetings among their respective members in 2002.[84]

However, that integrated structure was short-lived. In 2003 Lula's government detached the command of the DDA negotiations from the coordination of the FTAA and MERCOSUR–EU talks. Whereas the two latter were placed under the auspices of the Department of International Negotiations and of the newly-created Sub-Secretariat for South America, the former remained subject to the Economic Department of the Sub-Secretariat of Economic and Technological Affairs.[85] According to a senior diplomat, such a change allowed the government to emphasise the political aspect of the possible establishment of the FTAA and the celebration of a FTA between the MERCOSUR and the EU.[86] Meanwhile, the core aspects of Brazil's positions in relation to the DDA (in particular the preference for liberalisation in agriculture) could be isolated from the demands of interest groups. Three divisions of the department dealt directly with the round: the Division of Market Access (DAM), with a focus on NAMA negotiations; the Division of Agriculture and Raw Materials (DAPB), responsible for the AoA; and the Division of Services, Investments, and Financial Affairs.[87]

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[82] Interview with Celso Lafer, Minister of Foreign Relations (2001-2002), São Paulo, 3 Aug 2011; Interview with senior bureaucrat, Brasília, 15 June 2012.
[83] Interview with Celso Lafer, Minister of Foreign Relations (2001-2002), São Paulo, 3 Aug 2011. The FTAA was under the auspices of the National Coordinating Section on FTAA-related Issues, known as SENALCA, whereas the MERCOSUR-EU negotiations received inputs from participants of the National Coordinating Section on MERCOSUR-EU-related Issues, the SENEUROPA.
[84] Ministério das Relações Exteriores 2002.
[85] Presidência da República 2003a. Itamaraty went over internal reorganisation again in 2004 and 2006, yet the division of responsibilities within the ministry with regards to trade negotiations was not affected.
[86] Interview with senior bureaucrat, Brasília, 15 June 2012.
[87] The Economic Department has an additional division, responsible for safeguards and trade defence, however evidence suggests that, while it had responsibilities regarding Brazil's participation in the WTO, the unit did not deal directly with DDA-related issues.

In the foreign front, the Brazil's Permanent Mission to the United Nations and Other International Organisations in Geneva (DELBRASGEN) oversaw the negotiations at the WTO headquarters in the periods between either ministerial or mini-ministerial meetings.[88] Like other Brazilian diplomatic representations, DELBRASGEN officially reports its activities to the Secretariat of State of Foreign Relations, the unit located immediately below the cabinet of the minister who heads Itamaraty. Nonetheless, given the political relevance and the technicalities of the DDA negotiations, bureaucrats based in Geneva had direct links with their colleagues in the Sub-Secretariat of Economic and Technological Affairs and its subordinated offices within the Economic Department.

While the major guidelines on the negotiation came from Brasília, DELBRASGEN contributed to inform those general orientations as it reported the results of meetings held in negotiating committees at the WTO. The mission in Geneva also sent information to Brasília on the evolution of the positions of both allies (as is the case with other G-20 and NAMA-11 countries) and opponents (particularly the EU and the US) in the DDA talks. This does not mean, however, that every single action taken in Geneva depends on Itamaraty's approval from Brasília. On the one hand, the ambassador responsible for the WTO is the 'day-to-day' chief negotiator, within the limits of the remit set by the minister of Foreign Relations.[89] On the other, if a given theme is not an immediate object of the bargain, the diplomat responsible for that tends

[88] Until the end of 2008, the year of the deadlock, the DELBRASGEN was responsible for representing all Brazilian interests before Geneva-based organizations. Since then, however, there were created three different Brazilian permanent missions in the city, being one focused on WTO and economic affairs.
[89] Interview with Celso Amorim, Minister of Foreign Relations (2003-2011), Brasília, 2 July 2012.

to have more autonomy to negotiate with his/her counterparts from other countries.[90] The delegation did not have direct contact with the organised interests of the field of the market in Brazil. An exception happened when societal associations sent representatives to follow the negotiations at either Geneva or the venue where ministerial meetings took place.[91]

The DAPB organised a working group dedicated purely to agriculture with the aim of building consensual positions related to the sector, which was the Brazilian focus in the round.[92] Called the Informal Technical Group (GTI), it counted with the participation of players of the field of the state other than the Itamaraty and organised interests from the field of the market.[93] The GTI was built upon the pre-existing connections between the MAPA and market actors in state-society chambers organised to discuss policies for the sector.[94] The evidence suggests that the group surpassed the GICI as the main forum for formulating Brazil's core positions for the DDA negotiations. As diplomats report, many positions that would later be presented at the negotiations by the G-20 were first discussed at the GTI.[95] Moreover, as explained in the previous section, Itamaraty contributed to the creation of the ICONE, which improved the quality of negotiators' technical background.[96]

A similar approach was taken with regards to the industrial sectors. Itamaraty created a group for NAMA-related themes analogous to the GTI, which focused on

[90] This was the case of intellectual property rights, left aside as agriculture and NAMA became the focus of negotiations (interview with Guilherme de Aguiar Patriota, Itamaraty bureaucrat, Brasília, 26 June 2012).
[91] Interview with bureaucrat, Brasília, 25 June 2012.
[92] Interview with bureaucrat, 12 Mar 2012.
[93] Ibid; interview with Luiz Carmona, MAP bureaucrat, Brasília, 19 June 2012.
[94] Interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012; interview with Camila Sande, CNA Officer (2009-), Brasília, 27 June 2012.
[95] Interview with bureaucrat, 12 Mar 2012; interview with senior bureaucrat, 18 Oct 2012.
[96] The ICONE also worked to build positions for the G-20 (interview with André Nassar, ICONE officer, São Paulo, 20 July 2012).

agriculture.[97] Also, at the beginning of 2004, the Permanent Mission in Geneva pressed the FIESP to expand its research capacity on international negotiations.[98] Diplomats in the Permanent Mission wanted to build critical mass to negotiate NAMA, and, despite initial opposition from top-tier diplomats based in Brasília, the FIESP sent an official to Geneva to work with the Brazilian representatives to the WTO.[99] The role of FIESP as an informal think-tank for negotiations involving industrial goods was crucial insofar as the MDIC opposed the trade-off that the DDA implied for Brazil.[100] As the round seemed to be reaching its end, in 2008, the Permanent Mission liaised directly with sectorial and sub-sectorial associations to discuss the impact of the Swiss Formula for tariff cuts and the selection of tariff lines for the exception list in NAMA.[101] The MDIC was also consulted in that process.[102] In fact, the relationship between Itamaraty and the MDIC improved at the time of the deadlock in comparison to the earlier stages of the DDA negotiations: in 2003, just after the beginning of Lula's government, there had been a dispute between the ministries over which one had the *de facto* leadership of the negotiating process.[103]

Aside from the GTI, Itamaraty had at least one other collegiate body that contributed to determining negotiating positions for the DDA talks: the Subgroup on Services at the GICI (the GICI-SV).[104] As seen before, with the creation of the GTI in 2003, the GICI lost relevance. So did the GICI-SV, which was concerned with other

[97] Interview with market actor, 4 June 2012.
[98] Ibid.
[99] Ibid.
[100] Interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011; interview with market actor, Brasília, 18 June 2012.
[101] Interview with senior bureaucrat, Brasília, 15 June 2012.
[102] Interview with Celso Amorim, Minister of Foreign Relations (2003-2011), Brasília, 2 July 2012.
[103] Interview with former bureaucrat, 14 Dec 2011.
[104] Interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012.

WTO-related issues and the MERCOSUR.[105] According to a list of participants of a GICI-SV meeting in September 2004, the subgroup had 58 members. Out of these, only 15 (25 percent) were non-state players, such as sectorial associations (e.g., the CNC) and labour unions (e.g., the CUT).[106] Just 33 members (57 percent) sent representatives to attend the meeting.[107] With such a large group dominated by state actors (including ministries, bureaucratic agencies, and state-owned companies), it is unlikely that substantial positions that Itamaraty had not defined beforehand were actually discussed.[108]

To conclude, Itamaraty established channels of interaction with other bureaucracies and societal organisations. Nonetheless, inputs ended by legitimising pre-established views among diplomats. Hence both offensive and defensive actors from agriculture, industry, and services looked for other access points to the field of the state to lobby the government in the process of building the national interest in the DDA.

Other Bureaucracies

Apart from Itamaraty, the MDIC emerges as the most relevant player within the field of the state as far as the elaboration of positions in foreign trade policy is concerned. The MDIC was created in 1999, from the Ministry of Industry and Commerce (MIC), which had historical connections with the industrial sector, including the FIESP and the CNI. Those ties, particularly with the CNI through the CEB, prevailed as the ministry was converted into the MDIC, as part of Cardoso's strategy, launched in his second term (1999–2003), to boost Brazilian exports and to avoid disruptions in the balance of

[105] Controladoria-Geral da União 2005, 22. At least until 2004, the GICI-SV also dealt with the MERCOSUR-EU talks as well as with the FTAA negotiations (Marega 2004, 4).
[106] CNA 2012.
[107] Ibid.
[108] Interview with market actor, 4 June 2012; interview with Christian Lohbauer, FIESP Officer (2002-2005), São Paulo, 6 June 2012.

payments.[109] The Department of International Negotiations (DEINT), placed under the command of MDIC's Secretary of Foreign Trade (SECEX), even had during the time of the DDA negotiations bureaucrats who had worked in the old MIC during the ISI period and the UR.[110] This contributed to keeping the ministry aligned with the defensive demands from the field of the market.

MDIC's ministers between 2001 and 2008 are reported to have talked directly about the DDA with organised interests and entrepreneurs.[111] At least officially, the DEINT is the bureaucracy responsible within Brazil's field of the state for formulating studies and proposals for trade negotiations, and for liaising with lobbying groups. Nevertheless, the proposals and studies have to be submitted to Itamaraty, which, as demonstrated above, represents the country in the negotiations and coordinates *de facto* the formation of positions in the domestic dimension.[112] For instance, the archives demonstrate that the SECEX sent to Itamaraty's DAM, responsible for NAMA negotiations, simulations on the effects of tariff cut proposals. Such an exchange indicates that some informational cooperation existed between both bureaucracies, notwithstanding different views on the negotiations.[113] However, the MDIC is reported to have resisted providing all the information that Itamaraty requested to define the limits of the inter-sectorial bargains that the country could offer and accept.[114] Brazilian diplomacy bypassed the MDIC as it requested studies from the FIESP. The MDIC was

[109] Rodrigues Vieira 2014, 151.
[110] Interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011; interview with market actor, 4 June 2012; interview with senior bureaucrat, 7 Aug 2012; interview with Eliane Fontes, MDIC bureaucrat, Rio de Janeiro, 9 Aug 2012.
[111] Interview with Sérgio Amaral, MDIC's minister (2001-2002), São Paulo, 25 May 2012; interview with Luiz Fernando Furlan, MDIC's minister (2003-2006), São Paulo, 2 Aug 2012; interview with former bureaucrat, 14 Dec 2011.
[112] Interview with Welber Barral, MDIC's Secretary of Foreign Trade (2007-2011), Brasília, 18 June 2012.
[113] MDIC 2005 and 2006.
[114] Interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011; interview with market actor, Brasília, 18 June 2012.

also the main access point for sub-sectors in services, demanding positions from business associations. The interaction with them was enhanced in 2005 with the creation of the Secretary of Commerce and Services.[115] In spite of being associated first and foremost with the manufacturing and services sub-sectors, the MDIC also received demands from sectors that were part of the agribusiness chain, in particular food-processing (such as industrialised meat), which falls between the agricultural and industrial areas.[116]

Agribusiness, however, had its main links with the MAPA. As happened between, on the one hand, the heads of the MDIC, and, on the other, the industrial sectors, major agricultural producers and organised interests had direct links with the minister of Agriculture. When the round was launched in 2001, Cardoso's minister of Agriculture, Marcus Vinícius Pratini de Moraes, is reported to have talked directly with associations of agro-export sectors to get inputs to formulate Brazil's initial positions.[117] The MAPA had also participated in the elaboration of positions for the UR,[118] yet given the rising importance of commodity-exporting for Brazil's foreign trade, the ministry even created a Secretary of International Relations to enhance its policymaking capacity in the area for agribusiness.[119] Small farmers, in turn, had their interests represented by the MDA. Created in 1999, the ministry only became involved in the DDA negotiations during Lula's government. This was part of a strategy of listening to the views of the small producers that had defensive interests in order to confer more legitimacy on the

[115] Interview with bureaucrat, Brasília, 5 July 2012.
[116] Interview with Welber Barral, MDIC's Secretary of Foreign Trade (2007-2011), Brasília, 18 June 2012. This tended to happen more intensively in the period 2003-2006, when Luiz Fernando Furlan, a food-processing entrepreneur, was ahead of the MDIC.
[117] Interview with Marcus Vinícius Pratini de Moraes, Minister of Agriculture (1999-2003), São Paulo, 13 Aug 2011.
[118] Interview with bureaucrat, Brasília, 21 June 2012.
[119] Interview with bureaucrat, Brasília, 20 June 2012. At the time of the UR, there was just a Coordination of International Relations, denoting a lower status for the issue-area than it acquired later in the 1990s onwards.

formation of negotiating positions.[120] The clearest signal of MDA's incorporation in the process of policymaking in the multilateral negotiations came in 2005, with a Presidential Decree that placed the minister of Agrarian Development in the Council of Ministers of the Chamber of Foreign Trade (CAMEX).[121] Such a decision reflects PT's links with small peasantry organisations and landless movements.

The CAMEX had been created in 1995, just after Cardoso became President.[122] Initially placed within the presidential office with the goal of acting as a coordination forum in foreign trade policy,[123] it was transferred to the MDIC in 2001, as the head of the ministry was given the responsibility of presiding over the chamber. The CAMEX has the prerogative of determining the negotiation directives for international agreements related to trade issues.[124] The main decision-making body within the chamber is the Council of Ministers, originally formed by the ministers of Development, Industry and Foreign Trade (the chair); of the Civil House (the President's chief-of-staff); Foreign Relations; Finance; Planning, Budget and Administration; and Agriculture.[125] In spite of officially controlling the CAMEX, the MDIC is far from having the last word on trade negotiations. Neither the ministry nor the chamber was part of the GTI organised to formulate positions in agriculture.[126] Insofar as Itamaraty remains in the charge of negotiations in the international

[120] Interview with bureaucrat, Brasília, 20 June 2012; interview with Luiz Vicente Facco, CONTAG director, Brasília, 3 July 2012.
[121] Presidência da República 2005.
[122] The CAMEX also filled the vacuum left by the end of the CACEX, a bureaucratic body that during the ISI period, until 1990, deliberated on normative technical instructions related to foreign trade. Being placed under the auspices of the Bank of Brazil, the largest federal government-owned bank of the country, the CACEX, however, had a vertical, non-consultative structure.
[123] WTO 2009, 15.
[124] Presidência da República 2003.
[125] Presidência da República 2001.
[126] Interview with Luiz Carmona, MAPA bureaucrat, Brasília, 19 June 2012.

dimension,[127] it *de facto* retains the domestic dimension coordinative position that is a CAMEX's right *de jure*.[128]

Being in charge of macroeconomic stability along with the Central Bank and responsible for customs administration, the Ministry of Finance participated in the formulation of positions. The involvement was more significant until 2005, when the government started relaxing the use of orthodox policies to manage the economy. It had a stronger liberalising impetus than Itamaraty as long as bureaucrats within the ministry foresaw in the DDA an opportunity to enhance inflation control with increasing the supply of consumption goods through imports.[129] Evidence, however, suggests that Finance gave inputs to Itamaraty on an *ad hoc* basis, as was the case with other ministries (Culture, Justice, and Science and Technology).[130] The role of those bureaucracies was restricted to either intellectual property or services, themes that, as demonstrated before, were de-prioritised as the negotiations evolved. The MAPA, the MDA (in charge of commercial and small agriculture respectively), and the MDIC (with a main focus on industry and services) could not be ignored by Itamaraty given their links with organised interests related to the AoA and NAMA-related topics.

The Role of the Governing Coalition

Furthermore, Itamaraty is not independent in the process of coordinating policymaking in foreign affairs, including international trade negotiations such as the DDA talks. The

[127] Interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012.
[128] It does not mean that Itamaraty directly coordinates every single aspect related to the DDA negotiations. The ministry has a direct hand on the core themes, in particular agriculture, yet put aside or left under the responsibility of other sections within the field of state themes for which gains had not been envisaged or became secondary throughout the negotiation. An example is the Group on Intellectual Property, known as GIPI, chaired by the MDIC's head.
[129] Ministério da Fazenda 2005; interview with Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012; interview with market actor, 4 June 2012.
[130] CNA 2012; interview with Guilherme de Aguiar Patriota, Itamaraty bureaucrat, Brasília, 26 June 2012; interview with bureaucrat, Brasília, 27 June 2012.

President of the Republic (who in Brazil, as in any pure presidential system, is both the head of state and the head of government) has this constitutional responsibility. This fact is crucial in the period under analysis, as both Cardoso (1995–2003) and Lula (2003–2011) actively engaged in both the execution and formulation of foreign policy.[131] Their engagement was more evident in economic diplomacy in general, as both clearly visited countries which later became important markets for Brazilian exports.[132]

Also, Cardoso and Lula appointed as chancellors – the name given to the minister responsible for Itamaraty – only former ambassadors responsible for the Brazilian Permanent Mission in Geneva.[133] This reflects the fact that, notwithstanding the presidential prerogative to conduct foreign affairs, both Presidents clearly relied on the expertise that Itamaraty's officials offer and gave priority to economic issues in foreign policy. Nonetheless, the presidential office did not grant independence to the ministry to decide negotiating positions and to define the national interest by itself. Rather, Itamaraty maintained its *de facto* position as Brazil's nodal bureaucracy insofar as it was the player within the field of the state mostly aligned with presidential demands for liberalisation under Cardoso and, even more strongly, under Lula. As a diplomat summarises, 'we are soldiers who do not wear uniform: we do not contest superior orders'.[134]

Historical evidence corroborates such an argument insofar as whenever there were clashes between Itamaraty and its closest contender in the field of the state, the

[131] Fishlow 2011, 165.
[132] Rodrigues Vieira 2010.
[133] They are Luiz Felipe Lampreia (1995-2001), Celso Lafer (2001-2003, who is not a career diplomat, but has a strong background on international law insofar as he is a Professor in the School of Law of University of Sao Paulo), and Celso Amorim (2003-2011, who had been minister before, between 1993 and 1995).
[134] Interview with bureaucrat, Brasília, 10 July 2012.

MDIC, they represented liberalising and protectionist/status quo positions respectively. In their biographies, both Cardoso[135] and his first chancellor, Luiz Felipe Lampreia (1995–2001), describe clashes on trade policy in general between Itamaraty and the MDIC[136] and its predecessor, the MIC. The clashes between Itamaraty and the MDIC, as former high-ranked officials of Lula's government report, prevailed in the President's first term (2003–2007). Luiz Fernando Furlan, an agro-industrial entrepreneur who was heading the MDIC, disputed the domestic leadership of the negotiation with the chancellor Celso Amorim.[137] In 2004, President Lula decided that Amorim and his ministry would remain in control of negotiations and would coordinate (not to say define) the national interest. Nonetheless, more than a conflict of ministers took place under Lula's government. As former and current MDIC officials report, the ministry used to receive inputs from industrialists regarding trade issues in general, but Itamaraty hardly ever answered them.[138] FIESP's office for foreign trade reports the same.[139]

Notwithstanding the President's constitutional responsibility to conduct the nation's foreign relations, the office-holder does not govern Brazil alone. As explained in Chapter 3, Brazilian federal government operates in practice as a coalition presidential system. Support for the President, however, varies depending on the vote. The parliament, as demonstrated in the statistical analysis conducted in Chapter 4, has a pivotal role in channelling interests from the provincial level to the federal government in the ratification stage. Yet in the negotiation phase, MPs in both lower and upper

[135] Cardoso 2006, 656.
[136] Lampreia 2009.
[137] Interview with Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012; interview with Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012.
[138] Interview with market actor, 4 June 2012; interview with André Nassar, ICONE officer, São Paulo, 20 July 2012.
[139] Interview with Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011.

houses contribute marginally with inputs to Itamaraty[140] regardless of whether they represent liberalising or protectionist interests.[141] Both houses have a commission on foreign affairs and national defence (the CRE) whose members follow negotiations on a non-regular basis.

Archives report that the Brazilian delegation to the Cancun Ministerial in September 2003 included at least 15 members of the lower house following an official invitation from Minister Amorim.[142] A week before the ministerial meeting, he attended a session at the lower house's CRE to present Brazil's negotiating strategy[143] and immediately after he came back from Cancun the commission called him again for a report on the G-20's achievements.[144] In May 2005, the CRE organised a seminar to discuss Brazil's positions on agriculture and services,[145] the two sectors in which constituencies within the country had offensive demands. Interest in the DDA was not restricted to the lower house: the upper house's records show that Amorim talked with MPs about multilateral trade negotiations at least twice. The first was in the aftermath of the Cancun ministerial, in September 2003, when he attended a session at the upper house's CRE.[146] In August 2006, in joint session of the CRE and Commission of Economic Affairs (CAE), the minister explained Brazil's approach to the DDA

[140] Interview with Camila Sande, CNA officer (2009-), Brasília, 27 June 2012; interview with bureaucrat, Brasília, 10 June 2012.
[141] This became evident in the thesis author's attempt to interview MPs in both lower and upper houses about the DDA. I selected three key actors: Armando Monteiro Neto, MP in the upper house (state of Pernambuco) and CNI's president between 2002 and 2010; Eduardo Suplicy, MP in the upper house (state of São Paulo) and proponent of a law that would make Itamaraty more accountable to the Parliament on trade negotiations (Senado Federal 2003a); and Vicente Paulo da Silva (known as Vicentinho), MP in the lower house (state of São Paulo) and former CUT's president (1994-2000). Only Suplicy accepted to be interviewed in 21 June 2012. Vicentinho replied a questionnaire by e-mail in 1 June 2012. None of them provided any substantive answers related to the DDA.
[142] Câmara dos Deputados 2003a, 2003b, and 2003c.
[143] Câmara dos Deputados 2003d.
[144] Câmara dos Deputados 2003e.
[145] Câmara dos Deputados 2005a and 2005b.
[146] Senado Federal 2003b.

negotiations, among other aspects of Lula's government foreign policy.[147] Diplomacy, however, does not seem to want further participation of MPs at the negotiation stage of agreements. As a leaked e-mail message between senior diplomats reveals, Itamaraty fears MPs actions in foreign policy, especially if economic issues are at stake.[148]

In light of the mentioned above, it is worth discussing a plausible counterfactual against the argument that MPs constrain Presidential choices: during the international talks, the chief negotiator might be more concerned with the constituencies who elect him/her rather than with parliament's concern in pleasing state-level interests. This is because, as Samuels and Shugart point out, presidential contenders may need support beyond their own party (which can be restricted to a specific set of constituencies) to be successful at the pools.[149] Moreover, insofar as in Brazil the President is elected through direct popular vote and can run for one consecutive re-election, one could expect under a rational choice standpoint that the office holder and his party would have the interest of maximising electors' average welfare throughout the country. Such maximisation could be achieved in liberalising trade, which according to neoclassical assumptions tend to bring prices down.

This could have been the case of Cardoso in 2002, who could not run for re-election but whose party had a presidential candidate, and of Lula in 2006, during his successful bid for a second-term. Although the PT, for instance, has among its main constituencies industrial, unionised workers, Lula was re-elected mainly because of voters from the North and North-east,[150] which, as suggested in Chapter 4, concentrated

[147] Senado Federal 2006.
[148] Sent by Itamaraty bureaucrat, 30 April 2012.
[149] Samuels and Shugart 2010, 9.
[150] Samuels and Shugart (Ibid., 202) identified that, in contrast to previous presidential elections since 1994, the vote for Lula in 2006 was negatively correlated with the level of human development of states.

liberalising interests. Such a fact certainly explains one of the motivations that Presidents in Brazil may have to pursue trade liberalisation. However, motivations are not equal to power: the President does not govern alone *de facto*. Therefore, unless one looks at the patterns of power distribution at the parliament, the origins of presidential choices regarding the DDA remain incomplete.

To conclude, the President is the chief negotiator even if the chancellor bears the burden of representing the country in ministerial meetings. The head of state and government presents demands that fit into the scope of ratification, which in turn are determined by the parliament, a *de facto* part of the governing coalition. It is noteworthy that Lula did not fulfil the promise given in his 2002 campaign manifesto to create a Secretary of Foreign Trade directly attached to the presidential office.[151] In light of the historical facts, such a proposal did not prove to be necessary as, once in government, Lula allowed liberalising trends to dominate. Such a preference prevailed insofar as Itamaraty and Minister Amorim had enough autonomy to conduct policymaking as long as the potential gains in agriculture were maximised and legitimised by the potential losers from the DDA negotiations within Brazil.

Summary of Institutions

The diagram below (figure 6.1) describes the configuration of power in international trade negotiations within the field of the state. Itamaraty is at the forefront of the negotiations. However, it acts on the delegation of the governing coalition. The President is the chief negotiator, yet has to take into account the limits set by the parliament at the ratification stage. Hence the governing coalition, composed of the

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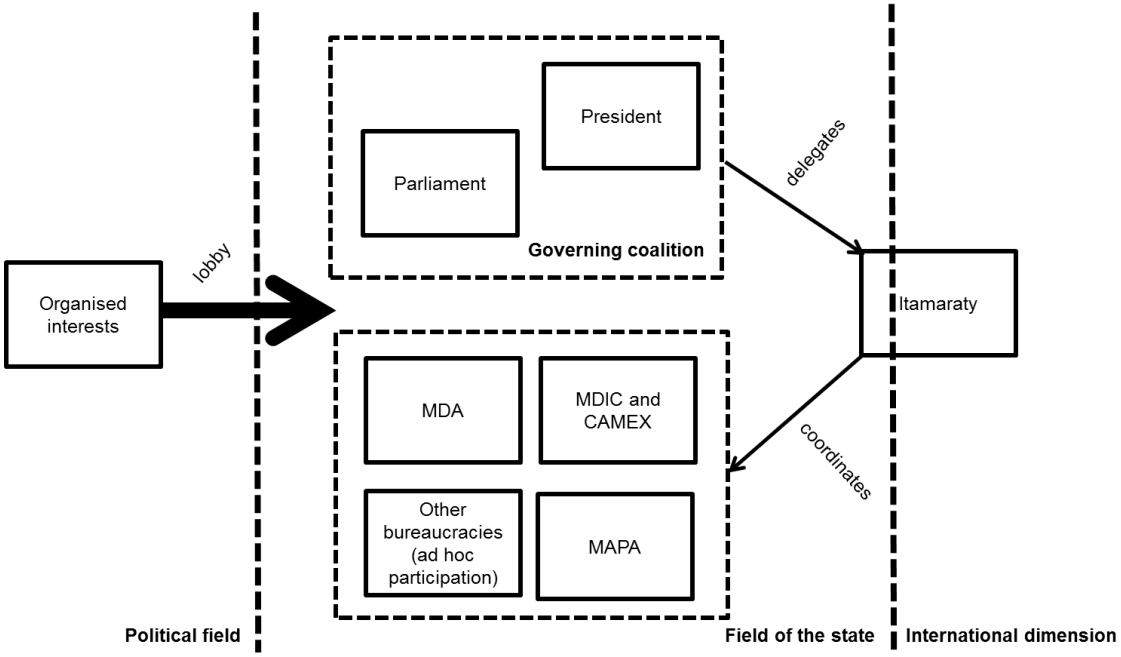
As most undeveloped states are located in North and North-east, this furnishes evidence to support the argument above. On this, see also Hunter and Power 2007.

[151] Partido dos Trabalhadores 2002, 13.

President and the MPs in both lower and upper houses who side with the executive in a given vote, constrains the size of the win-set available to the diplomats. Other bureaucracies, representing different interests from organised groups in the political arena, also participate in the negotiation stage. The MAPA has links with agribusiness, whereas defensive farmers are attached to the MDA. The MDIC represents both industry and services. Nonetheless, the reach of interest groups and these ministries is limited insofar as Itamaraty remains the nodal bureaucracy.

Figure 6.1. Players within the field of the state (Brazil, 2001–2008)



Therefore, liberalising interests in the DDA negotiations do not prevail because of their strength in organisation or the existence of institutions that side with their demands in the negotiation stage. Constraints on ratification, as explained in Chapter 4, matter the most. On the one hand, the analysis above demonstrates that Itamaraty prioritised links with agribusiness as the GTI had only representatives from the farming sector, while GICI's role was reduced as negotiations evolved. On the other, such a phenomenon

cannot be understood unless one considers the limits that ratification exerts over negotiation.

That all said, a characteristic of foreign trade policymaking in Brazil can contradict the argument that ratification (and thus IC) drives the negotiating process. As it is relatively insulated from the players in the domestic dimension, Itamaraty is more internationally than domestically embedded. Negotiation is conducted first and foremost by looking abroad in spite of the constraints set by the governing coalition. Thus, following the theory outlined in Chapter 2, it is plausible to expect that the configuration of power that arises from the dominant paradigms in the fields of the market and society in the international dimension impacts diplomatic choices more than the dynamics of players in the domestic dimension. The following section tests such a hypothesis.

The Impact of the International Dimension

The period 2001–2008 was marked by an increasing perception among academics and policymakers that the international dimension had begun to go under significant changes. However, as mentioned in Chapter 2, globalisation prevailed as the dominant paradigm in the field of the market, opening at the same time space for the rise of the Global South. International society, in turn, remained as much Western as it had been since its formation, in the 17th Century. In fact, the emerging powers – Brazil included – adhered to dominant economic[152] and social paradigms rather than attempting to change the set of ideas that structure power in the fields of the market and society in the international dimension. Hence, as far as the economic arena is concerned, Brazilian negotiators considered the DDA an opportunity to enhance the country's gains in

[152] Ban and Blyth 2013.

material terms through the expansion of agricultural exports. At the same time, with active participation within the WTO system, the country could signal to the international society a commitment to multilateralism. However, under Lula's government, such a commitment was converted into a means to attempting to enhance Brazil's leadership among developing countries and, thus, the country's prestige in the international political field.

Brazil's commitment to economic globalisation is understandable from a historical perspective. Yet it does not explain the country's insistence on seeking gains within the DDA even in a context in which the Global North's reluctance to liberalise agriculture seems to be irrevocable. Brazilian diplomacy has been deliberately guided since the 1960s by the notion that diplomatic action should contribute to national development.[153] The country's participation in international markets experienced some turbulence as neoliberal ideas gained momentum around the world in the 1980s. During that decade, Brazilian policymakers preserved the ISI paradigm, notwithstanding incremental reforms that deregulated specific parts of the economy.[154] Such resistance to liberalising trends was in parallel with a foreign policy orientation defined as 'autonomy through distance'.[155] This consisted of participating in international politics without fully accepting the major principles from the centres of power in the US and Europe. With the end of the Cold War, resistance to the dominance of the Global North in international affairs diminished.[156] Also, as explained in Chapter 4, Brazil had been facing hyperinflation since the beginning of the debt crisis, in the early 1980s. In 1990, when the first directly elected government after the Military Dictatorship (1964–1985)

[153] Almeida 2013, 23; Flecha de Lima 1996.
[154] Almeida 1999.
[155] Fonseca Jr 1998, 353-374. For a critique of this classification, read Lessa, Couto, and Farias 2010.
[156] As it happened in the old Third World in general (Hurrell and Narlikar 2006, 416).

took office, Brazil adopted stronger economic liberalising measures. This was reflected in foreign policy insofar as Itamaraty embraced a strategy of autonomy through participation or integration[157] in an attempt to regain the confidence of the international markets. In parallel, the country advanced the MERCOSUR.

Hence Brazil's pursuit of economic stabilisation (achieved in 1994) within a context of increasing economic integration led policymakers to respond to globalisation and neoliberal ideas with less resistance than they had initially. This eventually led the country to gain more confidence and experience in adapting to take advantage of opportunities in international markets,[158] notwithstanding the successive financial crises of the late 1990s. From 1999 onwards, Brazil deployed a strategy to increase its exports in order to reduce dependency on foreign capital.[159] This implied a new foreign policy framework, called 'autonomy through affirmation'[160] or diversification.[161] In this phase, more than consenting to the existent design of international regimes, such as the multilateral system of trade, Brazil tried to play by their rules to maximise what was understood as being in the national interest. Also, it sought to build stronger political-economic ties with the Global South. Although most of the literature on Brazilian foreign policy considers Lula's inauguration the watershed that separates 'autonomy through integration' or participation to 'autonomy through affirmation' or diversification,[162] the evidence suggests the rise of a more assertive foreign policy in Cardoso's second term (1999–2003).[163] For instance, he even said that, whereas the

[157] Fonseca Jr 1998, 368; Vigevani and Oliveira 2007, 1311-1312.
[158] Hurrell 2006, 7; interview with Rubens Ricupero, Ambassador in Geneva (1987-1991), São Paulo, 25 July 2011; interview with Sérgio Amaral, MDIC's minister (2001-2002), São Paulo, 25 May 2012.
[159] Abu-El-Haj 2007, 111.
[160] Villa 2005, 18.
[161] Vigevani and Oliveira 2007, 1313.
[162] Amorim 2010; Cervo 2003.
[163] Burges 2009; Rodrigues Vieira 2014.

FTAA was an option for Brazil, MERCOSUR was its fate.[164] Therefore, there is more continuation than rupture between the two governments in terms of the Brazilian view of the international markets.

What differentiates Cardoso's and Lula's foreign policies and approach to the DDA lies in Brazil's interactions with the field of society in the international dimension. Changes in Brazilian state identity between the two governments offers a plausible explanation for its enthusiastic embrace of negotiations in spite of the fact that they contradicted the protectionist lobby from industry. While Cardoso's government envisioned Brazil aligned with Western values,[165] Lula's adopt critical instances against a Global North-centric world,[166] yet without incurring revisionist pretensions. Thus, his government adopted a type of soft-balancing stance[167] insofar as it sought to enhance the country's power in the international political arena[168] and the PT's historical anti-Western agenda in exploring the contradictions of norms set by the Global North.[169] This led Brazil to be more vocal in the DDA talks after 2003, seeking alliances with non-Western countries, as it was the case in the G-20. As bureaucrats report, under Cardoso there were implicit instructions to avoid building enduring alliances with countries which, like India, had a reputation of blocking negotiations in the GATT era.[170]

In the context of WTO negotiations and the perception that the West's power could be eroded, the G-20 articulation satisfied not only PT's aspirations to establish

[164] Burges 2009, 62-63; Cardoso 2001.
[165] Lampreia 2009.
[166] Almeida 2010.
[167] Hurrell 2006, 16.
[168] Hurrell and Narlikar 2006, 431.
[169] Interview with senior bureaucrat, Brasília, 15 June 2012.
[170] Interview with Itamaraty bureaucrat, Brasília, 10 July 2012; interview with senior bureaucrat, 18 Oct 2012.

deeper relations between Brazil and the Global South.[171] It also satisfied the demands of Itamaraty's left-wing-leaning bureaucrats, and entrepreneurs who had gained strength with the liberalisation of the economy and foreign trade.[172] However, that seemed odd under traditional ideas of realpolitik insofar as commodity exporting is hardly associated with state empowerment in the international political field.[173] The FTAA, in turn, which was in the interest of industrial sectors, never came into force in large part thanks for to the Brazilian government negotiating tactic of postponing substantial decisions until even the US had abandoned the project (in 2005). These tactics met part of PT's anti-American stance in foreign policy.

Table 6.2 summarises the impact of the fields in the international dimension on Brazilian demands regarding the DDA talks. Brazil's socialisation as globalisation evolved led it to participate more actively in international regimes, including the multilateral system of trade, without any revisionist pretensions. Yet this does not explain the national interest in the DDA negotiations. Considering the country's manufacturing strength built during the ISI period, the plausible counterfactual is that the country could have gone to the negotiation table more concerned with protecting industry than seeking further openness for agriculture. Or, once industry became less eager to open, the enthusiasm with the DDA would have diminished, with proper side payments to agriculture, which did not happen. At a first glance, thus, the preferences of the party of an incoming President in office (Lula) explains the changes in Brazil's foreign policy in early 2000s and the enduring interest in the DDA. However, the implementation of PT's agenda in foreign policy within the negotiations does not suffice to explain the emphasis Brazil put on the multilateral system of trade after 2003.

[171] Burges 2009, 160-161.
[172] Mullins 2006, 97.
[173] Gilpin 1981.

The major trade-off of the DDA implied losses for industrial workers, who, as explained before, have historically been central to the PT powerbase.

Table 6.2. Perception of constraints from the international fields (Brazil)

Field	Market	Society
Constraints	Globalisation, yet with the economic rise of emerging markets, including the BRICS, and of the Global South in general	Permanence of Western norms and regimes
Brazil's Perception	Opportunity to gain strength in the field	Opportunity to gain strength in the field (if committed to existent rules; under Lula, it meant eroding Global North's power through the existing regimes)
Does Reaction Explain Demands?	No (maximisation of agricultural exports had already been taking place without an agreement; it does not correspond to PP)	Yes (commitment to the WTO had to be genuine to gain prestige among Global South partners, such as the G-20 members)

Hence, without predominant liberalising interests at the ratification stage, the strategy of using a Western regime to erode the Global North's PP could not have been implemented. As a PT document on the initial conjecture of Lula's administration argued, the President led a coalition in which left-wingers prevailed, yet had members from the agribusiness sector.[174] The prevalence of the dynamics of power in the ratification stage over the international and domestic constraints present during negotiation is also evident when Brazil's behaviour in the DDA negotiations vis-à-vis MERCOSUR, regarded as a priority in the country's foreign policy, is considered. It was not until 2007 that Brazilian negotiators actually coordinated their positions with their counterparts in Brazil's major partner within the bloc, Argentina.[175] Furthermore, had Brazil actually been constrained by intra-bloc commitments, one would have expected a higher degree of protectionist stances in July 2008, insofar as Argentina wanted a lower tariff reduction in NAMA than had been agreed before the deadlock.

[174] Partido dos Trabalhadores 2003.
[175] Interview with Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012.

Conclusion

In spite of the emergence of other state actors dealing with foreign policy since early 1990s and the growing interest of organised groups in external economic relations, foreign trade policy was still essentially an Itamaraty affair at the time of the DDA talks. This implies that the field of the state in Brazil is, as far as international negotiations are concerned, more embedded in the international fields than in the domestic dimension. In other words, Brazil formulates the national interest by looking abroad first and foremost (proposition 2b). Nonetheless, such a fact does not mean that the institutional design of Brazil's field of the state led the country to prefer liberalisation in the DDA (proposition 2a). Nor is this the reason why industry was not compensated for the loss of markets, particularly in the US and MERCOSUR countries. Institutions and organisation interests still do not suffice to explain the disadvantage of protectionist sectors vis-à-vis liberalising ones unless one considers the constraints from the ratification stage.

As shown in Chapter 4, the representation of interests in the parliament is biased towards liberalising demands in large part due to the attachment of sectors that espouse those interests to the dominant conception of nationality (racial diversity). This, in turn, empowers sectors with a high proportion of non-whites insofar as IC attributes more PP in the parliament to states with a similar characteristic. Hence the forces at stake in the negotiation process are false positives in explaining the formation of national interest (proposition 3). Itamaraty could not have retained its preference for multilateralism, which would have benefited liberalising sectors, were it not for the extra weight that some sectors have at the ratification stage and in underpinning any governing coalition in the field of the state. This is because, when analysed only at the negotiation stage and in isolation from the broader social context in which they are embedded, institutions,

interests, and ideas would predict an equalisation of forces of both liberalising and protectionist/status quo economic segments

Such prediction holds insofar as there were relevant bureaucracies working on the behalf of both liberalising (e.g., MAPA for agribusiness) and protectionist/status quo (e.g., MDA for small famers) market players. Access to policymaking was even. Industry, as largely reported by interviewees, was in direct connection with Itamaraty, without MDIC's mediation. Thus diplomacy seemed only to want to legitimise them as the doors were opened for organised interests. Insofar as foreign policy is centralised in the hands of the President along with Itamaraty's inputs, perceptions on what could be better for the country looking at the international dimension prevailed in policymaking. Those perceptions were in part shaped by PT's anti-American stance on international affairs rather than by the balance of interests of different groups in the domestic dimension. In other words, policymaking at the negotiation stage was essentially kept in the hands of a bureaucratic unit with relatively weak connections with societal actors. Nevertheless, to reiterate, this does not explain the origins of national preferences insofar as the maintenance of such positions would not have been possible without the configuration of power existent at the ratification stage. Such configuration, in turn, is shaped by IC and leans towards liberalising interests.

However, can the conventional 'I's drive negotiating outcomes through constraints at the negotiation stage if the nodal bureaucracy is more domestically embedded? I answer this question in the next chapter as I analyse the influences to which negotiators were subject in the Indian case.

7. INDIA: THE PRIMACY OF DOMESTIC FIELDS

> [In a negotiation], the MoC consults everybody [within the government]. So the MoC starts with the collective view of all ministries. But the collective view of all ministries represents the view of economic sectors.
>
> (Indian senior bureaucrat, 7 Oct 2011)

This chapter unfolds the dynamics of power within India during the negotiation of the DDA. With this aim, I analyse, on the one hand, the organisation of interests in the political field of the country and their relationships with bureaucracies within the field of the state responsible for foreign policymaking (proposition 2a). On the other, I trace interactions among those bureaucracies within the field of the state, and how they reacted to constraints derived from the structure of power in the international fields of the market and society during the round. In India, the MoC is the nodal bureaucracy responsible for coordinating the formulation of negotiating positions for international trade agreements. The ministry has constant interactions with business associations and other societal players. Hence, one can expect that domestic embeddedness prevails over international embeddedness in the process of forming negotiating positions within that country (proposition 2c).

Nonetheless, the dynamics of power present in the negotiation stage do not match the final position that India espoused in the DDA negotiations by the time of the deadlock in the Geneva Mini-Ministerial of July 2008. Therefore, constraints on negotiation are false positives in explaining the formation of the national interest (proposition 3). In spite of MoC's nodal status in negotiations, the ministry is subject to the boundaries that the Prime Minister (the head of government and *de facto* chief negotiator) has set. These, in turn, arise from coordination with other members of the Cabinet and, ultimately, from the correlation of forces in the parliament. To govern, the Prime Minister depends on having support from MPs in the lower house. If the

government signs an agreement that MPs do not agree with, the Prime Minister may face a vote of no confidence. Furthermore, the parliament has to approve legislation necessary to implement the agreements' provisions after its ratification. Therefore, the constraints existent at such a stage prevail over the inputs bureaucrats have to deal with during negotiation.

This explains why India embraced more liberalising positions under the NDA government (2001–2004) than during the UPA administration (2004–2008). In both periods, economic sectors with offensive interests were more organised than segments with defensive concerns in the DDA negotiations. Also, the institutional design of the field of the state remained the same, with the MoC at the forefront of the negotiating process, yet with close interactions with the MoA and the MEA. The configuration of the fields of the market and society in the international dimension also remained constant, notwithstanding a growing perception that the Global North was experiencing relative economic decline in the period 2001–2008. This, as well as India's experience in the negotiations of the GATT, created incentives for the country to seek a prominent role in the DDA talks. However, preferences steamed from the domestic fields. As demonstrated in Chapter 5, India's protectionist stances in agriculture became stronger after May 2004, after UPA's ascension to power. The perspective of the emergence of a global economic crisis as the round went beyond its original 2001–2005 timeframe; a rise in food prices on international markets reiterated that trend. Also, negotiation of FTAs/PTAs signalled to offensive players that they would be compensated in the case of a failure to expand liberalisation in the multilateral system of trade. This also fitted onto India's foreign policy concerns with China's rise in Asia.

The Indian experience then suggests that organisation of interests does not explain which economic sectors prevail in the process of defining the national interest in an international trade negotiation. Organised sectors in industry and services which would benefit from further liberalisation eventually lost the domestic trade-off vis-à-vis protectionist/status-quo segments as in 2008 India did not agree with the opening of agricultural markets. The MoC and the MoA have linkages with societal actors, from firms to business groups. That said, the fact is that the Indian state remains a gatekeeper for domestic demands, which increases the potential balance among different demands. The GoI even held consultations with state governments on the stances defended at the DDA negotiations, possibly mitigating the lack of organisation of defensive segments. Peasants and small farmers, for instance, have a fragmented representation, relying on associations that often have little more than regional reach within India. However, the evidence suggests that state governments and small associations were consulted under the UPA government as much as during the NDA administration. Thus, both offensive and defensive interests could always transmit their concerns to the government. Nonetheless, given the different social basis of each government (as demonstrated in Chapter 5), those concerns were attributed different weights according to the coalition in power and, thus, the conversion of IC into PP.

The chapter is organised as follows. I begin by demonstrating that sectors with liberalising interests were more organised than protectionist ones in the negotiation phase. This suggests the argument on social identity and sectors' IC is crucial to explaining the politics of domestic interests within India during the DDA talks. Hence I describe the configuration of the field of the state with regards to the formulation of the national interest in international trade negotiations. This is essential for demonstrating

that, notwithstanding its apparent autonomy, the MoC is constrained by the distribution of PP in the domestic dimension through the governing coalition. The last section analyses how negotiators were constrained by India's international embeddedness in the market and the society. I conclude the chapter with a congruence test to prove that constraints at the ratification stage shadow the dynamics of power at the negotiation phase.

Organisation of Interests in the Political Field

The current literature on the impact of domestic factors on Indian foreign trade policy tends to assume that the state is the unit of analysis that matters the most to explaining national stances in international trade negotiations,[1] or that, whenever business influence is acknowledged, it is complicated to assess the weight of lobbying activities on policymaking.[2] In fact, business representation in the country is fragmented,[3] reflecting the 'divided leviathan'[4] that forms the country, with a federal system and a national government generally built upon party coalitions in the parliament. Nonetheless, it is known that cross-sectorial organisations in industry work closely with the government in domestic policy.[5] However, it remains unclear whether business influence and cooperation with authorities also impact positions in trade negotiations. In the most societal account of Indian demands in negotiations, Gupta demonstrates that sub-sectors within industry and services had divided interests over the DDA.[6] Nonetheless, she does not problematise possible convergence between liberalising activities in both sectors to counter protectionist/status quo interests.

[1] Narlikar 2008, 277.
[2] Narlikar 2013, 103; Sinha 2007.
[3] Sinha 2005b, 24.
[4] Sinha 2005a.
[5] Sinha 2005b; Dongre 2012.
[6] Gupta 2007.

In fact, the two main industrial sectorial representative bodies, the CII and the FICCI followed the negotiations closely. So did NASSCOM, which brings together the largest players of the sub-sector that is often considered the main winner from economic liberalisation in India: ICT services. In addition, agriculture had exporting interests in specific products, such as tropical fruits, with a representation structure that was as much fragmented as that of subsistence farmers. Therefore, considering the degree of organisation of liberalising segments, it is hard to explain the prevalence of defensive demands from agriculture in India's negotiating stances after 2004. To demonstrate the limits of a lobby-based explanation for Indian positions in the DDA negotiations, I examine below how interests were articulated in the political field by collective players.

Agriculture

There is no single *de facto* national association in India that represents players from the subsistence level in agriculture.[7] At least five associations of either farmers or agricultural labourers that claim to have national representativeness participated in the process of forming the Indian interest in the DDA negotiations. Three of them have explicit links with broader political movements or parties.[8] The All India Kisan Sabha (AIKS) is associated to the Communist Party of India (CPI), whereas the All India Agricultural Workers Union (AIAWU) has links to the Communist Party of India-Marxist (CPI[M]). In turn, the Bharatiya Kisan Sangh (BKS) integrates the Sangh Parivar, the group organisations that form the Hindu nationalist movement.[9] The Bharat Krishak Samaj (Farmers' Forum) and the Bharatiya Kisan Union (BKU) have no

[7] Interview with Prabir Sengupta, Secretary of Commerce (2000-2002), Delhi, 22 Sep 2011; interview with former senior bureaucrat, 26 Sep 2011.
[8] Rajya Sabha 2005a.
[9] Jaffrelot 2002.

partisan affiliation.[10] The latter has strong connections with the Via Campesina, a global social movement composed by peasants' and small farmers' associations from all over the world.[11] A countless number of farmers associations and civil society groups work on behalf of the small producers and peasants. No coalition uniting all organisations, however, was constituted to articulate their positions and enhance their lobbying capacity. The organisation that most resembled a coalition is the Indian Coordination Committee of Farmers' Movement (ICCFM).[12] Nonetheless, the coalition is more associated with the BKU than with any other organisation.[13] Hence, in practice, apart from demonstrations and marches in Delhi, the various associations did not engage in collective action against liberalisation of agriculture in the multilateral system of trade.

The small and subsistence farmers may not know what 'WTO' means, but they have felt the consequences of liberalisation and reform. While between the 1960s and the 1970s reform in agriculture meant increasing productivity in the context of the Green Revolution,[14] in the 1990s the concept became associated with the economic change triggered by globalisation. Agriculture lost in relative terms from the market opening. As shown in Chapter 5, the share of the sector in the GDP fell while the largest proportion of the population remained in rural areas. Also, this worrisome scenario was aggravated by waves of farmer suicides in the 1990s, which persisted into the 2000s as well. The basic point that the farmers' associations defend is that agriculture is not trade, but a way of life, a culture in the broader sense.[15] However, any Indian

[10] Lindberg 1995, 115.
[11] Interview with Yudhvir Singh, spokesman of the ICCFM, Delhi, 3 Oct 2011.
[12] Rajya Sabha 2005a.
[13] In February 2009, when world leaders were still struggling to recover the DDA negotiations, the coalition and the BKU co-signed a letter to the Prime Minister's office expressing their discontent with any further liberalization of agricultural markets in India (Indian Coordination Committee of Farmers' Movement 2009).
[14] Gill 1995, 196-198.
[15] Interview with Yudhvir Singh, spokesman of the ICCFM, Delhi, 3 Oct 2011.

acceptance of a liberalising AoA in the context of the DDA had as its main premise the reform of its agriculture by enhancing its commercial character. The WTO, hence, was associated with the prospective dismantlement of subsistence production.[16] This was one of the premises of the Gandhian post-colonial self-sufficient strategy called in Hindi *swadeshi* (self-rule),[17] supported by the peasantry and which had survived the 1990s economic reforms.

The farmers' concerns were not unheard by the GoI. The specific organisations that offered inputs, however, are hardly identifiable given that there is a plethora of them in the country. In 2001, prior to the launch of the DDA, the NDA government consulted farmers' organisations about their preferences regarding agriculture.[18] Consultations continued as the DDA negotiations evolved, and were maintained under the UPA government, which took power after May 2004.[19] Farmers' awareness about the DDA was further enhanced after the implementation of the project Strategies and Preparedness for Trade and Globalisation in India, an initiative of the United Nations Conference on Trade and Development (UNCTAD). The initiative (henceforth the UNCTAD-India project) aimed to improve Indian societal actors' ability to participate in international trade negotiations, including the DDA talks. With the financial support of the Department for International Development of the United Kingdom (DFID), the project was launched in 2003, when NDA was still in power.[20] It focused not only on players within agriculture, but also within marine goods, small and medium enterprises, and textiles and clothing.[21]

[16] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[17] Narlikar 2013, 105.
[18] Lok Sabha 2001a.
[19] Rajya Sabha 2004.
[20] UNCTAD-India 2010, 1.
[21] Ibid.

Grassroots organisations then had opportunities to engage in direct lobbying with bureaucrats rather than just relying on *ad hoc* mass mobilisation. The UNCTAD-India project organised a meeting between farmers' organisations and government officials between 19 and 20 July 2005 simply to discuss India's strategy in agriculture for the Hong Kong Ministerial in December of that year. Another meeting between 28 and 29 November, which also included NAMA topics, involved peasant associations too.[22] The archives list 19 different farmers' associations attending at least one of the meetings. The participants include members of the five organisations mentioned above that claim to have a national scope (AIKS, AIAWU, BKS, BKU/ICCFM, and the Farmers' Forum).[23] The other 14 associations represent agricultural labourers and small farmers from only seven out of 35 states or territories that compose the Union. The southern Indian states of Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu (where, as discussed in Chapter 3, Dravidian culture predominates over Brahmanical Hinduism) are the basis for nine of these regional associations.[24]

The evidence, however, does not allow for any further inference about the relationship between farmers' movements and identity politics within the DDA context. People involved in the process of elaborating national positions did not identify any explicit issues arising in the negotiation phase.[25] Furthermore, as studies on farmers' movements and organisations suggest, peasant mobilisation tends to cross caste and religious divides. The BKU, for instance, emerged in the 1970s as a farmers' movement in the western portion of the state of Uttar Pradesh.[26] Yet in the 1990s, it began to represent interests of a mid-ranked caste, the Jats, still much restricted to the northern

[22] Ibid., 16.
[23] Rajya Sabha 2005a.
[24] Ibid.
[25] Interview with Dr Kasturi Das, RIS researcher, Delhi, 16 Sep 2011.
[26] Lindberg 1995, 95.

states of India. However, its demands continued to address the concerns of the rural masses[27] as the union has a non-communal character, aggregating farmers regardless of their religion[28] and not participating in the partisan struggles involving Hindu nationalists or lower caste individuals.[29]

Aside from the power of their own associations, small farmers counted on the support of two types of actors: transnational NGOs[30] and state governments within India. Even when NGOs were not focused on the Indian case only, they ended up contributing towards strengthening the defensive positions of small farmers in that country. Given that states are responsible for agricultural policies in India, their respective governments channelled demands from players in the sector to the GoI. However, not just defensive interests were vocalised by states. Members of the union government met state-level ministers for food and agriculture in September 2000 and May 2001 in the process of formulating India's initial positions for the negotiations on the AoA that would take place within the round that became known as the Doha Development Round.[31] Similar meetings were organised in October 2002 after the launch of the negotiating mandate.[32] The evidence suggests that state governments also expressed the interests of offensive segments associated with Indian agriculture.[33] At that time, as explained in Chapter 5, India's position emphasised the exploration of export opportunities for farmers insofar as food security concerns were formally addressed in the AoA.[34]

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[27] Corbridge, Harriss, and Jeffrey 2012, 235.
[28] However, according to Gill (1995, 207), identity politics constraints mobilization in part. For instance, Hindus hardly join BKU in Punjab, given that the union focused in that state its Sikh majority.
[29] Lindberg 1995, 115.
[30] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011.
[31] Lok Sabha 2001b; Rajya Sabha 2001a.
[32] Lok Sabha 2002a; Rajya Sabha 2002.
[33] Interview with Dr Kasturi Das, RIS researcher, Delhi, 16 Sep 2011.
[34] An example of document that states such a goal is Lok Sabha 2002b.

In fact, export-interested and large farmers had a more active lobbying structure during the NDA government (2001–2004). Export-based associations and commodity-producers are reported to have participated in stakeholder consultations and tried to influence the government to adopt more liberalising stances.[35] As small farmers and peasants, however, they did not form a national association.[36] Their interests were represented by the Agricultural and Processed Food Products Export Development Authority (APEDA), an agency associated to the MoC. As a senior bureaucrat reports, APEDA contributed to NDA plans to enhance Indian agricultural exports through liberalisation in the context of the DDA.[37] Being considered one of the interest groups that represent commercial agriculture and food-processing in the country,[38] the Confederation of Indian Food Trade and Industry attended the 2001 WTO Ministerial Meeting that launched the Doha Development Round.[39] However, under the UPA administration, commercial producers of commodities such as coffee, fruit, rice, sugarcane, tea, and wheat lost their ability to oppose the defensive position of peasants and small farmers. For commercial farmers with offensive interests, the political cost of pursuing liberalisation as a means of pushing for domestic reforms in agriculture increased. The maintenance of the status quo then served as a 'second-best' for players with offensive interests in the sector. This is because they would hardly lose foreign

[35] Interview with Dr. Biswajit Nag, IIFT professor, Delhi, 14 Sep. 2011; interview with Samir Gandhi, lawyer and consultant, Delhi, 22 Sep 2011; interview with senior bureaucrat, Delhi, 29 Sep 2011.
[36] In 2006, when the DDA negotiations were already on their way to deadlock and India emphasized defensive positions, commercial agricultural producers founded the Consortium of Indian Farmers' Associations (CIFA). Its goal is to develop a liberalizing and modernizing agenda for the sector in the country, such as the use of genetic modified seeds, which small farmers oppose as part of their anti-globalization agenda. However, CIFA reports having not acted in the DDA talks in the period 2001-2008 as the organisation claims to focus on domestic policies (interview with P. Chengal Reddy, CIFA's secretary-general, 15 Sep 2011).
[37] Interview with senior bureaucrat, Delhi, 29 Sep 2011.
[38] Kumar and Nair 2009, 20.
[39] WTO 2001.

markets[40] within the current structure of international agricultural trade, in which prices are inflated due to subsiding producers in the developed world. Also, without external liberalisation, these players were still engaged in lobbying for agricultural reform within India to build economic strength in the domestic market.[41] Furthermore, commodity producers would benefit from PTAs under negotiation, as it is the case with fruit exporters in the EU–India negotiations.[42]

In the absence of strong national-level associations, both offensive and defensive players in the sector are reported not to have commissioned studies to assess the impact of the DDA on agriculture. However, researchers based on either think-tanks or universities did work either independently or upon the government's request[43] to analyse the consequences of the possible outcomes of the DDA. In early 2001, before the launch of the DDA, the NDA government organised a forum on WTO and Indian agriculture in which specialists were heard about their perspectives on the sector. Also, agriculture universities and agro-economists were asked to help develop the national positions. In May 2002 the MoC constituted an expert group on agriculture. It is formed by respected agro-economists who are consulted in the process of formulating India's positions for the negotiations on the AoA.[44] The Consumer Unity & Trust Society (CUTS), a NGO that advocates trade liberalisation since mid-1980s, also produced studies related to the sector. CUTS supports further opening as long as India retains policy space to protect small farmers.[45]

[40] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[41] Interview with P. Chengal Reddy, CIFA's secretary-general, 15 Sep 2011.
[42] Interview with senior bureaucrat, Delhi, 29 Sep 2011.
[43] Interview with Prabir Sengupta, Secretary of Commerce (2000-2002), Delhi, 22 Sep 2011.
[44] Lok Sabha 2004.
[45] Interview with Bipul Chatterjee, CUTS officer, Delhi, 6 Sep 2011.

Indian agriculture was therefore far from having a single, coherent organisation of its interests even when there was convergence of interests among some of its players, as it is the case with the defensive small farmers. They were constantly mobilised, yet did not prevail until after May 2004, when the UPA came into power. Despite being unorganised, the defensive interests from agriculture were able to counter the offensive positions of two highly organised sectors: industry and ICT services.

Industry

'The industrial sector', an experienced bureaucrat reports, 'is a little more vocal than others. Perhaps they have more visibility than other actors, but it does not mean that the agricultural sector was ignored'.[46] In fact, the industrial lobby in the formation of India's stances in the DDA talks had two main organisations of national scope representing their interests: CII and FICCI. FICCI has its origins in the struggles for national liberation. CII, in turn, was created only in 1992, from the Confederation of Engineering Industry,[47] which embraced a liberalising mind-set from its foundation. Given that the Indian industry survived better than expected in the face of economic liberalisation in the 1990s, FICCI converged on similar positions, as long as they did not damage the interests of its members. CII and FICCI cover the same jurisdiction: both federative organisations accept members from any part of India.[48]

Also, other two large organisations represent manufacturers' interests: the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and the Federation of Indian Export Organisations (FIEO). The history of ASSOCHAM is

[46] Interview with former senior bureaucrat, Delhi, 17 Sep 2011.
[47] Pedersen 2000, 269.
[48] Interview with Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011.

associated with the defence of British interests during the colonial period,[49] but the organisation also represents industrial firms. According to most interviewees, however, ASSOCHAM did not participate as much as CII and FICCI in the DDA talks as negotiations progressed. Also, in contrast to CII and FICCI, ASSOCHAM lacks penetration among entrepreneurs outside Delhi.[50] FIEO, in turn, has a quasi-statist structure, the result of being organised by the GoI. As liberalisation progressed, the association acquired more autonomy. It represents not only industrial sectors, yet also segments within services.[51]

The existence of two major bodies of industrial representation in India suggest, at a first glance, a lack of coordination within the manufacturing sector and hence weakness vis-à-vis competing interests. However, the split between the CII and FICCI suggests instead a double strength for industry insofar as both organisations have direct access to MoC's bureaucracy. Therefore, they have been able to channel both the defensive and the offensive interests of their constituents. CII tends to represent mainly large industrial sectors, whereas FICCI has more small-sized industries among its affiliates.[52] Others, however, say that the difference between the two organisations lies more in the segments they represent rather than in the size of firms affiliated to them: CII represents not only manufacturing, but large corporations in general (including in services, such as construction and finance), while FICCI is linked to traditional industrial sub-sectors. Such a distinction makes sense considering that FICCI is older than CII and went through the ISI period (1950s–1980s).

[49] Pedersen 2000, 269.
[50] Interview with Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011.
[51] Interview with Ajay Sahai, FIEO's director-general, Delhi, 19 Sep 2011.
[52] Poddar 2010.

Sectorial organisations, as most interviewees agree, have become more pro-active as liberalisation has been consolidated. 'The industrial stakeholders wanted, at the beginning of the round, that liberalisation met their interests…, having confidence that the government would negotiate for them the best options of market access',[53] reports an experienced bureaucrat. Thus not all business felt that it was necessary to engage in action to change national stances in the DDA negotiations. 'I think such a trend comes from the way business is done in this country, in which companies try to survive within a given environment rather than changing the way business might get done in their favour, as it happens in the US and the EU',[54] analyses a consultant who conducted studies for the GoI in several areas of negotiation at the WTO. The level of awareness of societal actors (including firms) grew as the round evolved and more information was disseminated, in a 'learning-by-doing' process. That said, considering the structure of the Indian economy, which has a high level of informality even in the industrial sector, this learning hardly reached all players involved in industry. Organisations then acted more based on their own views on the negotiating process rather than on interactions with their members.

However, defensive sub-sectors had space to make their positions clear.[55] Lobbying outside federations happened through regional and/or sub-sectorial business associations or quasi-statist organisations, such as area-specific export councils.[56] The textile industry, especially apparel, is such case.[57] It feared foreign competition and loss of markets abroad, in particular after 2005, when, as explained in Chapter 5, the quotas provided by the ATC were phased out. Players within the chemical and pharmaceutical

[53] Interview with former senior bureaucrat, Delhi, 17 Sep 2011.
[54] Interview with consultant, Delhi, 12 Sep 2011.
[55] Ibid.
[56] Lok Sabha 2003.
[57] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.

sub-sectors had similar concerns.[58] Automobile industries (including manufacturers of car components) also opposed a NAMA agreement unless it provided enough exceptions for their products to be protected from foreign competition.[59] Out of all these defensive sectors, only the automobile complex does not have a large number of medium or small firms. Hence its lobby was organised at the national level and was more evident than other manufacturing sub-sectors.[60] It is conducted by the Society of Indian Automobile Manufacturers and, to a smaller extent, the Automotive Component Manufacturers' Association of India. As for chemicals, pharmaceuticals, and textiles producers, representation of interests outside the federations happened mainly via state-based industrial associations.[61] Therefore, those sub-sectors organised their interests both within and outside the umbrella of the industrial federations. Such a strategy gave them extra strength in lobbying and bypassing the problems that FICCI and CII had in dealing with both offensive and defensive interests at the same time.

Participation of organised labour from industry happened in an unsystematic manner. Before the launch of the DDA, in 2001, trade unions participated in preparatory meetings that the government promoted to receive inputs from societal actors.[62] The only official evidence of participation of a labour organisation in consultations is from 2005. The Bharatiya Mazdoor Sangh (Indian Workers' Union), associated with the Sangh Parivar and with links to the BJP, participated in the meeting that took place between 28 and 29 November 2005 to collect inputs for both AoA and NAMA

[58] Interview with Bipul Chatterjee, CUTS officer, Delhi, 6 Sep 2011; interview with former senior bureaucrat, 26 Sep 2011; interview with senior bureaucrat, 21 Mar 2012.
[59] Interview with T. S. Vishwanath, CII representative in Geneva (2003-2005) and consultant, Delhi, 21 Sep 2011.
[60] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011.
[61] Interview with former senior bureaucrat, 26 Sep 2011; interview with senior bureaucrat, 21 Mar 2012.
[62] Interview with Dr. Abhijit Das, MoC senior bureaucrat (2000-2005) and member of UNCTAD-India Project (2005-2010), Delhi, 12 Sep. 2011.

negotiations in the Hong Kong Ministerial.[63] Nonetheless, this evidence does not mean that workers' interests were left aside or that they were neutral in the process. Based on interviews with people who conducted studies on the DDA for both government and societal actors, it is possible to infer that the interests of labour were aligned with those of entrepreneurs. Hence, within sectors resistant to further opening of the Indian economy, labour tended to oppose liberalisation. In turn, economic activities with offensive interests had workers who, while not demanding economic opening, would not actively oppose a liberalising deal in the DDA negotiations.

The CII and FICCI also commissioned studies from independent consultants and think-tanks about the preferences of players in the manufacturing sector. As mentioned in the Introduction, most of these reports are confidential, classified files in the MoC's archives. The most prominent think-tanks involved in the DDA negotiations in India were the Indian Council for Research on International Economic Relations (ICRIER), founded in 1981 and with close links with leading policymakers who led economic liberalisation in India; the National Council on Applied Economic Research, sponsored by the GoI; the Research and Information System for Developing Countries (RIS), funded by the MEA, which created the think-tank in the 1980s; and the Centre for WTO Studies, founded in 1999 with government and private support. The Centre was incorporated in the Indian Institute of Foreign Trade (IIFT), the training academy of economic diplomacy,[64] in November 2002. Automobile and textiles are among the sub-sectors whose players hired consultants independently of CII's and FICCI's efforts to produce information.[65]

[63] Rajya Sabha 2005a; UNCTAD-India 2010.
[64] IIFT is independent from the MEA training offered to diplomats.
[65] Interview with Samir Gandhi, lawyer and consultant, Delhi, 22 Sep 2011.

In sum, in both offensive and defensive positions, industrial sectors were far more organised than agricultural ones. On the one hand, the fact that agriculture had dominant defensive interests may generate the expectation that an informal coalition between them and the industrial sub-sectors that opposed further opening explains India's reluctance to agree to liberalisation in the DDA negotiations. On the other, the overall picture is more complex: evidence suggests that defensive sectors in industry were not as opposed to some liberalisation in the DDA talks as was the case in agriculture. Peasants and small farmers equated openness with social disruption. Furthermore, services had offensive interests and were organised as well. Hence it is also plausible that they could have formed a liberalising-leaning coalition with the well-organised CII and FICCI, which also represent service entrepreneurs' with offensive interests.

Services

The literature on the political economy of India recognises services as the main winners from economic reform. This increasing economic power has resulted in a better sub-sectorial organisation of activities that have offensive interests in foreign trade. In spite of the fact that the sector accounts for about 60 percent of India's GDP, it employs less than 30 percent of the workforce. Furthermore, not all sub-sectors within services involve activities that would have been directly impacted by any agreement in the DDA context. Besides the well-known organisation in ICTs through NASSCOM, the medical and law sub-sectors were also following the developments of the round through their respective class associations. Players in education, which had initially been listed amongst the activities with potential for liberalisation, also expressed their defensive

interests, although they were later in 'limbo'.[66] There were also concerns with finance (a heavily-regulated activity in the country) and retail[67] (the opening of which has been suspended since 2011 in spite of parliament's consent).

NASSCOM reports to be disappointed with the DDA negotiations deadlock.[68] This is understandable considering that the organisation is engaged in trying to expand liberalisation in ICTs through trade agreements.[69] It participated actively in the process of forming India's positions for the negotiations.[70] Apart from NASSCOM's lobby, the ICT sub-sector relied on direct connections between firms and the field of the state.[71] The support for a liberalising deal, in particular in mode 4, was consensual among players within the sector. State actors also embraced such a position insofar as ICTs corresponds to about a third of its exports of goods and services together. Also, as a senior bureaucrat argues, ICTs reached a level of internationalisation that makes impossible for anyone to oppose further liberalisation in the sub-sector.[72]

As negotiations evolved, players from the finance and the telecommunications sub-sectors became interested in liberalisation. Financial institutions realised the potential of exploring the factors that informed ICT's comparative advantage after liberalisation (access to real-time communication with the rest of the world and the English-speaking, qualified, yet relatively cheap workforce). At the time of the negotiations the evidence suggests that players in the sub-sector could accept liberalisation at the WTO level. Nonetheless there was no consensus around this, and

[66] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011.
[67] interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.
[68] Interview with Gagan Sabharwal, NASSCOM officer, Delhi, 29 Sep 2011.
[69] Interview with consultant, Delhi, 12 Sep 2011.
[70] Interview with Dr. Abhijit Das, MoC senior bureaucrat (2000-2005) and member of UNCTAD-India Project (2005-2010), Delhi, 12 Sep. 2011.
[71] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[72] Interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.

such resistance is reported to have increased after the 2008 financial crisis.[73] The players in telecommunication services shared similar perceptions. At the end of the 1990s, the sector was opened to foreign players and corporatisation (capital opening) of state-owned telecom companies. Hence the sector would have had no problems with further opening had the DDA negotiations been successful.[74] Although finance has not faced international competition so far, banks and other actors in the sub-sector could have the same expectation.

Aside from the participation of firms, representative professional organisations manifested their preferences about eventual liberalisation of their sub-sectors once the government asked for inputs. Associations and statutory bodies representing accountants, engineers, lawyers (the Bar Association of India), and medical doctors (the Medical Council of India) were the ones mostly responsive.[75] According to a senior bureaucrat, opposition to liberalisation in services came mainly from professional bodies.[76] Throughout the negotiations, however, the positions of significant sub-sectors changed. Lawyers, for instance, realised the potential that Indian firms could have in a more integrated global market given their English-speaking basis, as it had happened with the ICT sector as liberalisation evolved.[77] Education professionals showed less resistance as well, while health services reaffirmed the preference for freedom of movement of professionals across national borders.[78]

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[73] The Reserve Bank of India is also cautious with liberalisation (interview with a MoC senior bureaucrat, Delhi, 7 Sep 2011; interview with B. K. Zutshi, Indian Ambassador to the GATT [1989-1994], Delhi, 14 Sep 2011).

[74] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sept 2011; interview with MoC senior bureaucrat, 21 Mar 2012.

[75] Interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.

[76] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.

[77] Interview with Samir Gandhi, lawyer and consultant, Delhi, 22 Sep 2011. Gupta's (2007) findings corroborate this perspective. She identified a declining resistance of lawyers in opening the law services market for competition as they perceived having comparative advantage abroad.

[78] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sept 2011.

Services' sub-sectors, however, did not lobby only through their respective segmented associations. CUTS was frequently approached by organisations that represent services' interests.[79] This is no surprise insofar as the organisation represents consumers and, with more competition, prices could decrease and quality would be very likely to improve within a context of further liberalisation. CUTS indeed supported more opening in the sector with the aim of improving consumer welfare, particularly in the areas of accounting, education, and law. Nevertheless, the organisation defends the position that liberalisation should happen in a gradual manner,[80] so India has time to adapt its domestic regulations to enhance a level playing field in all service-related activities. CII and FICCI (which, as mentioned above, have not only manufacturers among their members) were also consulted and informed by government on the evolution of the negotiations on services, responding according to the preferences of different activities in the sector expressed.[81] Moreover, CUTS, major think-thanks (in particular ICRIER), and independent consultants developed studies on the liberalisation of services. This contributed to demonstrating to associations and players within the sub-sectors that they could gain with a deal in DDA negotiations.

Summary of Interests

Table 7.1 summarises the responses to the questions with which I guided the investigation in this chapter. The symbol (L) corresponds to liberalising positions, whereas (P) means protectionist, and (L/P) a divide between the two. The most organised interests (liberalising industry and services) lost the battle to the dispersed protectionist agriculture and fragmented protectionist manufacturing sub-sectors; the

[79] Interview with Bipul Chatterjee, CUTS officer, Delhi, 6 Sep 2011.
[80] Ibid.
[81] Interview with Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011; interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.

only exception here is the automobile complex, with its nation-wide organisations. Hence the organisation of interests does not explain the successful counterattack of agriculture in India against liberalisation plans after May 2004, under UPA government. Agricultural exporters became less vocal, yet not because of an increasing lobby from peasants and small farmers. Also, services' organisations remained active, with more sub-sectors outside ICT foreseeing opportunities with liberalisation. As demonstrated in Chapter 5, in 2004 other negotiating parts in the international dimension had not left services aside.

Table 7.1. Summary of sectorial positions (India, 2001–2008)

Item	Agriculture	Industry	Services
Dominant Position	• (P)	• (L/P)	• (L)
Sectorial Lobby	• -	• (L/P) CII, FICCI	• -
Sub-sectorial Lobby	• (P) Farmers' Associations	• (P) Automobiles, Chemicals, Pharmaceuticals Textiles	• (L) ICTs
Other Lobby (including Labour)	• (P) Peasants	• (P) Regional Associations	• (P) Professions
Changes in the Lobbying Structure	• (L) Exporters became less vocal	• Not identified	• (L) Part of the professions, such as lawyers, realise possible gains
Production of Information	• (L/P) Think-Tanks and Researchers in Universities	• (L/P) Think-Tanks and Researchers in Universities	• (L/P) Think-Tanks and Researchers in Universities
Overall Organisational Strength	• (P) Weak	• (L/P) Strong, with (L) aligning with (L) Services due to CII/FICCI	• (L) Strong
Government Position (in 2008)	• (P)	• (P)	• (P)
Expected Result	• (L) given that other sectors were stronger	• (L)	• (L)
Conclusion	• Incongruence	• Incongruence	• Incongruence

Strength in organisation might then not even be a necessary condition to influence the government. As a researcher who worked for more than one institution says, 'in the end, it is the MoC and the government who decides the positions'.[82] Before buying this argument, however, one has to examine the configuration of the field of the state in India and how different bureaucracies related with each other as well as with societal actors at the negotiation stage.

Institutions: The State as a Field

'We listen to all stakeholders' demands prior to negotiations'. All bureaucrats from India interviewed for this research say this or something similar when asked about interactions with domestic constituencies. Listening, however, does not mean accepting actors' demands as players within the field of the state (bureaucrats, ministers, and the Prime Minister) craft the national interest. Nonetheless, in India more non-state actors and government bureaucracies other than the nodal access point participate in depth in the process of policymaking. That is perhaps why India is known in international negotiations as the country that says 'no':[83] in taking into consideration diverse domestic positions, the state would always end up with a narrow win-set. Negotiators are aware of potential veto-players and their political strength, as is the case with the large portion of the population which depends on small farming to survive. This, however, did not prevent India from foreseeing under the NDA government liberalisation of agriculture as means of creating more opportunities in the rural areas and therefore a possible reduction of poverty rates. This contradicts the assumption that GoI's bureaucracy, in particular within the MoC, provides stability for India's positions in negotiations.

[82] Interview with consultant, Delhi, 12 Sep 2011.
[83] Narlikar 2010.

Ministry of Commerce and Industry, the Nodal Bureaucracy

The nodal point in the elaboration of trade policy in India is the MoC. Although India has had a separate ministry or department (which is under a ministry) for commerce-related issues (including trade negotiations) since its independence in 1947, it was placed along with industry only in 1999,[84] the year when WTO failed to launch in Seattle what two years later would become the Doha Development Round. Since 2000, the MoC is divided into the Department of Commerce (DoC) and the Department of Industrial Policy and Promotion. The organisation of a bureaucratic unit responsible for industrial and trade policies, and trade negotiations reveals India's concern to coordinate these two issue-areas. The negotiations were under the auspices of the Trade Policy Division (TPD), within the DoC, which is also responsible for the implementation of the foreign trade policy in general and activities of export promotion.[85]

MoC's bureaucrats involved in the DDA negotiations were not concerned only with WTO issues, but had to handle negotiations of other agreements, such as the PTAs which India either started negotiating or signed in the 2000s.[86] Almost everyone working in the MoC is a career bureaucrat, with the exception of the minister, appointed by the Prime Minister. MoC's bureaucrats come from the Indian Administrative Service (IAS), not from the Indian Foreign Service (IFS), which comprises the diplomats.[87] All civil servants of the IAS start their career at the sub-national level, as appointees in

[84] MoC 2012.
[85] MoC 2013b.
[86] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011; interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.
[87] Such a fact, as a senior diplomat comments off the record, has a virtuous contribution to economic diplomacy insofar as, prior to be involved in international negotiations, the IAS members who are allocated at the MoC have posts in domestic policy issue-areas. This leads negotiators to be more aware of India's population limits in economic terms than if they had devoted all their careers to international affairs, as the IFS members do. Nevertheless, IAS members are subject to sudden transfers from a post to another, then limiting the continuation and quality of service delivery by the state (Banik 2001, 127).

states, where they handle a wide variety of domestic affairs. The process of policymaking starts in the TPD. Bureaucrats subordinated to the Joint-Director of Trade responsible for the DDA elaborated reports on the sectors. In this process, part of the applied research work – in all negotiating areas, from agricultural to non-agricultural issues – is outsourced, particularly to the think-tanks, all of which were already in place when negotiations started in 2001. This phase, as a senior negotiator reports, consists of a pure academic exercise.[88]

In parallel to the inputs provided by researchers, MoC officials receive submissions from interest groups and domestic stakeholders. According to all bureaucrats interviewed, the submissions should be underpinned by technical studies to demonstrate their plausibility and feasibility, as well as their contribution to the national interest. Organised interests hire the same think-tanks to which the MoC commissions its own studies. Also, law firms with a specialisation on international issues and university-based academics were hired for producing reports on topics discussed at the DDA talks.[89] In terms of the international dimension, the TPD also counts on inputs from the Permanent Mission in Geneva that represents India's positions in the WTO. Those inputs, as bureaucrats report, inform the stances the country eventually adopt, yet the domestic dimension still provides the boundaries for defining the national interest.

It is noteworthy that think-tanks are far from being insulated from the political and economic circles of power in Delhi. In fact, nine out of ten researchers interviewed for this thesis had already occupied positions in either government or other think-tanks prior to their current position. Many of the confidential think-tank reports, another

[88] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[89] Interview with Samir Gandhi, lawyer and consultant, Delhi, 22 Sep 2011.

researcher tells, end up not being considered in the final decisions.[90] That said, the inputs given by these organisations open room for a higher degree of participation and contribution of societal actors to the formulation of the national interest than had been the case otherwise.

The interactions between organised interests and the MoC, however, are not restricted to the exchange of information on technical studies. The players in the domestic dimension also lobby bureaucrats through other formal means, such as official submissions in the form of letters and the participation on committees on trade-related affairs, and informal channels, including meetings with civil servants and phone calls.[91] Throughout most of the DDA negotiations, the DoC had two main official bodies through which stakeholders could provide inputs on foreign trade policy in general: the Board of Trade and the Export Promotion Board.[92] Until 2004, under the NDA government, there was also an Advisory Committee on International Trade with players from the field of the state and organised interests in the political arena.[93] In the committee, industrial associations were more represented than civil society organisations in general,[94] thus signalling a preference of the government for liberalising opinions. UPA's ministry of Commerce Kamal Nath limited the role of this committee.[95] Evidence from interviews in general suggests that it was extinguished in practice after 2004.

Such a fact, however, does not mean that interactions with societal players diminished under the UPA government. The MoC conducted direct consultations with

[90] Interview with consultant, Delhi, 12 Sep 2011.
[91] Interview with T. S. Vishwanath, CII representative in Geneva (2003-2005) and consultant, Delhi, 21 Sep 2011.
[92] WTO 2002b, 17; WTO 2007, 21.
[93] Interview with Bipul Chatterjee, CUTS officer, Delhi, 6 Sep 2011.
[94] Interview with senior bureaucrat, Delhi, 15 Sep 2011.
[95] Sharma 2007, 24.

players through the UNCTAD–India project.[96] In 2006, after the Hong Kong Ministerial, the MoC held 14 consultations in Indian states.[97] Under the NDA administration, the ministry held workshops on WTO-issues at sectorial associations and councils,[98] and sent bureaucrats to places other than Delhi to hear the demands of societal actors. In partnership with the MoA, the MoC held four regional meetings in 2001 before the launch of the DDA.[99] The ministry also organised meetings with representatives of state governments, stimulating them to establish 'cells' (working groups) on WTO issues. After the Doha Ministerial, in 2002, 10 out of 35 states or union territories had organised such bureaucratic units.[100] In 2005, the UPA government created the Inter-State Trade Council, composed of chief ministers of the states or state cabinet ministers nominated by chief ministers, representatives from ministries other than the MoC and government agencies with interest on trade-related issues, and members of industrial associations.[101]

Therefore, in the process of interacting with domestic players, the MoC not only receives inputs through high-level civil servants, such as the Secretary of Commerce and the head of the TPD, but also through other bureaucracies that deal with organised interests. Nonetheless, the head of the TPD has the duty of preparing background positions based on inputs from stakeholders. These positions inform the national negotiating stances, which are only defined once there is governmental approval. To ensure that the government approves whatever the MoC has defined as being in the

[96] Interview with Dr. Abhijit Das, MoC senior bureaucrat (2000-2005) and member of UNCTAD-India Project (2005-2010), Delhi, 12 Sep. 2011.
[97] UNCTAD-India 2010, 17.
[98] Lok Sabha 2003.
[99] Rajya Sabha 2001b.
[100] The states are Andhra Pradesh, West Bengal, Madhya Pradesh, Karnataka, Haryana, Punjab, Tripura, Nagaland. The union territories of Delhi, and of Dadra and Nagar Haveli established WTO cells too (Lok Sabha 2002c).
[101] MoC 2013a.

national interest, the TPD consults other bureaucracies within the field of the state at the union level, as well as state-level governments.[102] Whenever the head of the TPD and his team cannot solve divergent positions, the Secretary of Commerce – the highest bureaucrat responsible for the negotiation of any international trade agreement – becomes involved in the search for a middle-ground with his/her colleagues in other ministries.[103] If no agreement is reached, then the question goes to the ministerial level (the cabinet), which is made up of political appointees only. However, the set of demands usually only reaches the cabinet once possible grievances have been cleared at the level of the secretaries from ministries that have an interest in the negotiations.[104]

Other Bureaucracies

As demonstrated above, the MoC is not alone in the process of policymaking and in the interactions between the players in the domestic fields and those in the field of the state. The nodal bureaucracy has to consent and dispute positions with other counterparts that, notwithstanding their secondary position as far as the formulation of the national interest in trade negotiations is concerned, can contribute to the final stances of negotiation as much as the state and non-state players with whom they interact.

Excluding the MoC, the MoA consists of the most influential bureaucracy in the field of the state as far as international negotiations are concerned. All interviewees who participated in the formulation of India's positions from all fields in the domestic dimension unanimously agreed with such statement. According to a former senior official, MoA bureaucrats usually go to Geneva along with MoC members to follow

[102] Interview with Gopal K. Pillai, Secretary of Commerce (2004-2009), Delhi, 16 Sep 2011; interview with former senior bureaucrat, 26 Sep 2011.
[103] Interview with Prabir Sengupta, Secretary of Commerce (2000-2002), Delhi, 22 Sep 2011; interview with MoC senior bureaucrat, 21 Mar 2012.
[104] Ibid.

negotiations on agricultural issues.[105] Whereas MoC officials argue that they are in the pursuit of the national interest no matter what it means, the MoA has a well-established stance that in the view of its bureaucrats represents the nation: the current structure of agriculture in India should be preserved because the small peasantry needs to be protected.[106] The MoA, as a senior bureaucrat reports, does not want any trade-off that involves agriculture, as would be the case with liberalisation in the services sector.[107]

While the MoA in practice provides a voice for the small peasantry in the negotiations, APEDA, as explained in the previous section, offers a counterpoint in favour of exporting interests. Also, APEDA provided technical inputs to the formulation of negotiating stances.[108] Nevertheless, in any agricultural issue the last word comes from the MoA. The ministry is usually under the control of a powerful politician in the regional level.[109] If there is negotiation on some of the issues in agriculture, it is the MoA that will take a position. What the MoA is justifying has to be taken into the national interest, unless there is a convincing argument against the minister's position.[110] In this process, as former Secretary of Commerce Gopal K. Pillai explains, not only MoA's own positions are reflected, but also those of state governments.[111] As explained in the previous section, they are responsible for developing and implementing agricultural policies, and act in practice as a lobby on the behalf of large and small farmers.

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[105] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011; interview with former senior bureaucrat, 20 Mar 2012.
[106] The Ministry of Food and Civil Supplies, currently Ministry of Consumer Affairs, Food and Public Distribution, contributed significantly to support this view as well (Interview with Ajay Sahai, FIEO's director-general, Delhi, 19 Sep 2011).
[107] Interview with senior bureaucrat and former negotiator, Delhi, 7 Oct 2011.
[108] Interview with Dr. Sachin Chaturvedi, RIS researcher, Delhi, 26 Sep 2011.
[109] Interview with consultant, Delhi, 12 Sep 2011.
[110] Interview with Ajay Sahai, FIEO's Director-General, Delhi, 19 Sep 2011.
[111] Interview with Gopal K. Pillai, MoC Secretary of Commerce (2004-2009), Delhi, 16 Sep 2011.

Apart the MoA, the MEA has also been gaining momentum on economic affairs since liberalisation in the 1990s.[112] With the increasing international integration of markets, trade negotiations expanded their political–strategic dimension,[113] thus demanding more inputs from diplomats than during the ISI period.[114] In the words of a very experienced policymaker, 'commerce became as important as political diplomacy'.[115] This does not mean, however, that the MEA posits any challenge to MoC's dominant position in the field of the state in India as far as trade negotiations are concerned. That said, the MEA participates in the elaboration of national interests at the cabinet level,[116] which, as explained before, the MoC carries out and shapes as negotiations evolve. Moreover, as current and former senior officials from both MEA and MoC report, for India multilateral negotiations do not arise as much political issues as bilateral and regional talks.[117] Once the government established the major guidelines for the DDA negotiations and the Indian participation in the multilateral system of trade, explicit political issues did not arise. Such a fact reduces the need for MEA's participation in WTO-related affairs. Nonetheless, the MEA also has from two to three officials[118] (including the deputy head) constantly allocated in the Permanent Mission to the WTO in Geneva, which suggests that the IFS had the capacity for the close monitoring of the evolution of the Doha Development Round.

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[112] Sinha (2007, 1193) suggests that before 1998 the MEA had as much power as the MoC in crafting positions for multilateral trade negotiations. This view, however, has not been supported by any of the Indian officials interviewed for this thesis.

[113] Interview with Dr. Sachin Chaturvedi, RIS Researcher, Delhi, 26 Sep 2011; interview with a former senior bureaucrat, Delhi, 17 Sep 2011; interview with think-tank researcher, Delhi, 21 Sep 2011.

[114] Interview with B. K. Zutshi, Indian Ambassador to the GATT (1989-1994), Delhi, 14 Sep 2011.

[115] Interview with former senior bureaucrat, Delhi, 17 Sep 2011.

[116] Interview with Ujal Singh Bhatia, Indian Ambassador to the WTO (2004-2009), Delhi, 7 Sep 2011.

[117] Interview with think-tank researcher, Delhi, 21 Sep 2011; interview with former MEA senior bureaucrat, Delhi, 23 Sep 2011.

[118] Interview with MoC senior bureaucrat, Delhi, 7 Sep 2011; interview with former senior bureaucrat, Delhi, 17 Sep 2011; interview with former senior bureaucrat, 26 Sep 2011; interview with MoC senior bureaucrat, 21 Mar 2012.

MEA's increasing role in foreign trade policy is also evident in India's move towards bilateralism as liberalisation at the multilateral level did not advance. As explained in Chapter 5, the GoI opted to pursue PTAs, signalling with a second-best alternative for sectors that could benefit from further trade liberalisation. Regardless of the possible impact of the race for PTAs and RTAs in East and South-East Asia in India's approach to the issue,[119] the bilateral and regional track counted, on the one hand, with the active support of market players linked to the MoC, yet, on the other, needed the implicit approval of the MEA based on geopolitical considerations.[120] For instance, while the MoC supports the advancement of economic relations with Pakistan, the MEA has a more cautious approach vis-à-vis the Indian neighbour given past military–territorial disputes between both countries.[121]

Finally, being in charge of customs, the MoF has to collaborate with the MoC whenever tariff-related issues are at stake. In contrast to the political insights from the MoA and the MEA, the MoF provides more technical inputs to the elaboration of national positions,[122] such as the evaluation of variations in revenue from duties on imports due to changes in the tariff structure.[123] Also, as the body responsible for the annual Economic Survey, the MoF needs to be aware of the possible impacts that changes in foreign trade may trigger in the national economy. In addition, the bureaucracy has a direct interest on negotiations involving financial services,[124] which were part of India's offer in the sector and had the potential to cause significant changes in the domestic banking system, which is still heavily regulated and closed to foreign

[119] Interview with Dr Aradhana Aggarwal, CUTS researcher, Delhi, 1 Oct 2011; interview with former MEA senior bureaucrat, 9 May 2012.
[120] Interview with Dr Kasturi Das, RIS researcher, Delhi, 16 Sep 2011; interview with a former MEA senior bureaucrat, Delhi, 23 Sep 2011.
[121] Interview with think-tank researcher, Oxford, 27 Mar 2013.
[122] Interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.
[123] Interview with former senior bureaucrat, Delhi, 17 Sep 2011.
[124] Interview with former senior bureaucrat, 20 Mar 2012.

players. Following the MoF's logic of involvement with trade negotiations, other ministries and GoI agencies have an *ad hoc* role in influencing stances related to the sectors they represent. Those bureaucracies became active players in the field of the state with regards to DDA and PTAs negotiations as the policy-areas under their auspices emerged across the negotiating processes. Ministries responsible for specific sectors, in particular those of Chemicals,[125] Education,[126] Information Technology,[127] Small Scale Industries,[128] and Textiles,[129] as contributing with minor inputs in the formulation of the final national positions.[130] Those inputs were transmitted at various bureaucratic levels, at meetings between joint-secretaries, secretaries, and, whenever necessary, the members of the cabinet themselves. Yet those ministries have far less weight than the MoA and the MEA in the process of coordination. In contrast to the MoA, however, the former group of bureaucracies had a redundant role insofar as the organised interests attached to them were already in direct interaction with the MoC.

The Role of the Governing Coalition

As a parliamentarian republic, India's executive corresponds not only to the Prime Minister's office, but to the entire cabinet, which can be formed by more than 50 ministries. However, as discussed above, only the MoA and MEA besides the nodal bureaucracy – the MoC – follow the negotiations closely enough to have a significant impact in forming the national positions.

[125] Interview with MoC senior bureaucrat, Delhi, 7 Sep 2011; interview with former senior bureaucrat, Delhi, 17 Sep 2011.
[126] Interview with MoC senior bureaucrat, Delhi, 7 Sep 2011.
[127] Interview with Samir Gandhi, lawyer and consultant, Delhi, 22 Sep 2011; interview with Gagan Sabharwal, NASSCOM officer, Delhi, 29 Sep. 2011.
[128] Interview with Prabir Sengupta, Secretary of Commerce (2000-2002), Delhi, 22 Sep 2011.
[129] Interview with Bipul Chatterjee, CUTS officer, Delhi, 6 Sep 2011; interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[130] In the case of textiles, for instance, interactions with societal actors happened through the Office of the Textiles Commissioner, an agency that is under the control of the ministry devoted to elaborate polices for the sub-sector (Lok Sabha 2003).

To recapitulate, if the MoC is not able to solve by itself eventual grievances that may arise from divergent positions with other ministries, then the cabinet – in particular the Prime Minister's office – comes into action. There are two ways in which contentious negotiating stances are analysed in the cabinet. The committee on economic affairs evaluates them first. Alternatively, all ministers can discuss positions straightforwardly.[131] According to an experienced official in international negotiations, 'more often than not' disputes go beyond the secretary level, reaching the cabinet, yet the committee on economic affairs handles them more frequently than the entire group of ministries.[132] Another possibility employed was, depending on the circumstances, to constitute a specific committee on the WTO.[133] In technical terms, the Planning Commission advises the cabinet.[134] The Prime Minister chairs the commission, which sets guidelines and targets for policymaking at the federal level in Five-Year Plans, particularly in economic affairs.

Nonetheless, as argued in Chapter 5, the Prime Minister does not decide alone about ratification. So that is the case during the negotiation phase as well, during which MPs also offer inputs to the government. Hence, in the negotiation phase, the head of government also suffers constraints from the coalition that backs the administration in the parliament. This happens not only through the debates on trade which take place on the floor of both lower and upper houses. Politicians in general, including MPs, seek to influence the MoC to demonstrate to their constituencies that they have power in the

[131] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011; interview with senior bureaucrat, 21 Mar 2012.
[132] Interview with senior bureaucrat, 21 Mar 2012.
[133] Interview with Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011. Sinha (2007, 1198) reports that in 1999, for the first time it was established a formal inter-ministerial group at both ministerial and bureaucratic levels to discuss WTO-related issues. The group was chaired by the secretary of Commerce, and composed by the secretaries of Agriculture (MoA), Economic Relations (MEA), Finance (MoF), Law, and Textiles, along with the secretary to the Prime Minister, and the director-general of the Council of Scientific and Industrial Research.
[134] Interview with senior bureaucrat, Delhi, 7 Oct 2011.

central government. On the one hand, such a strategy hardly works insofar as inputs are usually unsubstantiated, not being underpinned by any studies that demonstrate the economic validity of the demands put forward.[135] On the other, parties with representation in the parliament with a relevant role in state-level politics influence the process as the government consults them on negotiating stances.[136] Apart from organising informal meetings with party leaders, the government relies on inputs from a department-related parliamentary Standing Committee on Commerce with members from both lower and upper houses.[137] In 2005, the committee prepared a report that subsequently contributed to guide India's negotiating stances.[138]

All this does not mean that the shadow of ratification, and thus the risk of loss of support for the government, haunts only the cabinet and the Prime Minister in the negotiation process. MoC's policymakers report to be aware of the constraints that emerge from parties and the distribution of power between the national and state levels. Therefore, insofar as the domestic dimension embeds the field of the state, bureaucrats consider those constraints even implicitly in the process of elaborating negotiating stances and, by consequence, the very notion of national interest and the limits to reframe it. As a senior officer with extensive negotiating experience reports, the constraints are found beyond the ratification process. As an agreement is signed, it may eventually demand reforms in domestic policies conditioned upon change in legislation

[135] Interview with Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011.
[136] Ibid; interview with former senior bureaucrat, Delhi, 17 Sep 2011.
[137] Interview with Gopal K. Pillai, Secretary of Commerce (2004-2009), Delhi, 16 Sep 2011; Rajya Sabha 2005b.
[138] Rajya Sabha 2005b.

at different levels of government.[139] Negotiating stances, thus, have to fall within the policy scope of the coalition in power.[140]

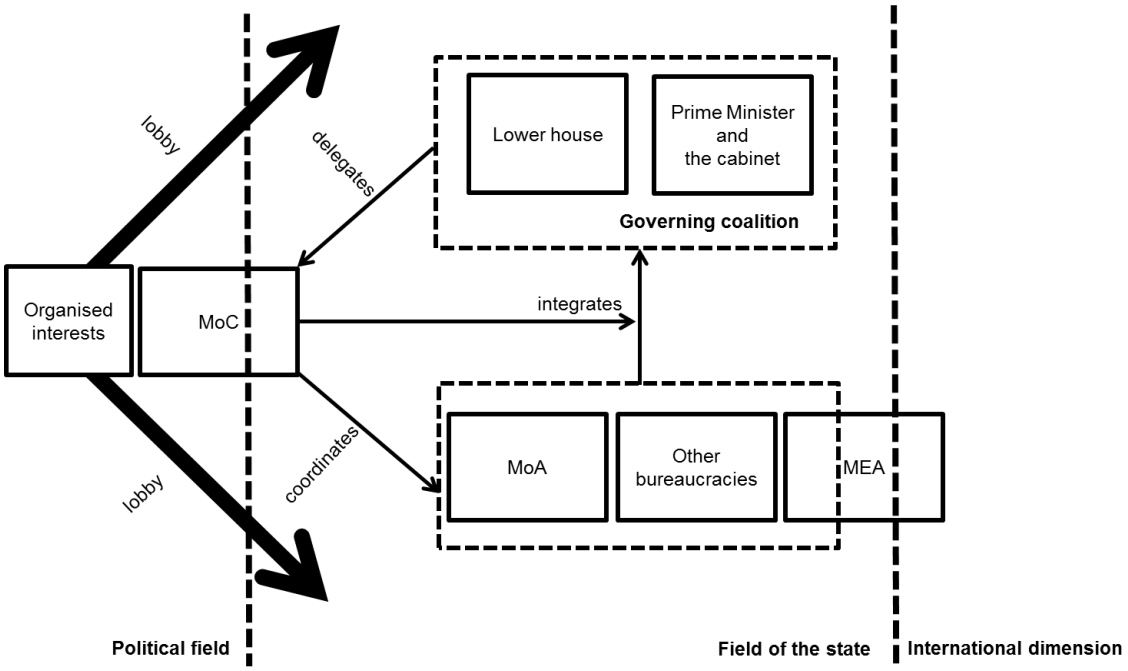
Summary of Institutions

The coalition that holds power hence matters not only for ratification, but also for negotiation, insofar as it represents demands from domestic players organised in the political field or dispersed actors in the fields of the market and society. Also the coalition contributes to formulating part of those demands given that the Prime Minister ultimately coordinates the negotiating process, notwithstanding MoC's and its bureaucrats' prominent role in crafting the national interest. The head-of-government, as well as its cabinet, have an interest in retaining the control of the field of the state. Thus, they also have an interest on succeeding at the ratification stage, as well as on the enactment of legislation in the implementation of any agreement that is signed.

There were equally powerful bureaucracies working on the behalf of both liberalising and protectionist/status quo market players. That said, access to policymakers was uneven. There were more interactions between industrial and service's organisations, on the one hand, and MoC bureaucrats, on the other. Agriculture largely acted through the MoA and state governments (which can be characterised as organised interests vis-à-vis the GoI). Defensive agriculture prevailed, yet industry and services were signalled with side payments as the government started to pursue the signature of PTAs. Figure 7.1 describes the configuration of the Indian state in terms of the DDA negotiations. The field is more domestically than internationally embedded given that MoC's conducted the negotiation process by looking inside rather than abroad.

[139] Interview with senior bureaucrat, Delhi, 15 Sep 2011.
[140] Interview with B. K. Zutshi, Indian Ambassador to the GATT (1989-1994), Delhi, 14 Sep 2011.

Figure 7.1. Players within the field of the state (India, 2001–2008)



Institutional design, thus, does not explain India's positions without the caveat of resorting to the ratification constraints present in distinct governments. The latter varied between two different coalition rules (NDA and UPA), while the state remained as much embedded in the domestic dimension as usual. In spite of minor differences in the manner that bureaucracies related to societal actors under NDA's and UPA's governments, state-domestic interactions remained constant throughout the DDA negotiations. Nevertheless, the MEA acquired increasing relevance in trade negotiations at the timeframe of the Doha Development Round. This therefore suggests that it is worth investigating the impact of international factors on India's position, to which I now turn.

The Impact of the International Dimension

India's participation in the DDA talks should be understood in the light of the constraints that the international fields of the market and society imposed upon the

country's strategies as it shifted from 'nonalignment to multialignment'.[141] As Narlikar argues, a rising India developed greater engagement with economic partners while de-emphasising Third World rhetoric.[142] Notwithstanding these shifts, India's socialisation in the international dimension suggests that country preserved historical traits of its state identity as it adhered to dominant paradigms in the external fields of the market and society. India did not have to leave aside its Global South allies to improve relations with the systemic core[143] and to gain international power.[144] Given the increasing costs of only ever saying no in international fora, policymakers dealt with regimes to satisfy domestic interests in parallel with the enhancement of national power abroad. This occurred despite the absence of a great strategy in India's foreign policy.[145] Hence, on the one hand, engagement with established regimes became, to some extent, unavoidable, yet conditioned on long-term dispositions set by the country's international identity. On the other, the interests in those regimes remained subject to domestic factors,[146] even if international constraints reinforced them.

As far as the field of the market is concerned, multialignment was a means of sustaining economic growth and converting that into PP.[147] This was crucial in the aftermath of the 1991 crisis, explained in Chapter 5. External factors shaped changes in India's domestic trade regime in the late 1990s.[148] However, integration into the world economy became possible insofar as a sense of national sovereignty over domestic market could be maintained[149] and economic development be addressed.[150] Hence

[141] Jaffrelot and Sidhu 2013, 319.
[142] Narlikar 2006, 59.
[143] Ibid., 74.
[144] Narlikar 2007, 984.
[145] Mehta 2009, 210.
[146] Narlikar 2011, 1619.
[147] Jaffrelot and Sidhu 2013, 319.
[148] Sinha 2007, 1192.
[149] Norbu 1998, 303.

further liberalisation was possible only if those conditions were satisfied. The idea of globalisation did not suffice: the reality needed to match domestic interests. In fact, as mentioned in the Introduction, India went to the Doha Ministerial in 2001 opposed to the negotiation of the Singapore Issues (transparency in government procurement, trade facilitation, trade and investment, and trade and competition).[151] To this end, in 1996 the country had formed the Like-Minded Group (LMG) with other opponents of these issues. They argued that developing countries could not fully implement commitments made in the UR, and hence were not able to make further concessions at the multilateral level.[152] The LMG did not hold together, and the Doha Round was launched.

As demonstrated in Chapter 5, in the preparation for the DDA the GoI identified offensive opportunities in all three major sectors, including agriculture. Otherwise, India would hardly have joined the agricultural G-20. At the transition from the NDA to the UPA government, the GoI expressed the view that foreign policy should be conceived as being part of a larger effort to enhance economic development and national security.[153] Nevertheless, insofar as the UPA was embedded in religiously-diverse areas and was thus more subject to the demands of protectionist sectors (as demonstrated in Chapter 5), the understanding of the limits for development changed with the government. Moreover, the rise in international food prices in 2007 and 2008 contributed to reducing the scope for concessions in agriculture.[154] The perspective of international crisis also generated uncertainty about whether the country could still gain from multilateral liberalisation. Embarking on the race for PTAs looked like a more worthwhile strategy to advance national interests without undermining its credibility.

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[150] Ibid., 313.
[151] Narlikar and Wilkinson 2004, 450.
[152] Narlikar 2006, 65.
[153] MEA 2004, 1; MEA 2005, 1.
[154] Malone 2011, 262.

However, prior to the launch of the DDA, India had already been engaged in the advancement of economic integration at the regional level, within the context of the 'Look East' strategy,[155] launched in the 1990s and which gained further relevance with the rise of China and its consequent growing influence in East and South-East Asia. Therefore, while the pursuit of PTAs did not stem only from gloomy perspectives for the DDA negotiations, lack of progress at the multilateral level stimulated first policymakers and thereafter players in the field of the market to look for bilateral alternatives in economic liberalisation.

Nonetheless, following the theory outlined in Chapter 2, PP in the international dimension stems from a country's economic strength as much as from its position in international society. Insofar as India aims to become a rule-maker at the international dimension,[156] the adherence to Western-based norms does not represent a contradiction of the country's longstanding non-Western state identity. Furthermore, as Bajpai argues, Indian conceptions of international order accept rules and regimes, yet with suspicion.[157] Like other post-colonial states in Asia and Africa, India employed foreign policy as a tool to affirm its statehood in the first years after independence (achieved in 1947).[158] For this, it had to project in international society an identity distinct from the Western colonisers as part of a strategic move to affirm sovereignty and avoid external interference in domestic affairs.[159] Indian elites led by Nehru and the Congress in the aftermath of independence reclaimed the country's great past as a distinct civilisation.[160] Such a conception of state identity impacted policymaking and, hence, India's

[155] Jain 2011, 217.
[156] Madan 2013, 95; Jaffrelot and Sidhu 2013, 319.
[157] Bajpai 2003, 260.
[158] Norbu 1998.
[159] Ibid., 301.
[160] Ibid., 305. Norbu equates state identity to national identity, although, as explained in Chapter 2, I treat both concepts as distinct from each other (Abedelal 2009, 72).

socialisation in the international dimension. This led the country to adopt a universalist/solidarist perspective on foreign affairs,[161] without, however, neglecting the logic of sovereignty.[162]

With the 21st Century, as Mohan argues, India moved from a defensive to a responsible multilateralism,[163] using international regimes to demonstrate willingness to cooperate within a globalised order,[164] while enhancing its power. Evidence of a more affirmative position in international politics, however, precedes the end of the 1990s. The clearest stance on this was the May 1998 nuclear tests: NDA government pursued India's projection of power within the American unipolar moment. As an unintended consequence, the strategy did not confer a pariah status on the country in international society. The US lifted sanctions against India in 2000.[165] Such a decision evolved towards a bilateral partnership that, coupled with India's economic rise, gave the country an unprecedented high international status. The civil nuclear deal with the US established between 2005 and 2008 was the recognition that India then integrated the 'nuclear mainstream'.[166] The political process that led to such recognition, however, exemplifies the transformation of India's international identity after the end of Cold War and its increasing willingness to adhere to Western values. In the months after the nuclear tests, the GoI sought to ease American anxieties about Indian international pretensions, claiming that Indo-US relations could enhance democracy in the world.[167]

Socialisation in the 1990s onwards then implied gaining economic power and prestige in international society while preserving patterns inherited from the Indian non-

[161] Mohan 2013, 28.
[162] Bajpai 2003, 240.
[163] Mohan 2013, 35.
[164] Bajpai 2003, 254.
[165] MEA 2002, 97.
[166] Mohan 2013, 36.
[167] Muni 2009, 12; MEA 2001, ii.

aligned past. Table 7.2 summarises India's perceptions of the international fields of the market and society. Both are congruent with India's action in the DDA talks. Participation in the G-33 (which pushed for defensive measures in agriculture at the WTO) satisfied internal demands as much as it revived India's solidarity ties forged with the old Third World in the G-77. The agricultural G-20 produced the same effect as it revived the partnership with Brazil during the GATT era. Constraints, however, are not at the origin of interests, which emanate from the domestic dynamic of power.

Table 7.2. Perception on constraints from the international fields (India)

Field	Market	Society
Constraints	Globalisation, yet with the economic rise of emerging markets, including the BRICS, and of the Global South in general	Permanence of Western norms and regimes
India's Perception	Opportunity to gain strength in the field	Opportunity to gain strength in the field (if committed to existing rules)
Does Reaction Explain Demands?	Yes (liberalising trends prevailed in a context of global stability, whereas protection was emphasised in parallel to an increasing perception of crisis)	Yes (commitment to the WTO had to be genuine for gaining prestige in the West as well as among Global South partners, such as the G-33 members)

To conclude, external factors in the economy and the dynamics international society cannot explain India's positions with regards to the DDA. The configuration of power in the international dimension, however, reinforced the protectionist/status quo trend that emerged as UPA replaced the NDA in government. Increasing MEA's participation in foreign trade policy enhanced the capacity of the Indian state to balance better different domestic interests. These, however, were ultimately dependent on the governing coalition. In the period 2001–2008, India was no longer the country that just said no in the international dimension. The aftermath of the Cold War was characterised by adaptations in the Indian state identity. International regimes were then no longer

subject to contestation. Instead, markets and the Western-based international society could enhance the country's national interests even if these did not remain constant.

Conclusion

India is a case in which domestic embeddedness prevails (proposition 2c), generating the expectation that the organisation of interests and the institutional design of the field of state impact the formation of the national interest (proposition 2a) more that if international embeddedness prevailed. However, following the predictions of the theory outlined in Chapter 2, such a characteristic of the field of the state does not explain per se variations in India's national interest in the DDA talks. Power distribution between liberalising and protectionist/status quo economic sectors in ratification prevails over constraints existing at the negotiation stage. That is why under the NDA rule offensive demands prevailed, while during the UPA cabinet defensive interests dominated. What empowers sectors with protectionist/status quo preferences, as demonstrated in Chapter 5, is their attachment to the dominant conception of national identity (secularism), which praises religious diversity. Hence, the lower the proportion of Hindus in a sector, the higher is their IC. Nevertheless, this capital is only converted into PP if the governing coalition espouses the dominant social paradigm (proposition 1c), which was not the case with the NDA given BJP's links to Hindu nationalism.

The cabinet and hence the correlation of forces in the lower house prevailed over the negotiating process, despite MoA's and, in particular, MoC's connections with society. The ICT lobby, which took place through NASSCOM, remained organised throughout the round. However, despite the fact that other sub-sectors within services realised potential gains from liberalisation, offensive interests could hardly be met in a scenario of the maintenance of the status quo in agriculture. CII and FICCI, in turn, had

to balance offensive and defensive concerns from various sub-sectors from industry in particular. Also, defensive sub-sectors engaged in lobbying outside the federations, as was the case with automobiles and textiles, remained active throughout the round. Such a fact does not fit India's liberalising impetus between 2001 and 2004, providing additional evidence that the organisation of interests does not impact significantly the formation of the national interest. MEA's focus on following the conjecture within the international dimension contributed to defining the size of India's win-set in the DDA negotiations, yet only marginally, reiterating trends that would in any case be present at the ratification stage.

To summarise, traditional 'I's do not explain in full India's national interests in the DDA negotiations. Notwithstanding the high EC and organised lobbying of liberalising segments, they would not have prevailed between 2001 and 2004 unless the NDA had constrained the PP of protectionist sectors. Institutions within the field of the state are subject to the power dynamics of the cabinet and the lower house. Ideas that frame PP in the international dimension impact national preferences, yet only marginally, insofar as the state tends to be more domestically than internationally embedded. Identity matters insofar as ratification shadows negotiation and, like any other player at the domestic dimension, economic sectors cannot avoid being embedded in the field of society as much as in the field of the market.

8. CONCLUSION

> Wealth, as Mr. Hobbes says, is power. But the person who either acquires, or succeeds to a great fortune, does not necessarily acquire or succeed to any political power...
> (Adam Smith, *The Wealth of Nations*, Book 1, Chapter 5, Paragraph 3)

In the domestic dimension, social actors need PP to influence the state in its decisions. Yet, PP is not only material: it has a symbolic dimension. Countries are not just made up of markets. Countries also have in their fundamental constitution another field (or arena of power) – society. The overlap between markets and society forms the political field: it is at the root of the equation that forms PP. Hence national identity impacts asymmetries of power among players in the fields, such as economic sectors. These do not build up strength purely by virtue of the position they occupy in the market. Sectors also have IC. This corresponds to their position in the field of society and is determined by their attachment to the dominant conception of national identity, legitimised by the state. A sector's IC is manifested at the ratification stage of a two-level game either structurally (when the effects of national identity are embedded in the design of institutions) or instrumentally (as there might be disputes around conceptions of national identity in the political field). Insofar as ratification shadows negotiation, IC and the configuration of power in the field of society impact the formation of the national interest in two-level games. The limits of the size of the negotiating win-set and therefore of trade-offs between coalitions with opposed demands may result from the uneven distribution of IC among economic sectors.

Nevertheless, traditional 'I's can still impact negotiating positions: ideas, information, institutions, and organisation of interests affect the formation of the national interest. Moreover, the international dimension still matters as long as the state is embedded in both domestic and international fields. Yet such conventional

explanations have to be contextualised within the boundaries the fields of the market and society set at the ratification stage. Factors evident at the negotiation stage tend to be false positives in explaining outcomes. Moreover, the market and society also constitute the international dimension. States have power not only because of their economic capabilities. They are also players in the international society, having leverage vis-à-vis their peers depending on the values they espouse. Whenever the field of state centralises the negotiation stage in the hands of bureaucracies that are more internationally than domestically embedded, the interpretation of the international scene by negotiators tends to impact more the formation of the national interest than otherwise.

This thesis has built the argument above based on the cases of Brazil and India in the DDA of the WTO between 2001 and 2008. The findings of the empirical analysis suggest that theories that do not incorporate ideational factors are likely just to scratch the surface of power relationships that impact market-related phenomena. Constitutive factors, in particular national identity, have causal implications that do not stem from rational-driven action. In framing fields that form the social world, paradigms (sets of ideas) inform asymmetries of power in both material and symbolic terms, having thus effects on the actions of players that cannot escape the fate of embeddedness. Patterns of action depend more on long-term historical trends rather than on individual calculations. In a nutshell, players in the fields cannot reframe the world as they want. Rational actions and apparent social structures, such as organised interest groups and political institutions, have to be understood in the historical perspective of the environment in which they are embedded. That is why the concept of fields is useful to unfold the origins of power and the causes of political outcomes.

This conclusion first reviews the application of the theoretical argument to Brazil and India in the DDA negotiations. Then it discusses the external validity of the findings related to the impact of IC on the size of the win-set negotiators have at their disposal in international trade negotiations for other countries and agreements other than the ones analysed in this thesis. In doing so, I reflect on the policy implications of the notion of constitutive causality that the effect of identities on politics imply. Finally, I make considerations on the use of the concept of fields to understand other domestic-international phenomena than two-level games.

The Argument Revisited

Brazil and India represent cases in which IC is converted into PP at the ratification stage structurally and instrumentally respectively. In the DDA talks, Brazil defended the expansion of market access in agriculture. This implied a trade-off in which liberalising sectors would benefit at the expense of protectionist/status quo ones. India, in turn, started the round more prone to liberalisation, yet in 2004 reduced the size of its win-set, becoming less likely to accept changes in agriculture. In general, such a difference in outcomes suggests that whenever conceptions of national identity are in dispute, negotiating positions can change depending on the governing coalition.

In Brazil, the higher the proportion of non-whites in an economic sector, the higher its IC. That is the case because, as explained in Chapter 3, the conceptions of nationality the state mostly legitimises since the 1930s praise racial diversity, highlighting the non-European contributions to the country. As tested in Chapter 4, there is a positive and statistically significant correlation between the proportion of non-whites in sub-sectors within major sectors (such as agriculture and industry) and the support for liberalisation. In turn, proxies for EC (the proportion of people employed in

a given sector and participation in exports) have no significant effect. This suggests that both liberalising and protectionist/status quo coalitions have the same leverage in the field of the market, yet differ in IC, which then empowers offensive segments.

IC manifests itself structurally in Brazil. Current patterns of malapportionment in both lower and upper houses in the parliament are correlated with the proportion of non-whites in states, as demonstrated in Chapter 4. The larger such proportion, the more over-represented a state is. Such a mechanism reduces the political weight of states with protectionist-dominant interests. MPs are assumed to represent state interests. Insofar as members of both houses vote in the ratification process, the President (the chief negotiator *de facto*) is hence constrained at the negotiation stage. Therefore, given their lack of IC, protectionist sectors could not reverse Brazil's interest in liberalising markets at the multilateral level and did not get second-best agreements that could have preserved their markets for export.

The role of national identity as a driving factor in explaining Brazil's demands in the DDA negotiations is corroborated by a congruence test between the expected results between the ratification and negotiation stage. For the latter, as shown in Chapter 6, lobbies organised by sectorial federations in agriculture and industry channelled demands from the political arena to the field of the state. In addition, sub-sectorial associations from both liberalising and protectionist sectors attempted to influence bureaucracies involved in the process of forming the national interest for the DDA. Within the field of the state, the nodal bureaucracy, however, is the Ministry of Foreign Relations, the Itamaraty. Being more internationally than domestically embedded, it conducts negotiations looking abroad first and foremost. Diplomacy, in particular under the PT government after 2003, foresaw at the DDA an opportunity to increase Brazil's

prestige in the international society. Such a perception reiterated the dynamics of power of the ratification stage, leading the country to maintain liberalising stances despite the increasing prospects of a crisis in the international field of the market. Yet constraints in negotiation are false positives in explaining the origins of Brazil's national interest in the DDA talks.

In India, the lower the proportion of Hindus in a given sub-sector, the higher is its IC. As explained in Chapter 3, since independence in 1947, the Indian state has mainly legitimised the secularist paradigm as the defining national identity. Such a paradigm was crafted with the aim of addressing the divide between Hindus and non-Hindus in the subcontinent. Hence, it praises religious diversity. According to the statistical analysis in Chapter 5, the proportion of Hindus in a sector is negatively and significantly correlated with support for the maintenance of the status quo or further protectionism. The proportion of exports, which corresponds to the international stability component of EC, correlates with a preference for liberalisation. Therefore, whereas offensive sectors have PP through EC, defensive segments are empowered through IC, making them more likely to prevail in a domestic trade-off.

Yet, since in India conceptions of national identity are fought off in the political arena, IC is convertible into PP only if the governing coalition that holds power espouses secularism. That was not the case until May 2004, when the NDA, led by the BJP, headed the GoI. As explained in Chapter 3, the BJP has been associated with the Hindutva project, which confers prominence on Hindu legacies to the national formation. The lower house of the parliament implicitly ratifies trade agreements as MPs can withdraw support from the Prime Minister, the chief negotiator *de facto*. Hence, the distribution of power in the lower house constrains the limits of the win-set

available at the hands of negotiators. Being backed by MPs from states with a higher proportion of Hindus (as presented in Chapter 5), the NDA had more liberalising stances than its successor in power, the Congress-led UPA. The Congress, in turn, has been associated with the defence of secularism. Regression analysis demonstrate that, while the NDA had its basis only in states with a high proportion of Hindus, the UPA was also composed of MPs from states with low proportion of Hindus, having then reduced the liberalising impetus of India.

The impact of national identity on the Indian interest in the DDA becomes evident once the expected results at the ratification stage are confronted with the constraints existing during negotiation. The most liberalising segments within both industry and services kept the same level of lobbying in both NDA and UPA governments. Meanwhile, farmer and peasant associations with defensive demands lacked any national coordination. Also, the nodal bureaucracy within the field of the state responsible for trade negotiations, the MoC, maintained its domestic embeddedness across time, having direct connections with interest groups. Therefore, such a scenario was conducive to the maintenance of liberalising positions in India at least until the Hong Kong Ministerial of December 2005. After that, the EU and the US progressively demonstrated less and less commitment to concluding the DDA with an effective agreement that could tackle the development needs of the Global South.

External Validity

Whereas national identity, operationalised through the concept of IC, impacted the politics of domestic preferences of Brazil and India in the DDA negotiations, it remains unclear whether the same mechanism exists in other cases. On the one hand, replication of this study in other contexts is essential for confirming that its conclusions can be

generalised. On the other, considering that all countries have a material (economic) and symbolic (social) dimension, other nation-states can be conceived as having essentially two main fields (market and society) that shape PP and thus impact two-level games.

As suggested in the Introduction, the EU and the US are cases upon which the theory developed in this thesis could be built. For instance, one may wonder whether it is possible to conceive of the US as a nation without resorting to the discourses on Protestantism and whiteness upon which the country built its first conceptions of nationality. Under such a logic, the American white, Anglo-Saxon, Protestant ('WASP') identity still pervades social life in the country and hence the distribution of PP. The conception of American society as a 'melting pot' with equal opportunities still faces limitations as discourses that associate democracy with whiteness resonate within the US imagination,[1] particularly in the Deep South. Likewise, it can be inferred that national identity in European countries has roots in Christianity, as the 2004 debates on the EU Constitution revealed.[2]

Therefore, one can hypothesise that in American and European cases protectionist sectors, in particular farming-related activities, have high IC. That corresponds to the EU and US dominant position in multilateral negotiations. Preliminary evidence furnishes support for such an expectation. In fact, the US representatives from districts with a high proportion of foreign-born residents are more likely to support free trade.[3] A similar expectation can be generated within large cities in the EU insofar as their population tends to be more diverse than that in the countryside and they have economies deeply integrated in international markets. If US and EU's agricultural business were owned by or were employing significant numbers

[1] For this discussion until the 1960s, see Dudziak 2000.
[2] Cvijic and Zucca 2004.
[3] Milner and Tingley 2011, 56.

of non-whites and/or non-Christians, the sector would lose relative IC and, potentially, PP. Under the argument on social identities as informing the power of economic sectors, such a change in agriculture's IC would trigger liberalisation of the sector, which both Americans and Europeans resisted in the UR and the Doha Development Round.

There are persuasive alternative explanations. However, they tend to be very *ad hoc*, not allowing generalisations to other negotiations. For instance, studies on US and European agricultural subsidies argue that agriculture is regarded in the developed world as exceptional,[4] not to mention that countries, including developed ones, have concerns about food security. This would be the case with India, yet the GoI, as demonstrated in Chapter 5, in practice relativized such concern when it was more akin to liberalise agriculture. Moreover, in economic terms, the domestic strength of high-added value sectors in the US, the EU, and India that did have an interest and power to push for the expansion of markets abroad and owned enough comparative advantage was higher than that of protectionist sectors. Under conventional accounts, based on ideas, interests, and institutions, economically-powerful sectors are expected to win domestic trade-offs. Of course sectors with declining participation in the economy may keep their PP. This is the case with US agriculture[5] despite employing less than 2 per cent of the American population.[6] Yet, the agriculture-as-a-veto-player-argument lacks a compelling account of the sources of power of the sector.

In fact, throughout history there are examples of reforms that implied high material losses to agriculture. This complicates the agricultural exceptionalism argument: if it is taken seriously for the purposes of generalisation, such a theory implies that no liberalisation process that affects agriculture is ever possible. Also, the

[4] Skogstad 1998, 464.
[5] Gawande and Hoekman 2006.
[6] World Bank 2010.

cases in which agriculture was liberalised suggest that the association between high IC and that sector is not natural. Mexico adhered to NAFTA with Canada and the US in 1992 despite opposition from peasants. Agriculture was not as diverse an industry in terms of identity, and lacked the strength to resist to regional economic integration. A significant part of Mexican's national identity is underpinned by the notion of *raza cosmica* ('cosmic race'). This praises racial mixture, which is more prominent in urban than in rural areas. Under the argument on social identity as a source of political empowerment of economic sectors, *raza cosmica* can then be expected to attribute more IC strength to urban-based economic sectors, such as manufacturing. In turn, rural areas remained attached to a strong indigenous tradition.[7] Initial fears of social disruption among the peasantry became true as social revolts happened due to the rise in food prices and continuous loss of competitiveness to American producers.

Another case in which potentially attributed PP to high-added value sectors is the Union of Socialist Soviet Republics (USSR) in late 1980s and early 1990s. Industry still had the domain of policymaking, notwithstanding its low level of competitiveness. Under the argument put forward in this thesis, it is valid to hypothesise that the advantage of industrial sectors stemmed from their association with the dominant social paradigm in the old socialist regime. Aiming to overcome national divisions, the USSR mixed diverse ethnicities in industrial regions. In fact, part of the literature considers that industrial environments are more likely to dilute ethnic differences.[8] With the fall of the soviet regime, national identities became prominent again, including in Russia. Based on the theory developed in this work, such a fact then provided an advantage to mining extractivism. This is because Russia's economic sectors passed through a shift

[7] Bonfil-Batalla and Dennis 1996.
[8] A notorious exception that contradicts this assumption is the US pre-1960s, in which segregated labor unions, even in the North, were allowed (Bonacich 1994).

in IC as the USSR was dismantled.[9] Therefore, one can expect that, with the fall of the communist system having been followed by ethnic disputes,[10] the Russian majority, associated to raw material production for export, prevailed as it concentrated EC and IC.

That said, there is a trend that the values that originally embody a nation come from the countryside. In the interwar years, defenders of a supportive policy for agriculture in Britain argued that the sector contributed to preserving national values, thus deserving special treatment.[11] A similar hypothesis can be developed in relation to the French case. In the 19th Century, the peasantry was regarded as a buffer to emergent radicalism in cities,[12] in which social paradigms with an explicit political manifestation, such as communism, competed with nationalistic ideals. Following the theory outlined in Chapter 2, table 8.1 summarises examples of countries and economic blocs in which the combination of EC and IC of sectors with opposed interests in could potentially explain which demands prevailed associated with trade in negotiations. For the sake of simplicity, we can assume that there is opposition between the interests of agriculture- and/or extractivism-related sectors and non-industrial ones. The set of sectors with highest combination of EC and IC (and then of PP) tends to win the bargain, whereas a deadlock occurs when one side counter with either IC or EC the other's PP. In this case, the preferences in a two-level game leans towards the protectionist sectors.

Yet even when there is no variation in IC across economic sectors, identity can be expected to impact PP. That is because the two main fields (market and society) never cease to exist. In fact, whenever IC is evenly distributed among economic sectors, the argument on the impact of national identity over negotiating positions is falsified.

[9] On Russia's economic transition, read Sachs 2005.
[10] Treisman 1997.
[11] Cooper 1989, 1.
[12] Sheingate 2000, 187.

Nevertheless, the absence of variation in social identities is still part of the puzzle that enacts asymmetries of political power among economic sectors.[13] For instance, under such a perspective, one can wonder whether Victorian Britain ignored fears of social disruption for the establishment of a free trade regime that left its agricultural producers unprotected.[14] Following the theory outlined in Chapter 2, without a divide in identity, EC can be expected to have defined alone the balance of power in favour of industrialising cities. In Chile, originally an enclave/natural-resources-dependent economy,[15] there was no significant diversity in IC between liberalising and protectionist sectors in the 1970s and 1980s. Therefore, given the comparative advantage in extractivism, the country liberalised its economy.

Table 8.1. Examples of cases in which IC potentially impact trade negotiations

Country/Bloc	Agriculture or extractivism			Non-agriculture			Potential winner
	Demand	EC	IC	Demand	EC	IC	
Multilateral							
US (DDA and UR)	Protection	0	1	Openness	1	0	Deadlock
EU (DDA and UR)	Protection	0	1	Openness	1	0	Deadlock
Counterfactual Exercise							
US, EU (minorities in agriculture scenario)	Protection	0	0	Openness	1	1	Non-Agriculture
Unilateral or regional liberalisation							
France (Belle Époque)	Protection	1	1	Openness	1	0	Agriculture
Mexico (NAFTA, 1992)	Protection	1	0	Openness	1	1	Non-agriculture
USSR (early 1990s)*	Openness	1	0	Protection	1	1	Non-agriculture
Russia (late 1990s)*	Openness	1	1	Protection	1	0	Extractivism

*****Extractivism.

Also, IC does not contribute towards structuring PP when there is no dominant social paradigm: that type of capital has no clear value due to the lack of a clear parameter upon which it could be set. It is the case with the African least-developed countries that implemented structural-adjustment programmes in the 1980s onwards. No social

[13] Holding the assumption that all countries have a field of society, it may happen that such a field is never noticed. As philosopher Arthur Danto analysis of the world of art states, '...let F and non-F be an opposite pair of such predicates. Now it might happen that, throughout an entire period of time, every artwork is non-F. But since nothing thus far is both an artwork and F, it might never occur to anyone that non-F is an artistically relevant predicate' (Danto 1964, 583).

[14] Polanyi [1944] 2011.

[15] For a discussion on the origin of enclave economies in Latin America, read Cardoso and Faletto 1979.

paradigm was strong enough to generate social cohesion to resist the exogenous push towards liberalisation. This is because the state could not legitimise any conception of identity in the field of society. Nor did any economic segment have enough EC to react against the external capture of public policy. Therefore, given the lack of PP from domestic players that would be impacted by economic liberalisation, the state absorbed reforms designed by IOs such as the World Bank (WB) and the IMF in structural-adjustment programs which were later revealed to be unfit for local realities.[16]

Policy Implications and Limitations

The fact that identities matter to explaining policy outcomes in two-level games does not imply that policymakers should play the game of identity politics. Defending such a strategy implies running the risk of essentialising them, opening space for unforeseeable consequences in terms of political polarisation between groups that see themselves as representing different conceptions of national identity. Nor does it sound reasonable to invest in the process of reframing social paradigms that confer cohesion to players within a given domestic dimension. The social world is embodied by material and symbolic factors, many of which cannot be manipulated as policymakers want.

In opposition to the literature on interest groups, I did not expect that the most organised and cohesive major sectors and economic activities were the ones more able to influence the government on adopting their stances in the DDA negotiations. This does not mean that sectors should conform themselves to their positions in the arenas of the market and society, or that policymakers involved at the negotiation stage have to simply play the game following the logic of power that the shadow of ratification implies. Once the players involved in the task of defining the national interest are aware

[16] For an example of how international organization's projects may be totally unfit for local realities and lack understanding of local economic and social paradigms, see Ferguson 1990.

of the origins of the strength of a coalition of sectors vis-à-vis another, uneven outcomes can be better balanced. Members of interest groups with protectionist demands and low levels of PP, for instance, can improve the production of information with the purposes of persuading public opinion to side with them in the demand for compensation for liberalisation.

In addition, politically weak sectors can demand reforms in the institutional design of the field in order to mitigate their lack of PP. An example would be moving the responsibility to negotiate trade agreements in Brazil from the Itamaraty to the MDIC. As the Indian case suggests, the prevalence of domestic embeddedness of the nodal bureaucracy contributes to balancing better demands from different sectors. Mixing economic with political diplomacy in the broad sense led Brazil to prioritise the DDA as a vehicle to enhance the country's power in world politics despite the fact that a growing proportion of protectionist/status quo segments in the domestic dimension. In such a scenario, certainly liberalising sectors would have more PP due to the structural asymmetries that IC causes at the ratification stage. However, possibly the win-set would not have been expanded towards liberalisation as much as it was. That said, one could still wonder if the redesign of the field of the state would be possible insofar as the sectors that already have higher PP would feel threatened by the empowerment of the opposite coalition of sectors.

Moreover, a governing coalition that espouses a conception of national identity different from that historically legitimised by the state does not necessarily have to ignore the sectors that lose PP under their administration. For instance, the NDA government in India could have been less impetuous in its proposal for agricultural reform. Indeed, in 2014, with the return of the BJP-led coalition to power after a ten-

year UPA government, India was initially expected to turn again towards more liberalising positions in economic affairs in general. Yet as of August 2014 the GoI was unwilling to take any explicit measures against sectors that, as discussed before, could have been crucial for the defeat of the BJP and its allies in 2004. Among those sectors, there is small-scale farming, whose interests led the NDA government to block in July 2014 the WTO's Bali 2013 agreement on trade facilitation.

In general, however, the fact that interest groups and policymakers are players embedded in fields and hence impacted by the uneven distribution of IC in the social arena mean that they have little to do to reverse trends historically determined. This is not necessarily negative. For instance, notwithstanding widespread criticism about Brazil's option for favouring agriculture over industry, commodity-exporting is not necessarily opposed to socio-economic development. This, in fact, has been the major goal of Brazilian foreign policy since the mid-20th Century. Australia's and Canada's experiences as high-income, middle powers suggest that focus on the export of commodities can generate positive spill-over effects in the domestic dimension. However, such an economic strategy is surely less associated with international empowerment, a goal Brazil also pursued during the DDA negotiations, given the country's increasing assertiveness at the international level. India's case tends to corroborate this conclusion as it seems that, in being more cautious with liberalisation, the country negotiated with established powers a more steady rise and is closer than Brazil to the great power status in international politics.

It is also noteworthy that depending on the position a country has or aims to reach in the international market and society, the effect of IC and other domestic variables on negotiating position can be downplayed. That is the case with global

powers. For instance, in the 2008 deadlock, China sided with India at the WTO in the defence of agriculture in spite of the relatively higher power of its non-agricultural sector, particularly industry. Nonetheless, China's rise as a world power may have led it to oppose US and EU as a means of signalling solidarity to the Global South.[17] Having said that, the domestic dimension, being its entire configuration with the distribution of EC and IC among societal actors or just the field of state, is still crucial for understanding economic-related phenomena in spite of increasing economic integration.

In sum, the argument and framework developed in this thesis can be useful for understanding how and why certain countries became emerging powers, as well as how and why they keep and increase such a status and eventually impact the constitution of international regimes. In times of globalisation, politics and hence policy are not only domestic or international. As various arenas of power impact each other, knowing the limits they impose upon a country's strategy is crucial to predicting outcomes in issue-areas. For instance, in identifying which economic sectors have high IC, one can predict which a country's final stances will be in a negotiation. In making such a prediction for the main negotiating parts, there are clues about eventual deadlocks.[18] Also, economic processes are not insulated from symbolic factors, such as national identity. Mutual feedback relationships between the market and society should be taken into account to anticipate possible unintended consequences.

Theoretical Considerations: Fields beyond Identities

Without the concept of fields, the conclusions listed above would have been difficult to reach. The concept creates units of analysis that facilitate the identification of false

[17] An and Huiping 2010.
[18] For a theoretically-informed discussion of deadlocks in multilateral negotiations, read Druckman and Narlikar 2010.

positives in empirical research and, hence, reduce the likelihood of prescribing misleading policy recommendations. In pure theoretical terms, fields are helpful in unfolding the interplay between material and symbolic issues, offering a contribution to a better understanding of the functioning of economy. In IR specifically, it also contributes to overcome the agency-structure dichotomy that pervades much of theoretical debates in the discipline. However, the concept has more to offer than just uncovering the missing 'I' – identity – in two-level games.

As I defined it, a field consists of a social space bounded by paradigms in which both individual and collective players act towards a given objective or set of objectives. In such an action those players are underpinned by different levels of capital that stems from either adjacent fields or the paradigm that bounds action within that field. As paradigms change in a given field and adjacent fields, so does the level of capital of the players. Consequently, nothing within a field can be taken for granted. Unlike the SAF model, players do not have to be aware of owning certain type of capital to be empowered. Not only deliberate acts of mobilisation and persuasion have causal effects. Historical trends are also part of the games players take part even if they did not ask so: no one can be de-embedded from social spaces and time. In contrast to the Bourdieusan definitions, the one above encompasses how collective actors are empowered by different levels of capital and, along with the concept of the paradigm, makes empirical research easier to operationalise than under the notions of habitus and practice.

Those oppositions and distinctions reproduced by players and ultimately underpinned by paradigms (sets of ideas) imply that fields cannot be reframed as one wants. Yet, insofar as paradigms are not fixed – granted by a *Deus ex machina* – they can eventually be modified as the struggles for power though cooperation and

competition occur throughout time. To employ a Hegelian metaphor, one can define paradigms as the superstructure that brings together the 'base'. The base, however, is not only economic, as Marxists and commercial liberals often think. The base is the market and the society, plus their overlap (the political field). SAFs and Bourdieusan approaches in isolation to each other would have overlooked the impact of positions and forms of capital not yet mobilised over political processes (at is the case of IC with the formation of the national interest in Brazil). Alternatively, in the event that they are mobilised, as identity is in India, the effects out of the immediate reach of mobilisation would have been missed without identifying the links between autonomous arenas, as is the case with the market and society. For instance, Hindutva and secularism do not have inherent views on the DDA, yet the struggles involving them in the political arena impacts the preferences taken as representing the national interest.

Therefore, the concept allows for the creation of an analytical model that meets the complexities of, first, societies where other factors beyond class play a role in politics, and, second, of a world where countries are more and more interconnected and interdependent. This model can be employed to develop empirical research in FPA without missing a theoretical account of IR, and the impacts of social interactions in the domestic dimension into the international one and vice versa. Under such a model, domestic interests can still be exogenously shaped by the demands of the international field of the market. Yet it does not buy into the utopia of de-embedding markets from society that has dominated much of the thought in economics. Political science suffers from a similar problem, as institutions are considered as given.

Fields are not a panacea for correcting those pitfalls, yet with relative parsimony and coherence within clear units of analysis and research procedures they can mitigate

the occurrence of false positives. Constitutive factors have causal implications that can be empirically assessed once their meaning for different contexts is scrutinised. Fields frame power in both domestic and international dimensions, contributing to explaining why certain players prevail over others. Rationalisation (here understood as related to economic, utility-driven action) does not displace other patterns of social action.

Structurally-based accounts would have missed that nothing can be taken for granted. For instance, the value of IC cannot be essentialised insofar as paradigms determine what is valuable or not in a given field. Paradigms vary from context to context, from country to country, from time to time in international markets and society. Comparing the effects of race in Brazil with that of religion in India is only possible once one is sure that each means the same in their respective context. Both express conceptions of national identity, then not being 'apples' and 'oranges' that cannot be combined in a single comparative perspective. Therefore, being sets of ideas that are not given, paradigms can be reframed, as can power. Until that happens, players (being individuals, sectors or states in both domestic and international dimensions) have no choice other than to play the game in the fields where they are embedded according to paradigms whose creation precedes their existence, perhaps changing them incrementally.

In fact, one of the possible applications of fields to other IR questions demands putting the concept in conversation with historical–institutional concepts and the literature on international diffusion. The most obvious consists of the idea of critical junctures. Junctures are facts with historical relevance.[19] Insofar as what is historically relevant cannot be defined before it happens, junctures are always classified as such

[19] Pierson 2004.

after they take place. A succession of junctures impact actors up to a point they face a critical juncture.[20] As Capoccia and Kelemen define, critical junctures are periods in which structural constraints became relaxed during short periods, allowing further agency from social actors to enable changes.[21] Critical junctures are, in sum, opportunities for social actors break apart with path-dependency and explore new opportunities for their empowerment through the re-elaboration of institutions. Therefore, it follows that junctures that take place in the international level can end up, within countries, as critical junctures.

An example of critical juncture that lies at the origin of a diffusion process is the change in the dominant economic paradigm in the world in the aftermath of economic crises. Under a Global South perspective, the push for economic liberalisation clearly has its origins at the market in the international dimension. As the liberalising experience of Brazil and India suggest, it is possible for the domestic field of the market to resist junctures up to some point in which liberalisation happens and a new economic paradigm is implemented. For instance, although the first neoliberal experiments happened in the 1970s in Chile, the US and the United Kingdom,[22] Brazil and India kept the major guidelines of their ISI strategy until the end of 1980s. In that decade, both suffered negatively from the impact of changing prices and technology in the international markets. This is also puzzling because the denial of the neoliberal trend implied reputational costs to countries.[23] Yet Brazil and India took a few liberalising measures before each country finally faced a critical juncture.

[20] Pierson 2004, 12.
[21] Capoccia and Kelemen 2007, 343.
[22] Fourcade-Gourinchas and Babb 2002.
[23] Simmons and Elkins 2004.

Based on their experience under liberalisation and later at the DDA negotiations, one could hypothesise that, after a critical juncture in the domestic level, new economic paradigms tend to be more accepted if they are adapted to local configurations given by predominant social paradigms. This seems to have been the case with subsistence agriculture in India. Also, industrial sectors in Brazil tended to lack IC and lost ground in the field of the market as liberalisation advanced. This is a unique case among large countries that made a smooth transition from either ISI or socialist models to a globally-integrated economy, as it is the case with China, India, and Korea. Therefore, it is worth analysing whether the distribution of IC and PP constrains the impact of critical junctures posed by new economic paradigms in processes of diffusion.

Another possible application of the concept of fields approaches phenomena that run in the opposite direction of domestic-international interactions. As countries are subject to processes of diffusion and critical junctures in a non-passive manner, so are they agents of transformation and constituents of the international dimension. It is then worth identifying what matters more in their ascension of states in the world system: agency or the pre-existing configuration of power of the international market and society? The fact is that capitalism has expanded and is now present in parts of the globe beyond the West. Such an expansion reached the point in which those traditional poles of political and economic power in the world run the risk of being displaced in the near future by emerging powers.

An empirical question to address such a theoretical puzzle consists of analysing their strategies and the impact of historical legacies from both the market and society on their pathways to power. Do they prefer reforming the current international dimension or will they end up re-elaborating it as their power increases? In fact, the pursuit of

reforms of existent regimes (including the WTO) does not exclude the construction of alternative international structures, as the BRICS's institutionalisation and more active agenda after the 2008 crisis suggest.[24] Another alternative would be to bring into this study smaller regional powers, such as Turkey and Iran, or failed cases of international power projects, as it seems to be the case in Argentina and, to a lesser extent, Mexico.

Thus, in empirical and theoretical terms, fields can unpack the processes through which the emerging powers became emerging powers, and how these powers keep and increase such a status, impacting international regimes. It seems that power politics still prevail due to the anarchical conception of the international system and the principle of sovereignty.[25] Legitimacy, nonetheless, matters.[26] It is linked to the willingness to join mainstream norms or, if possible, to the capacity of re-elaborating dominant values.

The Essence of Decision

National identity matters to explain which demands prevail for countries in an international economic negotiation such as WTO's Doha Development Round when trade-offs between liberalising and protectionist sectors are at stake. Identities do not have an intrinsic value, nor are their 'values' the actual origins of the value of their IC. Their value comes from the meaning that, with state legitimation, social actors confer on them as being part of the idea of nation. Identities that are associated with dominant conceptions of nationhood prevail in structural and instrumental ways, impacting the ability of economic sectors to influence the ratification stage of a two-level game.

Being crucial for the maintenance of the ideal of racial diversity in Brazil, non-whites are less present in protectionist sectors than whites. The latter make up most of

[24] Jaffrelot and Sidhu 2013, 333-334.
[25] Waltz 1979.
[26] Hurrell 2007.

the states that concentrate protectionist interests, which tend to be under-represented in the parliament. The President, in turn, depends on the parliament to govern and hence more on states with a higher proportion of non-whites, leaning towards liberalising demands. In India, once in government, NDA was willing to liberalise. Therefore, without that coalition in power and divergent conceptions of nationhood competing in party politics, India would probably never have considered defending maximisation of exporting opportunities and thus of further economic liberalisation during the DDA talks. The only reason for bearing the costs of going against the protectionist majority was to move the balance of IC in favour of Hindutva and against the secularist project, but the latter prevailed again under the Congress-led UPA government.

Could these results be different? Certainly other cases should be analysed before a theory of the interplay between identities and interests can be fully formulated. Yet it suffices to say that, given that IC's value depends on the uneven weights that the state attribute to domestic identities, the power of a given economic sector cannot be taken for granted. Players in the market are then subject to forces which they may not be aware of insofar as IC is embedded in state institutions or is instrumentalised in party politics. IC thus informs part of the veto power that the parliament has, in both cases, in ratification. This prerogative frames negotiation and limits the effects predicted by the logic of collective action[27] insofar as groups that were well organised – such as industry in Brazil and ICT services in India – had their demands eventually ignored. In sum, IC decisively shapes the power of sectors to influence policymaking in trade-offs and therefore in the format of general stances in an international trade negotiation – even if the players in the fields are not fully aware of the essence of the decision.

[27] Olson [1965] 1971.

METHODOLOGICAL APPENDIX

Archival Research and Elite Interviewing

The identification of national demands and the study of micro-level dynamics between bureaucrats and organised lobbying at the negotiation stage depend on the analysis of qualitative primary sources, including government's statements on the state of negotiations and elite interviewing with bureaucrats involved and members of interest groups. Insofar as the DDA negotiations are still officially in place, most of the governmental archives related to the topic are still classified. For the same reasons, business organizations are quite cautious in opening their files to researchers, in order to avoid leaking information that might be relevant in eventual future bargains. Therefore, elite interviewing serves mainly to mitigate limitations in archival research.

I conducted between July 2011 and March 2013 a total of 99 semi-structured interviews with individuals who were involved in international trade negotiations. Out of the interviewees, 43 were involved in this process in India, and 56 in Brazil. The difference between the samples is explained due to the fact that, while in India the MoC is the negotiating unit, in Brazil the Itamaraty owns this job in spite of the fact that, as explained in Chapter 6, another bureaucratic division, namely the MDIC, also deals with international trade negotiations. Furthermore, Brazil had been engaged in significant negotiations before the launch of the DDA, and its bureaucrats were most of time devoted to a single agreement or topic, differently from India, where relevant negotiations only surged in parallel to talks in the multilateral level.

The design of the sample attempted to avoid the common trade-off in qualitative works, which may end up prioritising quality over representativeness.[1] For each country, I listed potential interviewees through snowball sampling.[2] Given limitation of time during fieldwork in each country where most interviews were conducted (Brazil, India, and Switzerland), I have established the goal of interviewing at least half of the listed, being 50 per cent of them bureaucrats from the nodal bureaucracy in each case (Itamaraty in Brazil, and the MoC in India). From the Brazilian sample, I interviewed 58 per cent of the 97 people listed, while in India I managed to talk with 56 per cent out of 77 names. Along with this strategy, I formed two major groups of interviewees for each case: half is placed in the main bureaucracy responsible for the negotiations, and the other half consists of members of other bureaucracies that contributed to articulate the formation of the national interest and market players from associations and federations that represent economic segments.

Preference of Economic Sectors

As explained in Chapters 4 and 5, the preference of an economic sector in a given point in time is coded 1 when the sectorial interest matches the national interest in 2008, whereas 0 corresponds to otherwise. In fact, certain sectors may not have explicit positions about a negotiation. However, all segments that export are assumed to be directly impacted by the advancement or reversal of economic liberalisation, being then more subject to the concerns of policymakers.

Based on the political-cultural approach that the concept of markets as fields implies and on the qualitative interviews conducted in both countries (read more details ahead in the bibliography), it is plausible to assume that, given the complexity of issues

[1] Miles and Huberman 1994, 28; Sinha 2005a, 23.
[2] Ibid.

involved in the negotiations, entrepreneurs who perceived economic liberalisation as harmful for their exports were against further opening. In turn, sectors that expanded their sales abroad after that period foresaw the enhancement of exporting opportunities in the multilateral level. Such an assumption allows neglecting, in the definition of preferences, information about imports of goods and/or services produced by a given sector. That is the case insofar as, regardless of facing strong competition from foreign players, a sector would only have benefited from liberalisation it improved its exporting performance in relative terms vis-à-vis other domestic counterparts.

Therefore, as a general rule, I consider that a sector's demand in the DDA talks is the function of its exporting performance in relation to the national average in the timeframe between the consolidation of liberalisation as the economic paradigm that replaced ISI in the field of the market and the point in time under analysis. A performance above or equal to that average implies in acceptance of further liberalisation. Protectionism corresponds to the opposite situation. However, also based on the elite interviews conducted during fieldwork, there is one exception to such a rule. It corresponds to cases in which an archival source or at least two elite interviews demonstrate that the organised lobby of the sector manifested a contrary position to that identified in the analysis of sectorial exporting performance.

In the Brazilian case, the consolidation of economic liberalisation in the domestic field of the market happened in 1997, the first full year after crucial tariffs in manufactured goods (particularly in the influential automobile sector) became stable following the reversal of liberalising measures that had been taken since 1990 with the aim of opening the economy and fighting inflation. The years under analysis are 2002, when PSDB was still in power, and 2008, whose data actually corresponds to 2007, the

last full year before the deadlock in the Geneva Mini-Ministerial of July 2008. Out of 64 observations, only four (all in 2008) had the dependent variable recoded based on the procedure described above (see Appendix Table 1). They are processed food and beverage (code 150), which espoused liberalisation insofar as it is part of Brazil's agribusiness complex; and electric equipment (310), electronic equipment (320), and other electronic equipment (330), whose main representative body, ABINEE, made explicit protectionist demands in 2008.

In the Indian case, the consolidation of economic liberalisation in the domestic field of the market happened in 2001, the year when quantitative restrictions to importing were phased out, creating a level playing field to imported goods and signalling to market players that India was committed to openness. The years under analysis are 2004, when the NDA left power on May, and 2008. For 2004, the data corresponds to the fiscal year initiated on 1 April 2004 and terminated on 31 March 2005. This choice reflects the lack of data for the independent variables in the fiscal year 2003-2004. For 2008, data actually corresponds to the fiscal year that begun in 1 April 2007 and finished in 31 March 2008, the last full one before the deadlock in the Geneva Mini-Ministerial of July 2008. As in the sample from Brazil, there are three exceptions to the general rule that defines the positions of sectors: the chemical industries (24) in 2008, and the automobile sector (34) in 2004 and 2008.

The regression models for both datasets employ robust clusters per sector to correct the standard errors and, therefore, mitigate any eventual bias that may arise from the fact that the same sectors are being analysed in two different points in time. Appendix Tables 1 and 2 list, for Brazil and India respectively, the sub-sectors and their correspondent preferences in each of the time-points analysed. In each country, the

breakdown of sectors employed in the dataset corresponds to the closest organisation of economic segments in interest groups combined with limitations in data availability. Certainly there might be divergent interests within each segment, yet it is assumed that the coded preference represents the average for sectorial players' preferences.

Appendix Table 1. Preferences of economic sectors (Brazil, 2002 and 2008)

Sector Code	Sector Name	Preference (2002)	Preference (2008)
11	Growing of temporary crops	Liberalising	Liberalising
12	Growing of green vegetables	Liberalising	Liberalising
13	Growing of permanent crops	Protectionist	Protectionist
14	Animal farming	Liberalising	Liberalising
20	Forestry and related activities	Protectionist	Protectionist
50	Fishery and related activities	Liberalising	Protectionist
100	Mining of coal	Liberalising	Protectionist
110	Oil and natural gas extraction	Liberalising	Liberalising
130	Mining of metal ores	Protectionist	Liberalising
140	Other mining (non-metallic)	Liberalising	Liberalising
150	Processed food and beverage	Liberalising	Liberalising
160	Tobacco manufacturing	Protectionist	Protectionist
170	Textiles	Protectionist	Protectionist
180	Apparel	Protectionist	Protectionist
190	Leather and shoes	Protectionist	Protectionist
200	Wood manufacturing	Liberalising	Protectionist
210	Paper	Protectionist	Protectionist
220	Printing	Liberalising	Protectionist
230	Fuel	Liberalising	Liberalising
240	Chemicals	Protectionist	Protectionist
250	Rubber manufacturing	Protectionist	Protectionist
260	Clay and glass	Liberalising	Protectionist
270	Steel	Protectionist	Protectionist
280	Metal equipment manufacturing	Protectionist	Protectionist
290	Machinery	Protectionist	Protectionist
300	Office equipment	Protectionist	Protectionist
310	Electric equipment	Protectionist	Protectionist
320	Electronic equipment	Liberalising	Protectionist
330	Other electronic equipment	Liberalising	Protectionist
340	Automobile	Protectionist	Protectionist
350	Other transportation material	Liberalising	Liberalising
360	Other manufacturing	Liberalising	Protectionist

Appendix Table 2. Preferences of economic sectors (India, 2004 and 2008)

Sector Code	Sector Name	Preference (2004)	Preference (2008)
1	Agriculture and hunting	Protectionist	Protectionist
2	Forestry and logging	Protectionist	Protectionist
5	Fishing	Protectionist	Protectionist
10	Mining of coal and lignite; extraction of peat	Protectionist	Protectionist
11	Oil and gas extraction and services	Protectionist	Protectionist
13	Mining of iron ores	Liberalising	Liberalising
14	Other mining and quarrying	Liberalising	Protectionist
15	Food products and beverages	Protectionist	Protectionist
16	Tobacco products	Protectionist	Protectionist
17	Textiles	Protectionist	Protectionist
18	Apparel	Protectionist	Protectionist
19	Leather (includes luggage, handbags saddlery, harness, and footwear)	Protectionist	Protectionist
20	Wood products	Liberalising	Protectionist
21	Paper and paper products	Protectionist	Protectionist
22	Publishing and printing and reproduction of recorded media	Protectionist	Protectionist
23	Coke and refined petroleum products	Liberalising	Liberalising
24	Chemicals	Protectionist	Protectionist
25	Rubber and plastic products	Protectionist	Protectionist
26	Non-metallic mineral products	Protectionist	Protectionist
27	Basic metals	Liberalising	Liberalising
28	Metal Products (Except Machinery and Equipment)	Protectionist	Protectionist
29	Machinery and equipment	Liberalising	Protectionist
30	Office, accounting, and computer machinery	Protectionist	Protectionist
31	Electrical machinery and apparatus	Protectionist	Protectionist
32	Radio, television and communication equipment	Liberalising	Protectionist
33	Medical, precision and optical instruments, watches and clocks	Protectionist	Protectionist
34	Automobile	Protectionist	Protectionist
35	Other transportation equipment	Protectionist	Liberalising
36	Furniture	Protectionist	Protectionist
72	Computer and related activities (ICT)	Liberalising	Liberalising

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Interviews

For each country studied, the interviews are listed in chronological order, quoting, whenever possible, the name of the interviewee, the person's most relevant job in what concerns the topic of this thesis, the place of the interview, the date. Names have been omitted in the cases in which the thesis's author was not granted written permission to quote the interviewee. The place is also omitted whenever its disclosure could potentially reveal the interviewee's identity to eventual readers of this work.

Brazil

1. Former MDIC bureaucrat, São Paulo, 20 July 2011;
2. Rubens Ricupero, Ambassador in Geneva (1987-1991), São Paulo, 25 July 2011;
3. Former bureaucrat, São Paulo, 26 July 2011;
4. Frederico Meira, FIESP officer (2005-2013), São Paulo, 2 Aug 2011;
5. Celso Lafer, Minister of Foreign Relations (2001-2002), São Paulo, 3 Aug 2011;
6. Luiz Felipe Lampreia, Minister of Foreign Relations (1995-2001), Brazil, 8 Aug 2011;
7. Marcus Vinicius Pratini de Moraes, Minister of Agriculture (1999-2003), São Paulo, 13 Aug. 2011;
8. Former bureaucrat, 14 Dec 2011;
9. Flavio Marega, Itamaraty senior bureaucrat, 25 Jan 2012, London;
10. Bureaucrat, 12 Mar 2012;
11. Senior bureaucrat, 21 Mar 2012;
12. Paulo Roberto de Almeida, Itamaraty senior bureaucrat, 26 Mar 2012, London;
13. Senior bureaucrat, 14 Apr 2012;
14. Itamaraty bureaucrat, 30 April 2012;
15. Sérgio Amaral, MDIC's minister (2001-2002), São Paulo, 25 May 2012;

16. Antônio Jorge Camardelli, ABIEC officer, São Paulo, 30 May 2012;
17. Ricardo Mendes, FIESP officer (1999-2002) and consultant, São Paulo, 1 June 2012;
18. Vicente Paulo da Silva, MP in the lower house, 1 June 2012;
19. Market actor, 4 June 2012;
20. Rubens Barbosa, Itamaraty senior bureaucrat, São Paulo, 4 June 2012;
21. Christian Lohbauer, FIESP officer (2002-2005), São Paulo, 6 June 2012;
22. Senior bureaucrat, Brasília, 15 June 2012;
23. Welber Barral, MDIC's Secretary of Foreign Trade (2007-2011), Brasília, 18 June 2012;
24. Market actor, Brasília, 18 June 2012;
25. Luiz Carmona, MAPA bureaucrat, Brasília, 19 June 2012;
26. Senior bureaucrat, , Brasília, 20 June 2012;
27. Bureaucrat, Brasília, 21 June 2012;
28. Eduardo Suplicy, MP in the upper house, Brasília, 21 June 2012;
29. Bureaucrat, Brasília, 25 June 2012;
30. Carlos Cozendey, Itamaraty bureaucrat, Brasília, 26 June 2012;
31. Guilherme de Aguiar Patriota, Itamaraty bureaucrat, Brasília, 26 June 2012;
32. Camila Sande, CNA officer (2009-), Brasília, 27 June 2012;
33. Bureaucrat, Brasília, 27 June 2012;
34. Bureaucrat, Brasília, 2 July 2012;
35. Celso Amorim, Minister of Foreign Relations (2003-11), Brasília, 2 July 2012;
36. Itamaraty Bureaucrat, Brasília, 3 July 2012;
37. Luiz Vicente Facco, CONTAG director, Brasília, 3 July 2012;
38. Market actor, Brasília, 4 July 2012;
39. Senior bureaucrat, Brasília, 5 July 2012;
40. Bureaucrat, Brasília, 6 July 2012;
41. Senior bureaucrat, Brasília, 6 July 2012;
42. Bureaucrat, Brasília, 10 July 2012;

43. Itamaraty bureaucrat, Brasília, 10 July 2012;
44. Senior bureaucrat, Brasília, 12 July 2012;
45. Roberto Abdenur, Itamaraty senior bureaucrat, São Paulo, 18 July 2012;
46. André Nassar, ICONE officer, São Paulo, 20 July 2012;
47. Luiz Fernando Furlan, MDIC's minister (2003-2006), São Paulo, 2 Aug 2012;
48. Lia Valls Pereira, Consultant, Rio de Janeiro, 6 Aug 2012;
49. Senior bureaucrat, 7 Aug 2012;
50. José Botafogo Gonçalves, Itamaraty senior bureaucrat, Rio de Janeiro, 8 Aug 2012;
51. Fatima Berardinelli, Consultant, Rio de Janeiro, 8 Aug 2012;
52. Sandra Pólonia Rios, Former CNI officer, Rio de Janeiro, 9 Aug 2012;
53. Pedro da Mota Veiga, Consultant, Rio de Janeiro, 9 Aug 2012;
54. Eliane Fontes, MDIC bureaucrat, Rio de Janeiro, 9 Aug 2012;
55. Senior bureaucrat, 18 Oct 2012;
56. Rafael Cedro, former MDA bureaucrat, Oxford, 21 Feb 2013;

India

1. Consultant, Delhi, 1 Sep 2011;
2. Anwarul Hoda, Consultant and former Indian negotiator at the UR, Delhi, 2 Sep 2011;
3. Bipul Chatterjee, CUTS officer, Delhi, 6 Sep 2011;
4. Ujal Singh Bhatia, Indian Ambassador to the WTO (2004-2009), Delhi, 7 Sep 2011;
5. MoC senior bureaucrat, Delhi, 7 Sep 2011;
6. Former bureaucrat, Delhi, 12 Sep 2011;
7. Dr Biswajit Dhar, RIS director and former negotiator, Delhi, 12 Sep 2011;
8. Consultant, Delhi, 12 Sep 2011;
9. Dr. Abhijit Das, MoC senior bureaucrat (2000-2005) and member of UNCTAD-India Project (2005-2010), Delhi, 12 Sep. 2011;
10. Shankar Acharya, former MoF senior bureaucrat, Delhi, 13 Sep 2011;

11. B. K. Zutshi, Indian Ambassador to the GATT (1989-1994), Delhi, 14 Sep 2011;
12. Dr. Biswajit Nag, IIFT professor, Delhi, 14 Sep. 2011;
13. Rahan S. Ratna, MoC senior bureaucrat (2001-2008), Delhi, 14 Sep 2011;
14. P. Chengal Reddy, CIFA's secretary-general, 15 Sep 2011;
15. Senior bureaucrat, Delhi, 15 Sep 2011;
16. Dr Kasturi Das, RIS researcher, Delhi, 16 Sep 2011;
17. Gopal K. Pillai, Secretary of Commerce (2004-2009), Delhi, 16 Sep 2011;
18. Senior bureaucrat, Delhi, 16 Sep 2011;
19. Former senior bureaucrat, Delhi, 17 Sep 2011;
20. Ajay Sahai, FIEO's director-general, Delhi, 19 Sep 2011;
21. Think-tank researcher, Delhi, 21 Sep 2011;
22. T. S. Vishwanath, CII representative in Geneva (2003-2005) and consultant, Delhi, 21 Sep 2011;
23. Prabir Sengupta, Secretary of Commerce (2000-2002), Delhi, 22 Sep 2011;
24. Samir Gandhi, lawyer and consultant, Delhi, 22 Sep 2011;
25. Former MEA senior bureaucrat, Delhi, 23 Sep 2011;
26. Dr. Sachin Chaturvedi, RIS researcher, Delhi, 26 Sep 2011;
27. Former senior bureaucrat, 26 Sep 2011;
28. Manab Majumdar, FICCI officer, Delhi, 27 Sep 2011;
29. Consultant, Delhi, 28 Sep 2011;
30. Consultant, Delhi, 29 Sep 2011;
31. Gagan Sabharwal, NASSCOM officer, Delhi, 29 Sep 2011;
32. Senior bureaucrat, Delhi, 29 Sep 2011;
33. Dr Aradhana Aggarwal, CUTS researcher, Delhi, 1 Oct 2011;
34. Former senior bureaucrat, 3 Oct 2011;
35. Yudhvir Singh, spokesman of the ICCFM, Delhi, 3 Oct 2011;
36. Senior bureaucrat, Delhi, 7 Oct 2011;
37. Senior bureaucrat and former negotiator, Delhi, 7 Oct 2011;
38. Bureaucrat, 20 Mar 2012;

39. Former senior bureaucrat, 20 Mar 2012;

40. Senior bureaucrat, 21 Mar 2012;

41. Senior bureaucrat, 29 Mar 2012;

42. Former MEA senior bureaucrat, 9 May 2012;

43. Think-tank researcher, Oxford, 27 Mar 2013.

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