

## STRATEGIC ALLIANCES: TOOLS FOR MANAGING LATIN AMERICAN FOREIGN POLICY OR DISCURSIVE STRATEGIES?<sup>1</sup>

### ALIANZAS ESTRATÉGICAS: ¿HERRAMIENTAS PARA GESTIONAR LAS POLÍTICAS EXTERIORES LATINOAMERICANAS O ESTRATEGIAS DISCURSIVAS?

María Elena Lorenzini<sup>2</sup>

ORCID 0000-0002-5180-8160

#### ABSTRACT

This paper focuses on discussing and analyzing strategic alliances in order to understand whether they are a foreign policy option for Latin American States or just a discursive strategy. The main objective is to attain a better understanding of strategic alliances with respect to their main goals and expectations, analyzing whether they are short or long-term options, and evaluating how many strategic alliances a single country is able to develop. The central argument is that, in many cases, although Latin American leaders state the existence of strategic partnerships in their mutual relations, there is still a gap between discourse and practice. This situation implies the risk of removing the concept of the content.

**Keywords:** Strategic alliances; Latin America; conceptual discussion; international relations theory; foreign policy; discursive strategy.

#### RESUMEN:

El objetivo principal de este artículo consiste en discutir y analizar el concepto de alianza estratégica. Su debate nos permitirá comprender si la conformación de alianzas estratégicas se constituye como una opción de política exterior para los Estados latinoamericanos o si bien, sólo consiste en una estrategia discursiva. En virtud de ello, el artículo pretende contribuir a una mejor comprensión de las alianzas estratégicas con respecto a sus principales objetivos y expectativas. Además, se analiza si ellas son opciones a corto o largo plazo y cuántas alianzas estratégicas, efectivamente, un Estado puede desarrollar. El argumento central sostiene que, en muchos casos, aunque los líderes latinoamericanos declaran la conformación y existencia de alianzas estratégicas en sus relaciones mutuas, todavía existe una brecha entre el discurso y la práctica. Esta situación implica el riesgo de anular el contenido del concepto.

**Palabras clave:** Alianzas estratégicas; América Latina; Discusión conceptual; Teoría de las Relaciones Internacionales; Política Exterior; Estrategia discursiva.

- 1 The development of strategic alliances concept is one of the most important conceptual contribution of my PhD Dissertation. So, this paper summarizes the conceptual construction process, the main findings and, includes the comments collected throughout the research time that helped to improve the research work. An earlier draft version was delivered at ISA-ABRI Joint Conference in Rio de Janeiro (Brazil).
- 2 Universidad Nacional de Rosario, Faculty of Politic Sciences and International Relations, Argentina. Doctorate in International Relations, researcher in the National Council of Scientific Research (CONICET), Argentina. E-mail: [male\\_lorenzini@yahoo.com.ar](mailto:male_lorenzini@yahoo.com.ar)

## Introduction

At the beginning of the 21<sup>st</sup> century, Latin America was undergoing a critical situation. Although the Post-Cold War era was characterized by optimism, Latin America began to suffer the negative consequences and asymmetric effects of globalization. In order to survive it, leaders implemented different foreign policies, and almost all of them began talking about strategic alliances simultaneously just after the financial crisis and the failure of neoliberal economic policies in the region.

The main purpose of this paper is to discuss and analyze strategic alliances with the purpose of understanding whether they are a serious foreign policy option or just a discursive strategy. Therefore, this study aims for a better understanding of strategic alliances regarding their main goals and expectations, analyzing whether these alliances are short or long-term options, and evaluating how many strategic alliances a single country is able to develop. The central argument is that, in many cases, although Latin American leaders state the existence of strategic partnerships in their mutual relations, there is still a gap between discourse and practice. This situation implies the risk of removing the concept of its content.

This paper is based on the strong conviction that an open debate about this topic will benefit International Relations scholars and policy makers. It is an attempt to clearly define what strategic alliance means to avoid theoretical misunderstandings. Mainstream approaches of the International Relations Theory, that is Realism, Neorealism and Stephen Walt's Neoclassical Realism, were used as starting points to analyze the classical idea of *alliance*. In addition, the paper evaluates how helpful these classical ideas currently are and borrows some contributions from the International Political Economy—especially the Strategic Management Theory— where the concept of strategic alliances was first discussed.

If the ideas introduced above are correct, Latin America would be losing a great opportunity to work together among themselves to face common challenges successfully, especially in times when the United States, as the hegemonic power in the hemisphere, is concerned about other issues in other regions. The current situation could be understood as a chance to widen Latin American foreign policies' room for maneuvering, an idea that will be further developed in subsequent sections.

## I. Strategic alliances: contributions from International Relations theories

International Relations is a young discipline, created after the First World War but consolidated as such only after the Second World War (Vázquez, 1994; Halliday, 2006). Since then, International Relations has been moving between changes and continuities, developing new theories and assessing old ones. However, there were a few periods of 'theoretical trending'. For example, Realism was the hegemonic approach for a long time, especially in the study of security issues resting on a rationalist philosophical foundation. This logic implies a reasonable calculation between ends and aims in order to obtain the most benefits and lower costs in an anarchical context. Every political leader's action should be based on national interest.

In classical Realism, authors like Hans Morgenthau (1948) and Raymond Aron (1964) have discussed the possibility of alliances between States. They both agree that alliances have an ephemeral and junctural length. The main goal of alliances is balancing each other's power to avoid hegemonic dominance and power concentration in the international system. Therefore, alliances are political foreign policy tools, whose purpose is to stabilize inter-state relations. In an anarchical world, where there are not too many rules and there are no impartial referees with the ability to bind States to behave, alliances are very important. In this context, both authors agree that balance of power is the best mechanism to regulate inter-state relations and, alliances are the best tools to do so.

Neorealism came into the scene in 1979 through Kenneth Waltz's publication, *Theory of International Politics*. Waltz focuses on the theory of international politics and explains regular behavior of units in the international system. In doing so, Waltz departs from the assumption that there are systemic causes in favor of developing a macro level theory and separating the analyses of detailed processes due to their classification as micro-level interactions (Waltz, 1979).

By using the prefix *neo*, the author shares the essential assumptions of classical Realism: States are the leading actors in the international scenario and the most powerful among them are particularly relevant, anarchy is the ruling principle in the international system, military and nuclear power are the best tools to cope with anarchy, and balance of power is the best mechanism to keep the system in order (Waltz, 1979). Before going further, it is important to clarify that for Waltz anarchy is not the same as chaos. It means that all units in the international system are sovereign and thus equal because there is no authority whatsoever.

At the same time, Waltz (1979) believes that the national interest of States is to look for their own security in a self-help environment. This assumption replaces the classical national interest notion from Realism, identified with the State's increasing power. Waltz also introduces new theoretical notions such as the concept of structure understood as a systemic component. Structure has some specific functions: it constrains State politics, arranges units according to the distribution of capabilities, and sometimes compels States to assume their responsibilities as great powers. Therefore, structure is not only abstract, but dynamic because some systemic change is still possible.

Waltz explains the formation of alliances by arguing that States enter into alliances inasmuch as they need to balance the other's great power in an anarchical situation, even though the length of these alliances will be limited by an opportunistic sense because cooperation between selfish units is merely ephemeral.

Stephen Walt's neoclassical realism focuses on explaining the States' foreign policy, rather than international politics as Waltz did. Consequently, Stephen Walt's theory is a better way to understand why States enter in alliances with their real or potential enemies, rivals and/or friends. He poses the following question: "how do the great powers choose which states to protect, and how do weaker states decide whose protection to accept? In short, how do states choose their friends?" (Walt, 1989, p. 1). Alliances bring States together or apart, according to how large their security threats are and how much cooperation they can expect.

Walt defines alliances "as a formal or informal relationship of security cooperation between two or more sovereign states" (1989, p. 1). This definition supposes that, in a cooperation process between partners, they assume some level of commitment and agree on how benefits will be particularly distributed between them, following the criterion of either relative or absolute gains. Furthermore, it implies that States share a common security threat, as well as the costs associated with balancing it. In the same way, balancing is a collective action of alignment with other states against perceptions of threat (Walt, 1989, p. 17).

In contrast with the balance of power theory, Walt suggests that States join alliances in order to balance against threat. However, power is still an important part of the equation. The main difference between the theories of balance of power and balance against threat is that the former considers power as the only factor that political leaders take into account when making a decision about alliances, while the latter argues that power is just one factor that policy makers evaluate when joining an alliance. There are many different sources of threats,

such as aggregate power, geographic proximity, offensive power, aggressive intentions, and threat perceptions, etc. (Walt, 1989).

Threats are a result of how policy makers perceive multiple factors coming from an anarchical environment and, consequently, from inter-state interactions. It is important to mention that, since perceptions are subjective, particular care should be taken when framing the concept of threat. Perceptions are the result of some empirical data, individual interpretation processes, and historical context (Walt, 1989). As such, subjectivity does not have a negative implication, since States can evaluate costs and benefits to determine allies' capabilities, effectiveness, and credibility. If States want to be credible, they should intimidate their opponents by creating a threat that is equivalent to the one they perceive. If they reach this goal, the alliance will have both an appeasement and defensive effect at the same time.

Following Walt's reasoning, during the Cold War the two superpowers had competed for allies. For more than fifty years, the international system was characterized by bipolarity, with only two superpowers, namely the United States and the former Soviet Union. Both monopolized nuclear power because they were the only ones with nuclear weapons and weapons of mass destruction (WMD) and both were icons of opposite ideological, political, and economic systems.

On one side, the U.S. represented a liberal model vindicating a democratic political regime, free trade, open economy, human rights, individual freedom, etc. and, in the opposite side, the former Soviet Union represented a communist model identified with political authoritarianism, collective property, lack of individual freedom, etc. (Krauthammer, 1990; Wohlforth, 1999; Ikenberry, 2000; Walt, 2005). Consequently, both former superpowers had their own system of alliances. As a simplified version, the Western hemisphere was with the U. S. and Eastern and Central Europe and Central Asia was with the former Soviet Union. At the same time, the U.S. had a clear enemy: the Soviet Union and its allies, members of the Warsaw Pact. This implied that the threats that could loom over the power of America were well-known and vice versa.

It is important to point out that, as many scholars believed, the bipolar era was both stable and entailed long-lasting alliances. This stability was a consequence of defensive alliances, the existence of the *Mutual Assured Destruction* (MAD) doctrine and a hard control imposed by the U.S. and the Soviet Union over the distribution of nuclear weapons (Walt, 1987; Walt, 1989). All these factors strongly determined what each state could and could not do within the Cold War logic. Additionally, the alliances' length was linked to the balance of

threats between the U.S and the former Soviet Union and remained believable for almost half a century.

The balance of power theory assumes that States with few capabilities aspire to establish an alliance with stronger ones in order to broaden their own security. Furthermore, alliances are useful to avoid the emergence of a hegemonic power or the dominance of the strongest. This perspective shows the realism and neorealism version of alliances and is considered a law in International Relations. Nevertheless, this myopic theory is only concerned with quantitative power resources and underestimates qualitative ones. Walt's balance of threat theory introduced qualitative resources by means of statesmen's threat perceptions and potential threats. This is one of the most valuable contributions of Stephen Walt's theoretical approach. Similarly, social cultures –enemy/rival/friend– influence the decision to join an alliance (Wendt, 1999). If two states perceive each other as enemies, they will not enter in mutual alliances because, in the Hobbesian logic, self-perceptions and the perceptions of others are characterized by: (1) not recognizing “the right of the Self to exist as an autonomous being, and therefore (2) will not willingly limit its violence toward the Self” (Wendt, 1999, p. 260). By contrast, if two states perceive themselves as rivals or friends they will probably enter in an alliance because of their, at least partial, common interests. Alliances between rival states or friend states rest on how confiding, trustful and reliable they are.

In summary, mainstream approaches show that alliances between states are mainly oriented to gaining power against their mutual enemies. The common interest is to protect their national security in the face of threat perceptions or when States face actual threats. During the Cold War, alliances were predominantly defensive and took place in a bipolar context.

## **II. Strategic management contribution to strategic alliances**

As mentioned above, another contribution to strategic alliances comes from strategic management theory. This theory was conceived in the 1980s when scholars began to work on the concept of strategic alliances (Chandler, 1962; Ansoff, 1965; Andrews, 1971; Porter, 1981, 1982), treating companies as the main actors of these seminal works. As agreed in most of these studies, companies should adjust their policies to compete in an environment characterized by interdependence, globalization, bigger uncertainties, and more competitiveness (Porter, 1985; Gulati, 1995; MacGee et. al., 1995; Parkhe, 1993).

The decision to include this perspective was founded in the idea that, during the Post-Cold War Era, States had to improve their international economic performance. This means that States' threat perception was associated with the quick changes coming from the international economic and financial system. These issues became a priority, especially after the financial crisis in developing countries like Mexico in 1994, South East Asia in 1997, Russia in 1998, Brazil in 1999, and Argentina in 2001. In this perspective, strategic alliances have a strong political quality because they depend on States' political willingness and are oriented to widening the room for maneuvering in international negotiations.

First, it is important to clearly distinguish what strategy means, in general terms, for strategic management theories. According to Chandler, strategy is "the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out the goals" (Chandler, 1962, pp. 13-14). In the same vein, Ansoff conceptualizes strategy as "the common thread among firm's activities and product-market" (Ansoff, 1965, p. viii).

Strategy supposes that managers take into account long-term objectives and establish the way to achieve them. Besides, strategy leads us to think coherently about the detailed examination of many important issues: compatibility/incompatibility of aims, policies required to reach those aims, feasibility evaluation, room for maneuvering, and analysis of self-reliance. If companies are unable to deal with low costs by themselves, they must consider who to have as partners, examining compatibility orientation and long-lasting cooperation opportunities. Strategy is a roadmap that advises and guides individual and joint actions of enterprises or States.

Secondly, we look into strategic management approaches to find a conceptualization of strategic alliances. In that sense, Kenichi Ohmae points out that:

companies are just beginning to learn what nations have always known: in a complex, uncertain world filled with dangerous opponents, it is best not to go alone. Great powers operating across broad theaters of engagement have traditionally made common cause with others whose interests run parallel with their own . . . Entente –the striking of an alliance- is a responsible part of every good strategist's repertoire. . . Globalization mandates alliances, makes them absolutely essential to strategy (Ohmae, 1989, p. 143).

Therefore, strategic alliances are extremely important instruments and critical resources to deal with competitiveness in an uncertain global world. If a partner does not understand that strategic alliances are long-term processes, they will be disappointed early. The reason for this is that strategic alliances imply political cooperation oriented to coordinate actions and policies in order to reduce costs and improve shared benefits.

As Ohmae noted, long-term orientation is one of the most important characteristics of a strategic alliance. The issue about duration is enhanced because it leads us to distinguish true strategic alliances from selfish convenience or opportunistic behavior. Alliances are not convenience tools but long-lasting instruments. Actors who behave in an opportunistic way become impatient—they are very concerned in getting immediate outcomes and running away- and less tolerant when facing troubles and mistakes (Ohmae, 1989). Therefore, strategic alliances are not automatic: they require hard work and strong commitments.

Another requirement to highlight is complementarities between partners. An example might be helpful at this point:

Glaxo, the British pharmaceutical company “. . . , did not want to establish a full business system in each country where it did business . . .”. “So it decided to link up with the first-class partners in Japan, swap its best drugs with them, and focus its own resources on generating greater sales from its established network in Europe”. The sharing of value creation and distribution channels was a good bet for partners. Consequently, neither Glaxo neither Japanese company lost competitiveness nor profits. By contrast, all of them shared costs and reduced individual ones. A lesson that companies should learn is: in a global environment, “no wall you erect stands tall. No door you slam stays shut. And no road you follow is inexpensive” (Ohmae, 1989, pp. 144-145).

This implies that companies trying to profit from all advantages is not only expensive but also impossible to achieve by themselves. Furthermore, partners in joining strategic alliances need to trust each other. The comparison between good strategic alliances and good marriages helps to understand how it works. When entering in alliances, like when getting married, you need a partner, but you must be part of it as well. Once you have mutually chosen each other—it supposes consensus-, you have to assume the responsibilities and commitments in a reciprocal way. But troubles begin

when one partner is weak or lazy or won't make an effort to explore what the two can do together . . . As soon as either partner starts to feel that the situation is unfair or uneven, it will begin to come apart (Ohmae, 1989, p.

150). [This means that] if you start cheating on day two, the whole thing gets shaky fast . . . That's not a marriage. It's just a one-night stand (Ohmae, 1989, p. 151).

The most important features to highlight in Ohmae's view about strategic alliances are: 1- political will to join in it; 2-consensus about shared goals –at the same time it requires compatible and complementary interests; 3- availability to cooperate and coordinate policies and actions; 4-trust and confidence; 5-joint work and 6-fluent talks. Despite the complexity of establishing strategic alliances, it provides promising opportunities in the future for those who are willing to assume the challenge.

Varadarajan & Cunningham (1995) explore conceptual foundations and contributions in the field of strategic alliances. For the authors, strategic alliances are “a manifestation of interorganizational cooperative strategies, [that entail] the pooling of specific resources and skills by the cooperating organizations in order to achieve common goals, as well as goals specific to the individual partners” (Varadarajan & Cunningham, 1995, p. 282).

Following the previous definition, it is also important to point out that, as in Ohmae's view, actors are companies that could or could not be in the same industrial sector. Varadarajan & Cunningham classified alliances in four groups: 1-those belonging to the same industrial sector; 2-those belonging to a different industrial sector; 3-those operating inside national borders; 4-those operating in a broader theatre (Varadarajan & Cunningham, 1995, pp. 288-290). In any case, the predominant factors are goals and needs, while willingness and complementary evaluations will determine if a strategic alliance is possible to attain or not.

Another classification criterion is linked to how many areas are involved in the strategic alliances process. Hence, strategic alliances could be 1-wide, when covering all the enterprises' functional areas or 2-narrow when limited to selective areas (Varadarajan & Cunningham, 1995).

To sum up, these experts consider that the character of strategic alliances lays its foundations in competitive advantages, which could not be easily replicated by the rest of the competitors. By contrast, operational alliances are different from strategic ones since the former are only concerned with basic operative procedures, being less complex than the latter (Varadarajan & Cunningham, 1995, p. 285).

The main underlying motivation for a firm to enter strategic alliances are: 1-to gain market access to new international markets; 2-to circumvent political and legal barriers which do not allow the entrance in strategic alliance; 3-to improve market position; 4-to introduce a new product; 5-to cut costs associated to commercialization and marketing investments; 6-to reduce risks; and 7-to learn and develop new skills (Varadarajan & Cunningham, 1995).

It is important to point out that if States decide to join strategic alliances -in the macro-relation level<sup>3</sup>-, businessmen could improve their economic and commercial outcome -in the micro-relations level<sup>4</sup>. For example, Argentina could gain access to the Southeast Asian countries by working together with Chile. Moreover, Argentina could learn and develop new skills because Chile has much more experience than Argentina managing commercial relations with Asia. At the same time, Chile could trade its products through the Argentinean Atlantic harbors and reduce transportation costs. If an Argentina-Chile strategic alliance comes true, both states would have shared benefits.

Other points to mention regarding joining strategic alliances are asymmetries and reciprocity in partnerships (Spekman et. al., 1998; Ohmae, 1989; Varadarajan & Cunningham, 1995). An interdependent world supposes, by definition, that costs are reciprocal but not symmetrical (Keohane & Nye, 1988). Initially, the asymmetry issue does not have negative implications. Nevertheless, when cooperation and coordination fail once and again and only one partner pays the largest costs, the end of the alliance is clearly foreseeable.

According to Ohmae, Varadarajan & Cunningham agree that competing in a global environment is getting more and more complex. That is why the international market is full of uncertainties and high-risk situations even though there are rules in the international economic system, as there is no authority capable of binding them. This situation is similar to the one in the international political system, where rules exist but the essential characteristic of it is anarchy -understood as a lack of authority over States to force them to comply with norms and rules-. Considering this context, it is possible to

3 Macro-relation refers to the activities developed in the foreign policy' political-diplomatic dimension in general and in the bilateral relations, in particular (Escudé, 1991). Macro-relations are the great political agreements which comprise the convergence around principles -such as democracy, free trade, human rights and resolution of border conflict, cooperation issue areas- and the rules of the game between states. This concept comprises the broad political framework on which the bilateral relationships are based.

4 Micro-relations are articulated around a plurality of specific problems which are in charge of a multiplicity of individual, public and private actors -state agencies, the business sector and investment groups-, and small bureaucratic cores. According to Escudé (1991), it is in the bilateral micro-relations where the authentic interests of the countries are played.

think that strategic alliances could regulate the actors' behavior and make the environment less uncertain.

For Robert Spekman et. al. (1998, p. 747), "strategic alliances are today a fact of business life and are found on every corner of the corporate landscape..." For different reasons, "companies are forming alliances at an ever increasing rate. Yet, despite nearly exponential growth, the landscape is littered with failures; success rates are low, with estimates suggesting that as many as 60 per cent of all alliances fail". A better understanding of this situation could come from state of the art. Spekman suggests that the central point in the Strategic Management field is the lack of studies analyzing the implementation phase of strategic alliances. Even though conceptual analyzes and formulation phases are discussed in several studies, almost none pay attention to the next phases.

Spekman's paper focuses on dealing with both dimensions –the formulation and implementation stages- at the same time. On one hand, he argues that "a strategic alliance is a close, long-term, mutually beneficial agreement between two or more partners in which resources, knowledge and capabilities are shared with the objective of enhancing the competitive position of each partner" (Spekman et. al., 1998, p. 748). These requirements are in the same vein as those analyzed by Ohmae and Varadarajan & Cunningham. On the other hand, Spekman establishes six phases along the strategic alliances cycle: 1-Anticipating; 2-Engaging; 3-Valuing; 4-Coordinating; 5-Investing; and 6-Stabilizing (Spekman, 1998, pp. 761-762). A detailed analysis of each of these phases exceeds the purpose of this paper.

Despite the differences in the specific bibliography regarding strategic alliances, there are common characteristics among them. First, strategic alliances take place between companies and involve cooperative relations where costs and benefits are reciprocal but not symmetric. Second, strategic alliances could be formal or informal depending on how much trust there is between partners. Third, partnerships imply less individual room for maneuvering oriented to making a shared decision. Fourth, partners must have common interests to join an alliance. Fifth, there are multiple underlying factors when entering an alliance, like technical cooperation, expanding the parties' market, improving commercial performance, developing new markets or products, cutting costs and so on.<sup>5</sup> However, scholars underline the distinction between long-term cooperation agreements and casual or opportunistic ones. In the same sense, strategic alliances between States refer to agreements characterized by strong

5 Refer to Johansson, 1995; Morrow, 1991; Kang & Sakai, 2000; Kumar & Das, 2007; Das, 2006; Grant & Baden-Fuller, 2004; Hagedoorn & Duysters, 2002.

political will and high commitment oriented to achieving common goals. It requires partners to design policies together and share resources, activities, and information with a long-term horizon.

### **III. Towards a conceptual synthesis: theoretical foundations of strategic alliances**

Since the definition of strategic alliance varies among researchers, it is important to point out that this concept –as others in International Relations- is a rather nebulous term. Nowadays, its usage covers a wide range of options. Sometimes it is used as a framework for short-term relations among States guided by a utilitarian logic. Other times, it refers to a network of reciprocal actions in many issues like economy, politics, culture, social relations, etc. Strategic alliances could be thought of as an earlier step for a superior stage called strategic association. This supposes deeper friendship bonds and a common culture and identity (refer to Bull, 1977; Deutsch, 1974; and Liska, 1968).

When comparing International Relations (IR) and Strategic Management approaches, it is important to distinguish between new and old alliances. Most scholars agree that classical alliances, as well as strategic ones, are cooperative relationships between states –for IR Theory- and between companies –for Strategic Management Theory-. One of the most important differences refers to the length of the alliances. Realism and Neorealism believe that, even if cooperation is possible, it will be short-term oriented because States are selfish units and their interactions take place in an anarchical system. Strategic Management scholars study long-term cooperation because they believe alliances are the best way to face challenges given our uncertain, risky and globalized world. Most scholars agree that coordinating policies for cooperation is not an easy job. It requires an effort to identify common interests and maintain them, as well as rally supporters, capacities, and external resources in order to carry out joint systemic and institutional strengthening actions that would contribute to the mutual prosperity of the partners. Even though they are different actors –states and companies- both require a strong political decision to enter in alliances.

Another consensual point refers to the context where interactions take place. According to Internationalists, States are moving on an anarchical system full of uncertainties and looming security, political, and economic threats. For management scholars, the context where this takes place is the international market, which does not work under perfect competition conditions. The predominant feature is the absence of a supra level authority able to regulate conditions and

units' interactions. Both perspectives give the units –States and companies- certain regulation powers to diminish threats coming from the environment.

Scholars share the idea that both States and companies assume rational behaviors and make rational cost-benefit evaluations. The logic of zero-sum game –relative gains criterion- prevails in mainstream approaches, while absolute gains do in strategic management views. A Zero-sum game implies that the strongest get more than the weaker. By contrast, according to absolute gains logic, all parts win, but asymmetrically.

Traditional Foreign Policy agenda prioritizes military and strategic issues rather than economic and commercial ones (Morgenthau, 1948; Strange, 1970; Keohane & Nye, 1988; Rosencrance, 1986; Gilpin, 2001). Realism and Neorealism are mainly concerned with maintaining national security and protecting States against threats, which could jeopardize national interest and the system's stability. Rather than focusing solely on security issues, strategic alliances develop a wider agenda, venturing into commercial matters. Having said that, old and new alliances depend ultimately on political will, whether derived from political leaders or top executives.

The foregoing makes us wonder how proper traditional alliances coming from International Relations Theory and new ones coming from Strategic Management Theory help us explain the international landscape of the 21<sup>st</sup> century. The thesis of this paper is that they both are partially helpful. Therefore, some concepts and ideas are borrowed from both contributions in an attempt to be more precise and make a potential conceptual contribution. This paper is focused on the definition of strategic alliances since they are often mentioned in Latin American diplomatic speeches, particularly in bilateral relations such as Argentina and Brazil, Argentina and Chile, Argentina and Venezuela, Brazil and Chile, and Brazil and the European Union. However, we realize that there is still a gap between discursive rhetoric and actual practice and that there is not a clear definition of what strategic alliances are and which are their political consequences. As long as these key issues remain undetermined, policy makers will still be faced with gaps between the formulation and implementation stages.

## **Final thoughts: clarifying assumptions about theoretical strategic alliances**

Strategic alliances cover bilateral affairs as a whole –comprising macro and micro level relations- and are grounded in deeper and denser relations.

Therefore, strategic alliances in the international system involve political, diplomatic, economic and military issues, having States as their main actors. Nevertheless, strategic alliances go beyond inter-state relations entailing joint identification of common goals reachable in the long run. Therefore, strategic alliances help States make policies and actions more predictable and, unlike bilateral relations, offer mutual trust and loyalty, as well as the possibility of having joint decisions and actions. are key beyond bilateral relations inasmuch as a key issue is mutual trust and loyalty, while traditional national bonds entail neither joint decisions nor joint actions.

Trust is crucial because it is the cornerstone for designing joint policies, establishing clear rules, carrying out agreements, and sharing information in order to anticipate critical junctures. In an interdependence environment it is very helpful to control reciprocal but asymmetric costs. In other words, making a strategic alliance requires a great level of political coordination and includes foreign policy too –but not a common foreign policy. Apart from that, strategic alliances should be guided by absolute gain where all States win but not symmetrically. In addition, States could be prone to accept asymmetrical benefits. In this context, the adjective “strategic” takes a strong political connotation because it is the common thread, the main rule of inter-state relationships.

Other elements to highlight regarding assumptions about strategic alliances are linked to cooperation and common interests. Following Robert Keohane (1988), cooperation takes place between selfish units. For this reason, partners’ expectations are linked to obtaining higher benefits than what they would have gained individually. Thus, interests are closely related to cooperation opportunities among States. In that sense, scholars agree that, for political coordination to be possible complementary interests shared by partners are necessary. This does not mean that interests must be identical, since the idea of complementarity assumes both similarities and differences. The latter do not always have a negative meaning. On the contrary, recognizing differences is a key element that allows partners to consider ways to overcome them.

Common interests also depend on the existence of consulting mechanisms, political consultations, and permanent and dynamic dialogues to coordinate the decisions made by partners. The foregoing has at least two consequences: on one side, the commitment to agree on positions and not to assume unilateral behaviors and, on the other side, these channels allow fluent communication of information to anticipate crisis. Simultaneously, communication is a crucial factor in managing conflicts.

Conflicts are enduring features in interstate relationships, especially within an interdependence framework. Since States are the main actors in strategic alliances and they are selfish actors, managing conflicts properly is an overwhelming challenge. The key aspect remains that States join in strategic alliances to fulfill their commitments and manage conflict together.

For States, new alliances have multiple goals: promote foreign trade, improve competitiveness, gain access to new markets, improve infrastructure and energy cooperation, take confidence-building measures, promote investment, strengthen security cooperation, increase negotiation power in multilateral and regional organizations, develop deeper political dialogues, coordinate positions over issues in the regional and international agenda, cooperate in scientific and technical areas, etc. Unlike old alliances new alliances are not only concerned with security issues.

Policy makers should be realistic when formulating conditions for strategic alliances. For this reason, they must keep a balance between intentions and resources. As long as goals remain apart from means, it is likely that those alliances will turn into statements with the best intentions but low chances of being put in practice. Following Morgenthau, “alliances to be real must be operative” and this requires clear goals that could be actually achieved in the medium or long term (Morgenthau, 1948).

Of course, there are remaining questions that still require answers: 1-Where do threat perceptions come from? 2-How important is the duration issue? 3-How many strategic alliances is it possible to join?

Uncertainty is an enduring feature in an anarchical environment. As seen above, inter-State interactions take place in an anarchical international system. Since perceptions are influenced by beliefs, domestic circumstances, and international environment, there are many sources of threat. One of such sources, for many reasons, is geographic proximity (Walt, 1989). Permanent interaction between neighboring countries helps them get to know each other and may generate cooperation opportunities. During this process, States share information, develop joint skills, and set many rules.

If States commit to agreements, they build confidence and diminish threat perceptions. It may also happen that adjacent States feel intimidated. Consequently, States could produce confidence-building measures, security cooperation, and joint military exercises.

In economic terms, aggregated power is another threat source (Walt, 1989). Strategic alliances suppose a certain degree of economic security; this means that States guarantee the continual exchange of supplies. This issue becomes more relevant when talking about critical resources like energy, for example. If one of the partners needs to modify or interrupt the agreement, they must previously notify the other.

Once states decide to join an alliance, they need to set goals and establish running actions to achieve them; consequently, duration is another key issue. The process begins with the political decision at the macro-level and is followed by setting up the details. Therefore, planning, selecting actions, designing policies, and finally putting them into practice takes time. This means that political decisions do not automatically become actions.

Consequently, the intended duration of an alliance is one of its defining characteristics, and the notion of the alliance horizon pertains to the future. In addition, the shadow of the future plays an important role and can serve to dampen defection for fear of retaliation by the aggrieved partner as interactions continue into the future (Keohane, 1988). Therefore, “An alliance member would thus think twice before taking any action that may jeopardize its future status in the alliance” (Das, 2006, p. 9).

The topic of how many strategic alliances can a State join at the same time refers to the selection criteria of a partner. It implies that States should consider priority relationships. When doing so, they may choose between security, energy, economic, political, and other areas. It is impossible to join as many strategic alliances as there are countries in the world. However, States may join more than one, as long as these alliances do not have opposite principles, goals, and interests between them.

Finally, it is important to clarify that this paper is meant to be just a step towards the conceptualization of strategic alliances. If scholars, politicians, and policy makers do not know what strategic alliances are, then it is difficult to put them in practice. This paper supposes that we in Latin America are, in the best-case scenario, in the formulation stage. When we began to think about this issue, we always kept in mind those Latin American presidents who announce strategic alliances between regional and extra regional partners with fanfare but, at the end, one only finds empty shells. Exceptions to this rule could be the first steps taken between Argentina and Chile on one hand, and Argentina and Brazil on the other, during the first decade of the 21<sup>st</sup> century. Nevertheless, a close examination of these bonds exceeds the purpose of this contribution. Therefore, a debate remains open to determine if the relationship between ‘A’ and ‘B’

constitutes a strategic alliance and it depends, exclusively, on an exhaustive case by case examination.

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