

BRAZIL: TO BE OR NOT TO BE A BRIC?

Author(s): Paulo Sotero and Leslie Elliott Armijo

Source: *Asian Perspective*, Vol. 31, No. 4, Special Issue on "The BRICs Countries (Brazil, Russia, India, and China) in the Global System" (2007), pp. 43-70

Published by: Lynne Rienner Publishers

Stable URL: <https://www.jstor.org/stable/42704608>

Accessed: 31-08-2018 18:19 UTC

---

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

*Lynne Rienner Publishers* is collaborating with JSTOR to digitize, preserve and extend access to *Asian Perspective*

## BRAZIL: TO BE OR NOT TO BE A BRIC?

*Paulo Sotero and Leslie Elliott Armijo*

*Brazil will gain a place as a significant player in the multipolar international system taking shape since the end of the cold war simply on the basis of its economic size and material capabilities. However, its potential to influence international outcomes is likely to be determined more by the capacity of the country's elites to identify and harness qualitative assets associated with its stable and democratic governance than by any hard-power assets. Brazil is the quintessential soft-power BRIC. Among the four BRICs, Brazil is the only one positioned to become a potential environmental power in a world increasingly preoccupied with global warming.*

**Key words:** Brazil, BRICs, international relations, economic development

### Introduction

Brazil will very likely be a major power by the middle of the twenty-first century, albeit not one of the world's top three. Along with its fellow BRICs countries (Russia, India, and China), as early as 2040 Brazil may overshadow the traditional major powers of Western Europe in terms of its relative material capabilities within the global system.<sup>1</sup> Yet unlike China, Russia, or

---

1. Dominic Wilson and Roopa Purushothaman, "Dreaming with BRICs:

India, Brazil's future political alliances are significantly predetermined: It will be a Western power, closely linked to the United States and Western Europe. Moreover, Brazil's power projection is fundamentally one of soft power and largely depends on the quality of the democratic institutions it has adopted since the return of civilian rule in 1985, institutions that, in the eyes of Brazilians themselves, confer legitimacy on the country's recent diplomatic assertiveness.

Brazil's policy makers already actively participate in and shape international institutions at both the regional and global levels. Curiously, Brazil may achieve major-power status almost accidentally. Despite the country's long history of dreaming of being a great power, relatively few Brazilian policy makers and opinion leaders yet have fully thought through the implications of playing an influential role on the global stage. One possibility is for Brazil to position itself as the emerging environmental power. As owner of the world's last major tropical rainforest, one of the largest renewable reserves of fresh water,<sup>2</sup> the planet's most diverse stock of biodiversity, the best energy matrix among major countries, and the most successful industrial-scale production of renewable fuels, Brazil has the assets to play such a role, if it adopts policies to preserve those assets and use them as political tools in a world increasingly preoccupied with climate change.

### **The Material Capabilities of a BRIC**

Is Brazil legitimately included within the set of large emerging powers christened "the BRICs" countries? Brazil possesses, or will possess by early in the twenty-first century, the minimum material capabilities to be considered as a second-tier major power, analogous to the position of France or Italy today. This claim at first appears unfounded, in that Brazil is not a world military power, even to the level of the major Western

---

The Path to 2050," Global Economics Paper No. 99, Goldman Sachs, New York, October 1, 2003.

2. World Resources Institute, database available at <http://earthtrends.wri.org/text/water-resources/variables.html>.

European states or its fellow BRICs. In terms of military expenditures, Brazil ranks only among the top twenty countries. Its estimated \$13.4-billion expenditure in 2006 puts Brazil on a par with Australia, Canada, Spain, and Israel. It falls below the next highest group of South Korea, India, Italy, Russia, and Germany, each of which spent between \$20 and \$30 billion in 2006. And Brazil is well below Japan, China, France, and Britain, which expended \$40 to \$50 billion on their militaries. The United States stands alone, having spent \$528.7 billion in 2006.<sup>3</sup>

Of course Brazil has little reason for a large military, as it easily dominates its continent and neighborhood. For example, if we take military expenditure as a very rough measure of military power, then Brazil is approximately three times as powerful as Colombia, four times as dangerous as Mexico, and has more than seven times the strength of either Venezuela or Argentina. The comparison is of course fanciful. The truth is that Brazil has been geostrategically fortunate, not having been engaged in a war with its neighbors for well over a century. Nor is the Brazilian military involved in an ongoing civil conflict, as in Colombia. The last significant military engagement for Brazil's army and navy was in World War II, when Brazil sent a division to Italy and also provided air and submarine bases for the Allies.

Brazil is also a technologically sophisticated country that has explicitly renounced nuclear weapons since becoming a stable democracy. It possesses the indigenous capacity to produce fissile material for a nuclear weapon. In 1990 a Brazilian parliamentary inquiry commission reported that during the years of military government (1964-1985) Brazil's air force had designed two atomic bomb devices.<sup>4</sup> However, Brazil's secret nuclear-weapons program, and the country's consequent refusal to sign the Nuclear Non-Proliferation Treaty (NPT) in the 1970s and 1980s, had been directed mainly at deterring neighboring Argentina, in addition to preserving the principle of not officially recognizing the exclusive

---

3. All figures, in constant 2005 dollars, from the Military Expenditure Database of the Stockholm International Peace Research Institute (SIPRI), accessed at [www.sipri.org](http://www.sipri.org), September 29, 2007.

4. Yana Feldman, First Watch International (FWI), "Country Profile 11: Brazil," accessed September 29, 2007 at [www.sipri.org/contents/expcn/cnsc1bra.html](http://www.sipri.org/contents/expcn/cnsc1bra.html).

rights of any nation to have nuclear weapons. With redemocratization in both Brazil and Argentina in the early 1980s, their governments entered into closer political and economic cooperation, one result of which was a series of bilateral arms control treaties. In 1988 Brazil introduced a non-amendable clause in its newly adopted, democratic constitution forbidding itself from ever building a nuclear weapon. By the decade's end, Brazil and Argentina each had opened its nuclear-power facilities to mutual inspection.

Having realized that they neither needed nor wanted nuclear weapons, Brazil's leaders made as public a point as possible of renouncing them. In September 1990 President Fernando Collor (1990-1992) had himself photographed shoveling dirt down a nuclear test shaft, symbolically burying the military's nuclear-bomb program. Subsequently, Brazil signed all of the major international arms control treaties. With the world's sixth-largest deposits of uranium, and the capacity to enrich it, Brazil also has accepted the covenants of internationally-legitimated nuclear supplier countries.<sup>5</sup> Although the new nuclear policy posture has never been accepted by nationalists in academia, the military, or the foreign ministry, and remains a matter of considerable controversy, it is unlikely to be reversed.

An even more crucial requisite for being considered a large emerging power is current and projected economic size, which many international relations theorists consider the single best indicator of relative power. As of 2006 Brazil just makes it into the set of the ten largest economies, so expectations of future growth are essential to any judgment about whether Brazil belongs among the globally consequential large emerging powers.<sup>6</sup> Brazil had its fastest growth spurt associated with industrialization and import substitution—what some Brazilians today call its “China moment”—from the mid-1940s to the mid-1970s, when growth averaged 7.4 percent per year. Particularly during the so-called miracle years of 1968-1973, Brazil's gross domestic product (GDP) expanded at a phenomenal annual average of 10.59 per-

---

5. These include the Treaty of Tlatelolco, which establishes a Latin American nuclear weapons free zone, the Nuclear Nonproliferation Treaty (NPT), the Comprehensive Test Ban Treaty (CTBT), and the Nuclear Suppliers Group (NSG). See Feldman, “Country Profile 11.”

6. For more detail see Armijo's article in this special issue.

cent.<sup>7</sup> But growth from 1974 through the end of the twentieth century was both comparatively low, averaging 3.7 percent, and volatile. From 2000-2006, the World Bank reports Brazilian GDP growth of slightly over 3 percent. Embarrassingly, this record is below that of several of Brazil's immediate neighbors, including Chile and, since 2004, Argentina.

Despite its modest performance in recent years, the economic comparison between Brazil and the other BRICs countries should not be taken at face value. "It is inappropriate to compare rates of growth of Brazil, China, and India today, because Brazil completed the transition from a primary to an industrialized economy much earlier, in 1980," says prominent economist Antonio Barros de Castro.<sup>8</sup> The Economist Intelligence Unit expects a mean growth rate for Brazil of 4.2 in the near term (2007-2012). Even more optimistically, the model used by the Goldman Sachs' BRICs team projects very steady Brazilian growth, averaging just under 4 percent from 2005 through the middle of the twenty-first century.

To keep these rosy predictions in perspective, we note that few Brazilian sources dare to predict the future. Much can go wrong. Nonetheless, it seems safe to conclude that steady mean growth of 3.5 percent or above for the coming decades is both possible and likely—with the caveat that this depends on steady and sensible government macroeconomic policies and on a moderately favorable international environment.

The surprise is that, if Brazil achieves growth at these plausible levels, then it can expect to be among the six or seven largest economies by the mid twenty-first century, as it is extremely unlikely for any of the mature industrial economies to expand this fast. If sheer economic size and a solid industrial base are the most important criteria of international material capability, then Brazil may not be able to help becoming something more than simply a regional power in the coming decades. By objective cri-

---

7. Instituto de Pesquisas Economicas Aplicada (IPEA), accessed on May 23, 2007 at [www.ipeadata.gov.br/ipeaweb.dll/ipeadata?65370046](http://www.ipeadata.gov.br/ipeaweb.dll/ipeadata?65370046).

8. Antonio Barros de Castro, remarks at a conference on "A New Direction in Brazilian Foreign Relations," Brookings Institution and the Woodrow Wilson International Center for Scholars, Washington, D.C., September 28, 2007.

teria Brazil thus belongs in the set of BRICs countries. In fact, both Brazilian and U.S. policy makers have previously employed similar formulations. In 1993, George Kennan, the former American diplomat and public intellectual who first articulated the post-war U.S. strategy of containment of the Soviet Union, described these same four nations plus the United States as “monster countries,” endowed with a unique combination of continental size and huge populations.<sup>9</sup>

### Brazil Is a Western Power

One reason that Brazil is less easily conceptualized as a BRIC is that its rise is hardly perceived as threatening in Washington, London, Paris, Berlin, or Tokyo. Unlike China, Russia, or even India, Brazil is a Western power, securely and nearly inevitably allied with the United States and Western Europe. Though geography does not fully determine a country's strategic options, as illustrated by the case of Cuba and more recently by the overtures of Venezuela's President Hugo Chávez to Iran, Byelorussia, and Russia, it clearly limits them. A nation that shares the culture and values of the Western world, Brazil is the only one of the BRICs in the area of influence of the sole remaining superpower. Within a military-security framing of international relations, Brazil's vast territory seems a safe area to the powers that dominate contemporary global security arrangements, and thus a hardly noticeable one. Even within Brazil, for decades foreign policy principally has been about commercial relations, not security issues, although the challenge of protection of the Amazon alone should be enough to justify some deep thinking about the subject. As Brazilian international relations scholar Monica Herz recently observed, “Foreign policy and defense policy have been detached from one another in Brazil, and this is a concern for the military and for several other sectors [in Brazilian society]. This debate has to be faced.”<sup>10</sup>

9. George F. Kennan, *Around the Cragged Hill: A Personal and Political Philosophy* (New York: W.W. Norton, 1993), p. 143.

10. Mônica Herz, remarks at the conference “A New Direction in Brazilian Foreign Relations,” Brookings Institution and the Woodrow Wilson

The long de facto alliance with the United States is the product of both history and geography.<sup>11</sup> A former colony that was briefly (1808-1821) the political center of a declining European empire before its independence from Portugal in 1822, Brazil emerged in 1889 as the world's largest republic, encompassing more than half of the territory of South America. The proclamation of the republic by the military put an end to a stable constitutional monarchy that had ignored the industrial revolution and ruled a slavery-based economic system whose legacy is visible to this day in the country's high rates of social and economic inequality. Then as now Brazil's leaders saw their national interest as convergent with that of the United States. The country's first name was the "United States of Brazil." Jose Maria da Silva Paranhos, the Baron of Rio Branco, Brazil's foremost diplomat in the final decades of the monarchy, its foreign minister from 1902 to 1912, and founder of its first modern diplomatic corps, early on recognized the emergence of the United States as a world power. Guided by Brazil's interest in countering British influence in South America, particularly in the River Plate basin, Rio Branco reoriented the axis of Brazil's external relations from London to Washington. With active U.S. support in important cases, as in arbitration by the administration of U.S. President Grover Cleveland in the 1895 Treaty of Missões dispute with Argentina, and its tacit backing in others, as in the settlement of the territory of Acre with Bolivia in 1903, Brazil's pending territorial disputes with neighboring nations were all resolved by diplomatic means in Brazil's favor, ensuring the country its continental size and its hold on most of the Amazon basin. Over the subsequent century Rio Branco's vision of the advantages of cultivating good relations with the United States has proven prescient.

An affinity with the United States has not meant automatic alignment, nor has it precluded periods of tension, during which Brazilian leaders sometimes have been quite skillful at playing their European, often German, cards. One such episode

---

International Center for Scholars, Washington, D.C., September 28, 2007.

11. On Brazilian history, see E. Bradford Burns, *The Unwritten Alliance* (New York: Columbia University Press, 1966); and Boris Fausto, *A Concise History of Brazil* (Cambridge: Cambridge University Press, 1999).



was during the early 1940s, when populist and intermittently authoritarian President Getulio Vargas (1930-1945, 1950-1954) negotiated with both the Nazis and the Americans to see which side would offer better inducements in exchange for military bases and refueling rights—or in the case of the Axis powers, strict neutrality. Following the war, President Harry Truman followed through on Roosevelt's promises of helping to complete construction of a steel mill in Volta Redonda and offering crucial technical assistance in designing Brazil's first comprehensive industrial development plan.<sup>12</sup> Brazilian expectations of a massive inflow of American investment after the war, however, were frustrated. By the mid 1960s, Brazil-U.S. relations were driven by Washington's cold-war strategy. Despite Washington's support for the coup that brought the armed forces to power in 1964, divergent interests soon would cause conflict.

During the early 1970s the United States provided technical collaboration for Brazil's first nuclear power plant—until Brazil's then military leaders chafed at the controls and inspections required by the Americans, and turned instead to West Germany.<sup>13</sup> Of course, Brazil indeed had a covert weapons program, though it was something of an open secret, being intended more for deterrence and power assertion (somewhat implausibly directed mainly at Argentina) than actual weapons development. Following redemocratization in 1985 and the 1988 constitution's explicit ban on nuclear weapons, in 1990 Congress launched an inquiry into the secret nuclear program. President Collor dramatized the new Brazilian position by staging the presidential photo opportunity noted earlier. More recently, Brazil-U.S. relations have been tested by trade tensions, discussed below. Nonetheless, and as has happened repeatedly in the past, Brazil finds that cooperation with the United States, with which it shares liberal-democratic values and a neighborhood, remains an anchor of its foreign policy.

---

12. Robert G. Long, "Volta Redonda: Symbol of Maturity in the Industrial Progress of Brazil," *Economic Geography*, vol. 24, No. 2 (April, 1948), pp. 149-54.

13. Michael Barletta, "The Military Nuclear Program in Brazil," Working Paper, Center for International Security and Cooperation, Stanford University, March 1998; available at [http://cisac.stanford.edu/publications/military\\_program\\_in\\_brazil\\_the](http://cisac.stanford.edu/publications/military_program_in_brazil_the).

## The Soft-Power BRIC

Redemocratization has made recent Brazilian presidents both more willing and more capable of assuming an active role in regional and world affairs. Democratic Brazil, unlike the country during the two decades of military rule, possesses considerable soft power. "Soft power" in international relations derives not from the possession of superior military or economic resources, but rather from the ability to persuade others to do what you want. It is cultural, ideological, and normative leadership in the world, as in creating or reforming international institutions in ways that others will want to join.<sup>14</sup> Soft power means shaping regional and global governance regimes in ways that one's own country finds congenial.

### *Trade and Economic Integration*

Brazil's most active diplomatic initiatives during the more than two decades since its 1985 political transition have been taken with the aim of influencing the overlapping regional, hemispheric, and global trade and foreign direct investment regimes. In fact, given the near-complete absence of external security threats, recent Brazilian foreign policy essentially has been trade policy.<sup>15</sup> Brazil's preference would be to expand MERCOSUR (the Common Market of the South) to all of South America, while the United States would rather enlarge NAFTA (the North American Free Trade Agreement, encompassing Canada, the United States, and Mexico) via a hemisphere-wide agreement known as the Free Trade Area of the Americas (FTAA).

---

14. Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990).

15. See Leslie Elliott Armijo and Christine A. Kearney, "Does Democratization Alter the Policy Process? Trade Policymaking in Brazil," *Democratization* (forthcoming 2008); Jeffrey Cason, "Democracy Looks South: MERCOSUL and the Politics of Brazilian Trade Strategy," in Peter R. Kingstone and Timothy J. Power, eds., *Democratic Brazil* (Pittsburgh, Penna.: University of Pittsburgh Press, 2000); and Andres Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR: An Empirical Examination," *Latin American Research Review*, vol. 40, No. 1 (February, 2005), pp. 138-64.

Underlying the political competition over trade venues (MERCOSUR versus the FTAA) is a genuine conflict of interest: The United States is a postindustrial economy highly competitive in financial services and similar sectors, but profoundly uncompetitive in many agricultural goods and labor-intensive manufacturing sectors, while Brazil is a lower-middle-income developing country. Brazil opposes both agricultural trade barriers and compulsory adoption of other measures, providing what the United States claims is a “level playing field” for foreign firms by enforcing strict patent rights, and limiting or prohibiting preferential credit, tax subsidies, government procurement, or other benefits targeted only to nationally-owned businesses. Since the late 1990s, however, the rise of Venezuela, newly flush with high petroleum prices, as a self-conscious competitor to Brazilian leadership in South America has moderated Brazilian-U.S. disagreements.

In the 1980s, while Brazilian President José Sarney (1985-1989) and Argentine President Raúl Alfonsín (1983-1989) concentrated their domestic policies on establishing civilian control over the military and institutionalizing their national political transitions, their foreign policies regularized their bilateral interaction. Brazil, Argentina, Uruguay, and Paraguay began to negotiate over a regional common market—internal free trade, with modest exceptions, and a common external tariff—that was formally inaugurated in 1991 as MERCOSUR. Despite the lack of a clear economic imperative for integration, the free trade area has been a reasonable political and economic success. It has increased intra-bloc trade and helped both Brazil and Argentina to complete the transition from military to civilian rule and to trust one another enough so that they could simultaneously construct mechanisms for mutual nuclear-weapon verification. The political thaw facilitated the demilitarization of the Brazil-Argentina border, and has allowed Brazil to relocate important military assets to the Amazon Basin region. MERCOSUR also helped to ensure political stability in Paraguay.

In late 1992 Brazil’s President Fernando Collor de Mello, the first popularly elected Brazilian chief executive in decades, resigned to avoid an impeachment trial on charges of corruption.<sup>16</sup>

---

16. José Sarney, Brazil’s first civilian president since 1964, was indirectly

Despite this ignominious end to his term, Collor began the process of much-needed economic reforms, including substantial trade liberalization.<sup>17</sup> MERCOSUR expanded its multilateral sectoral working groups, incorporating business and sometimes other civil-society participation, and began to be viewed as a considerable success in the region. When President Fernando Henrique Cardoso (1995-1998, 1999-2002) assumed office, he strove to reintroduce a stable and democratic Brazil to the world.<sup>18</sup> His immediate objective was to recover the international credibility and confidence lost in two debt moratoria in the 1980s, in hyperinflation, and in the political crisis that had led to Collor's resignation. A world traveler who was sometimes criticized at home for his frequent trips abroad, Cardoso became the first Brazilian leader to incorporate presidential diplomacy as a central feature of his governing strategy. He consistently exercised it during the eight years of his administration.<sup>19</sup> Cardoso's main foreign policy vision was the concept of South America as a geopolitical and a geoeconomic entity. The clear objective of his South America project was to define Brazil's own area of influence, distinct from the U.S.-dominated Central and North America. In this sense, the initiative was aimed at reducing or counterbalancing U.S. influence in the region, while creating room for future expansion of MERCOSUR.

The United States also has had a vision of organizing economic and political integration in South America—but within a united Western hemisphere, and of course with institutions dominated by itself. On January 1, 1994 just as Mexico, the United States, and Canada inaugurated NAFTA, the Zapatistas began their rebellion in Mexico. For the next year and a half Mexico, and much of Latin America, was in the grip of the financial panic known as the peso (or tequila) crisis.<sup>20</sup> Nonetheless, the United

---

elected by Brazil's congress. The presidential election of late 1999 was the first popular election in twenty-five years and the first ever with a truly universal suffrage.

17. Leslie Elliott Armijo and Philippe Faucher, "'We Have a Consensus': Explaining Political Support for Market Reforms in Latin America," *Latin American Politics and Society*, vol. 44, No. 2 (2002), pp. 1-40.
18. Fernando Henrique Cardoso, *A Arte da Política: A História que Vivi* (Rio de Janeiro: Civilizacao Brasileira, 2006).
19. Sérgio Danese, *Diplomacia Presidencial* (Rio de Janeiro: Topbooks, 1999).
20. Carlos Elizondo Mayer-Serra, "Mexico: Foreign Investment and Democ-

States initiated the FTAA process with the December 1994 Summit of the Americas in Miami. The World Trade Organization (WTO) opened its doors the following year, in 1996. Then, in the late 1990s, Latin America again suffered exchange rate, credit, and growth crises associated with the Asian and Russian financial crises. Consequently, the 1990s saw little progress on ambitious economic integration, whether continental or hemispheric.

In September 2000 Brazil convened the first-ever summit of South American presidents in Brasilia. Cardoso's administration tried for an understated, consensual style of leadership in the continent, a "discreet, fit-to-Brazil way" of conducting its diplomacy, in the words of Foreign Minister Luiz Felipe Lampreia.<sup>21</sup> One result of the South American summit was the ambitious Program of Integration of Infrastructure in the Region of South America (IIRSA), calculated to promote new transcontinental highways and pipelines—and arguably in ways that would be beneficial to Brazil, especially in the area of energy. The program also provided an attractive political cover for the affirmation of Brazilian regional leadership, using the theme of economic integration.

Cardoso's successor, President Luiz Inácio da Silva (2003-present), universally known by his nickname, Lula, was Brazil's first president from the left-leaning Workers' Party (PT), as well as the first to have been raised in poverty. Lula deepened the emphasis his predecessor had placed on the development of closer ties with Brazil's immediate neighbors in South America. He introduced, however, a dramatic change of style. Barely two weeks in office, the new president used his first visit abroad to proclaim Brazilian leadership in the region and announce that his country was ready to "assume its greatness" at the world stage and to take on the burdens of being recognized by the neighbors as its "natural leader." Much like his predecessor, Lula overestimated his capacity to moderate the populist president of Venezuela, Hugo Chávez (1998-present). That miscalculation contributed to Brazil's decision to invite Venezuela to join

---

racy," in Leslie E. Armijo, ed., *Financial Globalization and Democracy in Emerging Markets* (Basingstoke and London: Macmillan, 1999).

21. Sean W. Burges, "Without Sticks or Carrots: Brazilian Leadership in South America during the Cardoso Era, 1992-2003," in *Bulletin of Latin American Research*, vol. 25, No. 1 (2006), pp. 23-42.

MERCOSUR as a full member on an expedited basis at the very moment when Chávez, the leader of the “Bolivarian revolution,” was emerging as a source of instability and potential troubles for Brazil and its emerging leadership role in South America. The charismatic Venezuelan has challenged Brazil’s aspirations to regional leadership, providing a clear and competing project centered on a largely rhetorical anti-American discourse and the consolidation of an increasingly authoritarian regime supported by abundant petrodollars.<sup>22</sup> Chávez’s role in Bolivia’s May 2006 decision to nationalize its oil and gas industry, including foreign direct investments of Brazil’s public sector energy conglomerate, Petrobras, convinced many Brazilians that the Venezuelan leader’s real target was Brazil, not the United States.

Meanwhile both the United States and Brazil have pursued their trade agendas within the WTO. In November 2001, the two countries successfully negotiated an agreement whereby Brazil would support the launch of the Doha Round of trade liberalization in the WTO in exchange for U.S. withdrawal of its challenge at the WTO to Brazilian legislation providing for the compulsory licensing of patented drugs in case of national emergencies.<sup>23</sup> In its final weeks, the Cardoso administration set the stage for its successor’s more confrontational attitude vis-à-vis the dominant powers in global trade by challenging the legality of U.S. cotton and European Union (EU) sugar subsidies. Then, in 2003, South Africa, India, and Brazil came together to found the Group of Twenty (G-20, also known as G-22) coalition of developing countries that has pushed to make the WTO’s Doha Round focus on issues of concern to poorer countries, particularly market access for agricultural commodities and labor-intensive manufactures.<sup>24</sup>

---

22. Sean W. Burges, “Building a Global Southern Coalition: The Competing Approaches of Brazil’s Lula and Venezuela’s Chávez,” *Third World Quarterly*, vol. 28, No. 7 (October, 2007), pp. 1343-58.

23. The Brazilian legislation also incorporated language stating that “the people’s health is more valuable than the profits of pharmaceutical industry.” Cardoso, *A Arte da Política*, p. 614. On the trade battles over pharmaceutical patents see Armijo and Kearney, “Does Democratization Alter the Policy Process?”

24. On the G-20, see Marcio Botelho, “The G-20: Aims and Perspectives of a New Trade Alliance,” M.A. Thesis (Berlin: University of Applied Sciences, 2005).

Via the G-20, a large group of major developing countries was able to take a relatively strong stance vis-à-vis the wealthy industrial democracies. Moreover, the G-20 has hung together despite significant differences of domestic economic structure and interests among the group. The WTO Doha Round talks stalled at the Cancún Ministerial in 2003, arguably because of rich-country unwillingness to reduce its agricultural subsidies and the G20's refusal to accept anything less.<sup>25</sup> Subsequently, a new "Quad" of the United States, the EU, India, and Brazil (echoing the Quad of advanced industrial countries that negotiated the conclusion of the Uruguay Round in 1994) was put in charge of negotiating the impasse. Thus far it has been unable to do so.

As of mid-2007, the FTAA vision of hemispheric trade promoted by the United States, decisively opposed by a group led by Brazil at the November 2003 Ministerial Meeting in Miami, remains stalled. The George W. Bush administration instead has pursued an alternative strategy of bilateral trade deals. Worried about preserving their share of exports in the U.S. market, since 2003 six Central American countries as well as the Dominican Republic, Peru, and Colombia each has been persuaded to sign bilateral trade agreements with Washington, all with clauses yielding more domestic "policy space" than these governments might freely have chosen. Prior to this, the United States' only bilateral trade agreement in Latin America had been with Chile.

At the other extreme, the grand plans of Venezuela's Chávez for continental and hemispheric integration have resulted in numerous summits and new international initiatives. Chávez, for example, has both entranced and divided the continent with its proposal to contribute a generous sum to funding a new Bank of the South, envisioned as a regional development bank that would be an alternative to the Inter-American Development Bank (IDB), but without U.S. participation. Countries as diverse as Bolivia, Nicaragua, Ecuador, and Argentina have accepted cheap credit or petroleum from Venezuela.<sup>26</sup> The Brazilian business commu-

---

25. Jagdish Bhagwati and Arvind Panagariya, "Why the Trade Talks Collapsed," *Wall Street Journal*, July 7, 2007, online at <http://online.wsj.com/article/SB118376072653959606.html>.

26. For example, from 2005 to 2007 Venezuela purchased \$5 billion worth

nity is in favor of Venezuelan entry into MERCOSUR, because Venezuela's rising exchange rate ensures Brazil's strong trade surplus with Venezuela. At the same time, Chávez's posturing has begun to anger many of his neighbors, including many in Brazil's congress. Though President Lula has remained conciliatory, Brazil's congress had as of late 2007 refused to ratify the new MERCOSUR treaty admitting Venezuela.

Brazil's politically and rhetorically moderate vision of first continental and only later hemispheric integration may be the Latin American economic integration scheme with perhaps the best long-term chance of succeeding, although progress has been uneven and incremental. The South American summit in 2000, for example, occurred under the cloud of the fraudulent election staged earlier that year by President Alberto Fujimori of Peru—an election to which the hemisphere-wide Organization of American States (OAS) also had been unable to agree on an effective coordinated response. The exchange-rate crises in Brazil in January 1999 and late 2002, and in Argentina in 2001-2002, rendered regional economic integration much less attractive. Although both Brazil and Argentina have since returned to growth, deeper economic integration will require a degree of institution building and mutual cession of sovereign rights that neither Brazil nor Argentina has yet been prepared to entertain.

Also within MERCOSUR, there are currently sharp tensions between Uruguay and Argentina over two Uruguayan paper mills on the river that forms their shared border. There is mistrust between Brazil, on one side, and Bolivia and Venezuela on the other, over Bolivia's recent natural gas field nationalizations. Indeed, the Lula administration in Brazil is itself divided over the desirability of the IIRSA process, which is favored by the ministries of planning, energy, and transportation, but viewed with suspicion by the more leftist foreign ministry, because it would give the IDB and its shareholders, including the United States, a central coordination and financing role.

On the positive side, the EU, whose share of total MERCOSUR trade now equals that of the United States, has begun to take South American economic integration quite seriously, its

---

of Argentine government bonds, giving the government of President Nestor Kirchner a much needed fiscal respite.



leaders and pundits perhaps flattered to think that they have blazed the path. More South American countries appear poised to cooperate with Brazil's politically moderate vision of South American cooperation and closer economic integration than with Venezuela's more ideological and polarizing dreams.<sup>27</sup> Thanks to the activities of the G-20, the influence of developing countries within the WTO has been notably enhanced.<sup>28</sup> If Brazil can tread lightly and avoid frightening its neighbors, its continental and hemispheric economic and political soft power will continue to increase.

### *Peacekeeping and Human Rights*

From the late 1990s onward, new international political priorities, including peacekeeping and managing climate change, have become gradually more important. Brazil was internationally active in the early postwar period, participating for example in the first-ever United Nations peacekeeping force, in Suez and Gaza in the 1950s. Then in 1965, the year after Brazil's military coup, the newly-installed generals agreed to contribute troops to a U.S.-led intervention in the Dominican Republic. They subsequently concluded that their participation made Brazil appear to be an American puppet, leading Brazil to abandon such international involvement for most of the two decades of military rule. While Brazil's first presidents following its mid-1980s democratic transition concentrated on trade diplomacy and forswearing nuclear weaponry, the Cardoso administration in the late 1990s and early years of the new century also worked to elevate Brazil's presence and voice in non-trade discussions in the international arena, guided by what the former president later would describe as the search for "autonomy by participation," in contrast to the "autonomy by distance" that had marked the military government's diplomacy.<sup>29</sup> Brazil became an active participant in conflict mediation in South America, for example by

---

27. Burges, "Building a Global Southern Coalition."

28. See remarks by Javed Maswood, Woodrow Wilson International Center for Scholars, May 21, 2007; available at [www.wilsoncenter.org/index.cfm?topic\\_id=1462&fuseaction=topics.event\\_summary&event\\_id=235158](http://www.wilsoncenter.org/index.cfm?topic_id=1462&fuseaction=topics.event_summary&event_id=235158).

29. Cardoso, *A Arte da Política*, p. 604.

helping to resolve a brief war between Peru and Ecuador in January and February 1995 (and contributing military personnel to a four-year border pacification mission) and to avert a coup in Paraguay in April 1996.

Since then Brazil has become a regular contributor to peace-keeping operations, sending troops to both Portuguese- and English-speaking African countries, to Cyprus and the Balkans in Europe, to Central America, and to Southeast Asia, including the newly independent Portuguese-speaking mini-state of East Timor. Between 1996 and 2003, Brazil provided technical support for the removal of land mines in Costa Rica, Guatemala, Honduras, Nicaragua, Ecuador and Peru, under the auspices of the OAS. Most recently, in 2004 Brazil accepted military command of a multinational force of 6,000 assigned to the United Nations Stabilization Mission in Haiti (MINUSTAH). Following a problematic beginning that included the suicide of the first Brazilian commander of the mission, MINUSTAH generally has been judged a very positive contribution to strengthening respect for legal and human rights within the country.<sup>30</sup> With the Brazilian troops have arrived a variety of Brazilian nongovernmental and community-action organizations, also with mostly favorable reviews.

Brazil's government and civil-society actors also have taken an active role in international governmental organizations (IGOs) and transnational fora in support of human rights. This is a topic well understood by both of Brazil's two most recent presidents, Cardoso and Lula da Silva, each of whom was briefly imprisoned and lost other rights as a result of political activity during Brazil's twenty-year military regime. Brazil's role in peacekeeping and the international human rights regimes remains limited, but has expanded very rapidly since the country's democratic transition.

### *Environment and Climate Change*

Perhaps the most interesting manifestation of Brazil's international leadership and actual and potential soft power is in the

---

30. International Crisis Group, "Haiti: Justice Reform and the Security Crisis," Latin America/Caribbean Policy Briefing No. 14, Port-au-Prince/Brussels, January 31, 2007, available at [www.crisisgroup.org](http://www.crisisgroup.org).

realm of preventing climate change through protecting the environment and adopting sustainable production processes. Brazil has an odd—and unique—environmental profile. By several key measures, the country is among the world's top polluters. According to the World Resources Institute, Brazil was responsible for 6 percent of total global carbon dioxide emissions from 1950 to 2000, a share exceeded only by the United States, China, Russia, and Indonesia, with 17, 10, 8, and 7 percent, respectively.<sup>31</sup> However, all of the U.S.'s cumulative net emissions, as well as 80 percent of Russian and 60 percent of Chinese emissions, are from fossil fuel burning and cement manufacture. In contrast, 95 percent of Indonesian and fully 88 percent of Brazilian cumulative net emissions resulted from land-use changes, mainly deforestation. Deforestation has ravaged an average 0.5 percent of the total Brazilian rainforest *each year* from 1990 to 2005, despite the fact that Brazil receives the highest possible score (100) for its biodiversity potential from the Global Environmental Facility.<sup>32</sup> Thus, Brazil arguably has a terrible environmental record—but one which is awful in a way quite distinct from that of China, Russia, or the United States.

By other measures, however, Brazil is an environmental superstar. Most importantly, Brazil has begun to reverse its pollution profile. In 2000, the most recent year for which data are available, the United States alone accounted for 22 percent of world carbon dioxide emissions, China for another 18 percent, Russia for 6 percent—but Brazil for only 1 percent. Also in 2000, emissions of CO<sub>2</sub> averaged 11.2 metric tons per person in developed countries and 1.9 in developing countries. Brazil, despite being not a low but a middle-income country, was just at the developing country mean of emissions of 1.9 metric tons of CO<sub>2</sub> per person.<sup>33</sup> According to Brazil's president, the "pace of defor-

31. Calculated from World Resources Institute, *World Resources 2005*, Data Table "Climate and Atmosphere 2005," available at [http://earthtrends.wri.org/pdf\\_library/data\\_tables/cli1\\_2005.pdf](http://earthtrends.wri.org/pdf_library/data_tables/cli1_2005.pdf).

32. *The Little Green Data Book 2007* (Washington, D.C.: The World Bank, 2007).

33. World Resources Institute, *World Resources 2005*. The unweighted mean of the G-7 countries was 12 metric tons/person annually. Among the BRICs countries and other large emerging powers, only India (1.0) and Indonesia (1.4) produced fewer emissions per capita than Brazil. China emitted an average of 2.7 metric tons/person, while Russia, South

estation was reduced by 52 percent" between 2003 and mid-2007, although the true goal of course is net reforestation.<sup>34</sup> Second, Brazil generates only 11 percent of its electricity from burning fossil fuels. An astonishing 83 percent of Brazil's electricity derives from hydropower, and almost 27 percent of total energy use (including in vehicles) is from renewable biomass sources, notably ethanol.<sup>35</sup> Third, Brazil is the world's leader in ethanol production, technology, and exports, a fact that suddenly has become important in a global environment that saw international petroleum prices triple from an average of \$28 a barrel in 2002 to \$84 a barrel in the first three quarters of 2007.<sup>36</sup> Brazilian ethanol is also much "greener" than that produced in the United States, using inputs, especially energy, four to five times as efficiently.<sup>37</sup>

The first international Earth Summit was held in Rio de Janeiro in 1992, beginning a process that led to the Kyoto Protocol on Climate Change in 1997. Brazil ratified the Protocol in 2002. It entered into effect when Russia approved it in 2004. (The United States still declines to participate.) Given its own vast environmental resources, the importance of rainforest protection for global biodiversity and ameliorating climate change, and Brazil's experience with industrial production and country-wide distribution and use of biofuels, Brazil is uniquely positioned among all emerging and advanced industrial powers to play a central role in the evolving global climate regime. "Brazil has everything to be an environmental power, which is, by the way, the only area in which our aspiration to be a great power is realistic," commented veteran diplomat and ex-Environment Minister Rubens Ricupero.<sup>38</sup>

---

Africa, and South Korea all had emissions equivalent to those of Western Europe and Japan.

34. Lula da Silva, "Brazil Does It Better," posted at *The Guardian* (London) blog, May 17, 2007; online at [http://commentisfree.guardian.co.uk/lula\\_da\\_silva/2007/05/the\\_challenge\\_of\\_sustainable\\_d.html](http://commentisfree.guardian.co.uk/lula_da_silva/2007/05/the_challenge_of_sustainable_d.html).

35. *The Little Green Data Book* 2007.

36. Annette Hester, "Energy Issues in the Western Hemisphere," presentation at the Annual Congress of the Latin American Studies Association, Montreal, September 5-9, 2007, p. 1. All prices in constant 2006 dollars.

37. "The Economy of Heat," *The Economist*, April 12, 2007; available at [www.economist.com](http://www.economist.com).

38. Author interview, August 3, 2007; see also Rubens Ricúpero, "A mae de

Fortuitously, Brazilian climatologists recently have discovered the perfect argument to motivate the Brazilian public to concern themselves with rainforest destruction and global climate change. They now have evidence that rainforest destruction has altered rainfall patterns over Brazil itself, thus threatening agriculture and the nation's energy supply, given the country's heavy dependence on hydroelectric power.<sup>39</sup> The debate in Brazilian society over environmental issues has evolved considerably since the times when the military governments dismissed it as a foreign-inspired conspiracy against the country's economic development.

A recent European Commission initiative to fund conservation and responsible climate-change management in four large emerging powers perhaps best captures the likely future role of Brazil as the environmental BRIC.<sup>40</sup> The four countries chosen to have the greatest impact on future climate change are China, India, South Africa, and Brazil. The technical details of the project description are revealing. The Chinese working group is to focus on teaching economic and environmental modeling techniques to mid-level Chinese technocrats, for the purpose of incorporating environmental concerns into ongoing economic development projects. The Indian group is to imagine the most likely disaster scenarios from climate change and begin to prepare country-specific plans to meet them, hoping to avoid the enormous destruction and loss of life that has occurred in recent natural calamities such as the tsunami that hit Indonesia and much of South and Southeast Asia, including coastal India, in December 2004. The South African group will look at ways, in essence, to improve intra-bureaucratic "coordination" and thus give the environment ministry more clout within the government itself.

Only the Brazilian group is not charged with finding solu-

---

todas as ameaças: a mudança climática e o futuro da vida," forthcoming 2008 in *Revista da USP*, São Paulo, Brazil.

39. Emílio Lèbre La Rovere and André Santos Pereira, "Brazil and Climate Change: A Country Profile," November 2005; available at [www.scidev.net](http://www.scidev.net).

40. See the detailed description of the project on Building and Strengthening Institutional Capacity on Climate Change (BASIC), coordinated through the Institute for Development Studies, University of Sussex; online at [www.basic-project.net](http://www.basic-project.net).

tions to country-specific political and technical problems associated with managing climate change. Instead, Brazil's brief is international leadership. The Brazilian team task is to elaborate a detailed climate-change negotiation strategy for developing countries, as a group, to employ vis-à-vis the advanced industrial countries, in order to persuade the latter to bear more of the burden of cuts and adjustment than they otherwise would. This division of labor is about right.

As is the case in the trade regime, and in peacekeeping, building an international—and transnational—climate regime is as much or more about politics as it is about science. But Brazilians are now comfortable with democratic processes and incremental advance. We close this section with a vignette illustrating the importance of political skills in the intertwined arenas of trade and climate change, which recently have played out in hemispheric relations among the trio of Brasilia, Washington, and Caracas, Venezuela.

The rise in world oil prices has made Venezuela wealthy, at least for now. President Hugo Chávez has employed government revenues from the petroleum bonanza to seek influence internationally by means ranging from subsidies to low-income consumers in the United States and Britain, to cheap loans or energy for neighboring countries, to photo opportunities and joint declarations with leaders of other resource-rich states, including Russia's Putin and Iran's Ahmedinijad. Chávez also has decided to attack Brazilian ethanol, which he claims is a dirty fuel that increases poverty among poor farmers who switch out of food crops to grow sugar cane, and thus indirectly may cause starvation in developing countries. (By implication, depending on Venezuelan oil or gas would be more "green.") "Bolivarian revolution" sympathizers worldwide have begun an Internet campaign to re-brand ethanol an "agro-fuel," much to Brazil's annoyance.

Brazil has had two responses. One is closer cooperation between Brazil and the United States. President Lula, Brazil's most left-leaning president ever and a strong critic of the Iraq War, nonetheless decided shortly after his reelection in October 2006 to accept the Bush administration's offer of collaboration on biofuels research and marketing. This is a logical partnership, given that the two countries currently account for 80 percent of

global production. The partnership is being formed despite Brazil's strong objections to high U.S. tariffs on imports of Brazilian sugar-cane ethanol, much cheaper and cleaner to produce than the U.S.'s corn-derived version. Chávez's criticisms have also prompted a personal response from the Brazilian president in the form of a thoughtful blog on the site of the British newspaper, the *Guardian*.<sup>41</sup> There, Lula da Silva cites recent Brazilian technical cooperation with Mozambique in biofuels production and marketing, offering similar assistance to developing countries everywhere. He pointedly observes that Brazilian ethanol and biodiesel production are both labor-intensive and green in their production processes. The piece also gives Brazil's leader an opportunity to complain indirectly about high—and ecologically inexcusable—U.S. trade barriers to Brazilian ethanol.

### **Conclusions and Challenges: To Be or Not to Be a BRIC?**

#### *The Promise of Brazil*

We began with the question of whether Brazil belonged among the select set of large emerging powers known as the "BRICs countries." In terms of Brazil's material capabilities we answered in the affirmative, although this assessment depends on Brazil's maintaining a rate of economic growth averaging just under four percent annually for the coming several decades. This is an achievement that ought not to be difficult, given Brazil's political stability and factor endowments; yet it has been an elusive goal in recent decades. We observed that Brazil was inevitably a Western power, closely tied by culture, history, and geography to the United States and Western Europe, and is thus an emerging power whose future military and diplomatic alignment are not in doubt. In terms of the broad tenor of global governance, one might imagine substituting Brazil for Italy, Canada, or France within the G-7 without anyone noticing the difference.

At the same time, Brazil is a developing country, albeit a middle-income one, and a number of its policy preferences for

---

41. Lula da Silva, "Brazil Does It Better."

the international political economy remain closer to those of the modal poor country than to those of the advanced industrial democracies, as illustrated by Brazil's positions in the G-20 association of developing countries.<sup>42</sup> Finally, because contemporary Brazil has relatively few external security concerns, its leaders are free to concentrate their international profile on example and advocacy—once again, rather like Canada and the Western European powers within the G-7. In particular, Brazil is well-placed to become the environmental superpower.

However, these dimensions add up to opportunity, but not certainty. A remaining question is whether Brazil's people and leaders wish their country to play a global role. There is some evidence that they do. The country's aspiration for major-power status dates from the early years of the twentieth century. Brazil has long sought "international recognition in accordance with its belief that it should assume its 'natural' role as a 'big country' in world affairs."<sup>43</sup> Brazil was the only South American country to participate as a belligerent in both world wars. It was a founding member of both the League of Nations and the United Nations, and is a signatory to most of today's significant international treaties, from the Kyoto Protocol and Biodiversity Convention to the various agreements of the nuclear nonproliferation regime. Brazil is arguably the only Latin American country with "a universal foreign policy with influence in international fora,"<sup>44</sup> though governments in Mexico City, Caracas, Buenos Aires, and Havana might contest this characterization.

Emblematic of Brazil's desire for major-power status has been the country's long though intermittent quest to become a permanent member of the United Nations Security Council. President Franklin Delano Roosevelt in fact had recommended

---

42. Some have recently criticized Brazil and the G-20 for not being stronger advocates for the interests of the least-developed countries in Sub-Saharan Africa and elsewhere, but this strikes us as both unrealistic and counterproductive.

43. Soares de Lima, Maria Regina and Mônica Hirst, "Brazil as an Intermediate State and Regional Power: Action, Choice and Responsibilities," *International Affairs*, vol. 82, No. 1 (2006), pp. 21-40.

44. Susanne Gratius, "Brazil in the Americas: A Regional Peace Broker?" Working Paper, Fundación para las Relaciones Internacionales y del Diálogo Exterior, Madrid, Spain, April 2007.



Brazil for a Security Council seat in 1944, a move blocked by both Russia and Britain.<sup>45</sup> The Cardoso government in the late 1990s briefly considered making Security Council membership a major foreign policy priority, but decided against it.<sup>46</sup> In September 2004, Brazil joined Germany, Japan, and India in an unprecedented collective bid for Security Council membership. Lula's government was distressed to encounter rapid and vigorous opposition from both Mexico and Argentina. As the other aspirants faced similar resistance and none of the current Security Council members was keen, the proposal was dropped. But it is likely to be revived again.

### *Development Problems*

At the same time, Brazil has pressing domestic problems which, if not attended to, could undermine the viability of its current economic recovery—and therefore also any aspirations to be a major power and global player. Prominent economist Marcelo de Paiva Abreu expresses the pessimistic view. "Brazil has had a record of mediocre economic growth for more than two decades, and there is nothing to suggest a much improved performance in the near future. In the absence of new policies to assure extensive microeconomic reforms, reduced public expenditure, a more efficient tax system, a considerable increase in the savings ratio, and above all, a much improved growth performance, Brazil will not be listed as a BRIC very far in the future."<sup>47</sup> According to a report compiled by the American Chamber of Commerce in São Paulo, from 2000 to 2006 Brazil lost competitiveness in fourteen of twenty-four indicators.<sup>48</sup> This negative trend was confirmed by the World Economic Forum's Global

---

45. Stephen C. Schlesinger, *Act of Creation: The Founding of the United Nations* (Boulder, Colo.: Westview Press, 2003), p. 49.

46. Cardoso, *A Arte da Política*, p. 610.

47. Marcelo de Paiva Abreu, roundtable remarks at Conference on "BRICSAM (Brazil, Russia, India, China, South Africa, and Mexico) and Fragile States," Centre for International Governance Innovation, Waterloo, Canada, September 15, 2006.

48. "Brasil perde Competitividade ante emergentes," *O Estado de São Paulo*, December 4, 2006; online at <http://render.estadao.com.br/arquivo/economia/2006/not20061204p40154.htm>.

Competitiveness Report 2007-2008, released in November 2007, which showed Brazil walking backwards from the sixty-sixth to the seventy-second position, behind China (34), India (48), and Russia (58), and losing ground even in Latin American, where it trails Chile (26), Mexico (52), and Colombia (69). Although long a regional leader in innovation and entrepreneurship, Brazil is far behind the other BRICs in this crucial indicator of potential economic vigor.

Moreover, from 1991 to 2006 the cost of the federal government almost doubled, from 14 to 24 percent of GDP; yet the quality of services provided has not notably improved. Brazil achieved universal primary education in the 1990s, but only half of children entering first grade are expected to finish high school. The average years of schooling—around five—is lower than in China and India, which have lower per capita income. Although Brazil spends twice as much per capita on education as South Korea, 82 percent of Korean youth attend university, while in Brazil only 18 percent have the privilege. Similarly, Brazil invests three times more public money in health than China, but infant mortality rates are lower in China, at 30 per thousand in 2004, than in Brazil, at 33 per thousand.<sup>49</sup> About half of total social expenditures in Brazil disappear into pensions targeted toward the relatively privileged half of the employed population lucky enough to have found formal-sector employment.

Nonetheless, optimists and Brazil boosters abound, including both the British newsweekly *The Economist* and the World Bank.<sup>50</sup> Brazil's most pressing problems, aside from the challenge of continuing growth, are tackling the country's enormous inherited inequalities in income and educational opportunity. Since Brazil is finally a genuine mass democracy, programs to reduce inequality have been popular electorally, and have begun to show incremental but very important positive results.<sup>51</sup> Inequality in per

49. Fabio Giambiagi, *Brasil, Raízes do Atraso: paternalismo versus produtividade* (Rio de Janeiro: Editora Campus/Elsevier, 2007).

50. "Adiós to Poverty, Hola to Consumption," *The Economist*, August 16, 2007; Thomas Vinod, "The Three Rising Giants: Brazil, China, India," presentation at XIX Fórum Nacional, Rio de Janeiro, May 2007.

51. For analyses explicitly linking mass democracy to improvements to economic policy improvements crucial to the poor, see Wendy Hunter and Timothy J. Power, "Rewarding Lula: Executive Power, Social Policy,

capita household income fell substantially from 2001 to 2004, a trend that has continued since. Measured by the Gini coefficient, the most used indicator of income inequality, income concentration in Brazil declined from 0.593 to 0.566 between 2001 and 2005, constituting over a four-percent decrease. Put differently, the per capita income of the poorest 10 percent of Brazilians “grew at a Chinese rate” of 9 percent annually, compared to overall growth of 2.5 percent during those years.<sup>52</sup> Demographic trends give Brazil ample room for further gains in income per capita over the fifty-year period of the Goldman Sachs’ projections. With its rate of population growth decelerating, the Brazilian Institute of Geography and Statistics (IBGE) projects that the country’s population will stabilize at around 260 million in 2050 as the world’s sixth largest, behind India (1.5 billion), China (1.3 billion), the United States (400 million), Pakistan (350 million), and Indonesia (300 million).

The contradictory trends of loss of competitiveness combined with gains on the social front have fed an intense and wide-ranging national debate amplified by an open and competitive media that keeps the core economic and political choices confronting the country highly visible. There is an ample and growing societal consensus on many of the essential “structural” reforms that Brazil still must confront: the growing cost of the public sector; the poor quality of public education; the unfairness and lack of equity in the social security system; Brazil’s high taxation (around 39 percent of GDP), which even left-leaning President Lula has described as “punishing to investors;” and other issues that limit Brazil’s prospects at home and competitiveness in the world economy. The difficulty in finding solutions derives in large measure from the nature of democratic life, made dysfunctional at times in Brazil by a political system

---

and the Brazilian Elections of 2006,” *Latin American Politics and Society*, vol. 49, No. 1 (2006), pp. 1-30; and Leslie Elliott Armijo, “Mass Democracy: The Real Reason that Brazil Ended Inflation?” *World Development*, vol. 33, No. 12 (December, 2005), pp. 2013-28.

52. Ricardo Paes de Barros, unpublished paper, “The Recent Decline in Income Inequality in Brazil and Its Consequences on Poverty,” Institute of Applied Economic Research, Rio de Janeiro, September 2007; available at [www.ipea.gov.br/sites/000/2/publicacoes/NT\\_%20ingles\\_des\\_pobreza.pdf](http://www.ipea.gov.br/sites/000/2/publicacoes/NT_%20ingles_des_pobreza.pdf).

built to protect the privileges of the powerful in a still very unequal and unjust society.

In common with the other three BRICs countries considered in this volume, Brazil's future status in the international system thus depends crucially on how well the country's leaders manage its domestic challenges. In Brazil these challenges are overwhelmingly ones of economic management. Only if they are met will Brazil play a global role in the twenty-first century.

### Principal References

- Armijo, Leslie Elliott. "Mass Democracy: The Real Reason that Brazil Ended Inflation?" *World Development*, vol. 33, No. 12 (December, 2005), pp. 2013-28.
- Armijo, Leslie Elliott and Philippe Faucher. "'We Have a Consensus': Explaining Political Support for Market Reforms in Latin America," *Latin American Politics and Society*, vol. 44, No. 2 (2002), pp. 1-40.
- Armijo, Leslie Elliott and Christine A. Kearney. "Does Democratization Alter the Policy Process? Trade Policymaking in Brazil," *Democratization* (forthcoming, 2008).
- Botelho, Marcio. "The G-20: Aims and Perspectives of a New Trade Alliance," M.A. Thesis (Berlin: University of Applied Sciences, 2005).
- Burges, Sean W. "Without Sticks or Carrots: Brazilian Leadership in South America During the Cardoso Era, 1992-2003," *Bulletin of Latin American Research*, vol. 25, No. 1 (2006), pp. 23-42.
- . "Building a Global Southern Coalition: The Competing Approaches of Brazil's Lula and Venezuela's Chávez," *Third World Quarterly*, vol. 28, No. 7 (October, 2007), pp. 1343-58.
- Burns, E. Bradford. *The Unwritten Alliance*. New York: Columbia University Press, 1966.
- Cardoso, Fernando Henrique. *A Arte da Política: A História que Viví*. Rio de Janeiro: Civilização Brasileira, 2006.
- Cason, Jeffrey. "Democracy Looks South: MERCOSUL and the Politics of Brazilian Trade Strategy," in Peter R. Kingstone and Timothy J. Power, eds., *Democratic Brazil* (Pittsburgh,

- Penna.: University of Pittsburgh Press, 2000).
- Danese, Sérgio. *Diplomacia Presidencial*. Rio de Janeiro: Topbooks, 1999.
- Elizondo Mayer-Serra, Carlos. "Mexico: Foreign Investment and Democracy," in L. E. Armijo, *Financial Globalization and Democracy in Emerging Markets* (Basingstoke and London: Macmillan, 1999).
- Fausto, Boris. *A Concise History of Brazil*. Cambridge: Cambridge University Press, 1999.
- Giambiagi, Fábio. *Brasil, Raízes do Atraso: paternalismo versus produtividade*. Rio de Janeiro: Editora Campus/Elsevier, 2007.
- Gratius, Susanne. "Brazil in the Americas: A Regional Peace Broker?" Working Paper, April 2007, Fundación para las Relaciones Internacionales y del Dialogo Exterior, Madrid, Spain.
- Hunter, Wendy and Timothy J. Power. "Rewarding Lula: Executive Power, Social Policy, and the Brazilian Elections of 2006," *Latin American Politics and Society*, vol. 49, No. 1 (2006), pp. 1-30.
- Long, Robert G. "Volta Redonda: Symbol of Maturity in the Industrial Progress of Brazil," *Economic Geography*, vol. 24, No. 2 (April, 1948), pp. 149-54.
- Malamud, Andrés. "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR: An Empirical Examination," *Latin American Research Review*, vol. 40, No. 1 (February, 2005), pp. 138-64.
- Soares de Lima, Maria Regina and Mônica Hirst. "Brazil as an Intermediate State and Regional Power: Action, Choice and Responsibilities," *International Affairs*, vol. 82, No. 1 (2006), pp. 21-40.
- Ricúpero, Rubens. "A mãe de todas as ameaças: a mudança climática e o futuro da vida," *Revista da USP*, São Paulo, Brazil (forthcoming in 2008).
- Wilson, Dominic and Roopa Purushothaman. "Dreaming with BRICs: The Path to 2050," Global Economics Paper No. 99, Goldman Sachs, New York, October 1, 2003.