“Rising Brazil: Implications for World Order and International Institutions”
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Prospects for effective multilateral cooperation on global and transnational problems in the twenty-first century will depend on the national interests and visions of the major powers. But the identity and number of the world’s leading states are changing, creating new challenges and opportunities for global governance. The world order that ultimately results from this transitional period will reflect negotiations between established powers—including the United States, the European Union, and Japan—and emerging ones—notably Brazil, China, and India.

Historically, accommodating the rise of new powers has been among the most fraught challenges of world politics. The failure to negotiate such transitions has contributed to regional and global instability. In addition, few of today’s global threats, from climate change to nuclear proliferation, can be addressed without the involvement of the major emerging powers. Accordingly, the United States and other established powers have a long-term interest in ensuring that rising powers become pillars of a rules-based international order. Likewise, emerging powers like Brazil are gaining positions of international influence and a natural interest in reforming outdated institutions of global governance.

The Council on Foreign Relations cosponsored a small, off-the-record workshop with Fundação Getulio Vargas on December 9-10, 2009, in Rio de Janeiro, Brazil, to discuss such issues. The two-day event brought together a small group of Brazilian and U.S. scholars and policymakers in the hopes of better understanding the current and possible future global order; what Brazil sees as the main challenges of world order and the institutional requirements necessary for collective security, prosperity, and stability; and how the country’s strategic interests will influence its policies in the hemisphere, its relations with the United States, and prospects for multilateral cooperation, including the reform of major international institutions.

A number of findings and trends emerged at the workshop. First, participants agreed that Brazil is increasingly seen as a force to be reckoned with in the developed world, and as a model for other developing countries looking to prosper and advance. On the domestic front, this country of nearly 200 million people has evolved into a healthy democracy over the last quarter century. A strong social agenda, including investments in education and health, has permitted impressive reductions in Brazil’s
poverty rates and its (still startling) income inequality. Disciplined macroeconomic and fiscal policies have helped Brazil become one of the fastest growing economies in the world and, if combined with sustained social policies, promise continued, broadly shared growth. When the global financial crisis hit in late 2008, Brazil was one of the last countries to be affected, and one of the first to bounce back. Even after the recession, it is currently on track to grow by 5 percent in 2010. Brazil benefits from a diversified economy, including massive natural resources, an efficient agricultural sector, and world-class manufacturing and service sectors. Ahead of most of the world, Brazil looks to conserve and protect its natural resources (such as the Amazon) and transition to a low-carbon economy as a pathway to global economic success. It is already considered to have the first sustainable biofuels economy. These efforts are given extra life by the high popularity of Brazil’s dynamic (if sometimes controversial) president, Luiz Inácio Lula da Silva

Looking outward, Brazil has also become more vocal on the world stage. It already has an extremely sophisticated diplomatic corps, Itamaraty, and it continues to expand its diplomatic presence worldwide at an impressive clip. It is also well positioned to act as honest broker on some contentious regional and international issues, since it has the advantage of speaking on behalf of the developing world while also understanding the developed world. Brazil’s growing economic clout and considerable soft power resources have elevated it to the first rank of emerging countries—giving rise to domestic and international expectations that it will play an increasingly prominent role not just in the economic sphere but on a whole host of global issues, from global finance to global health. Brazil has pushed for progress on several transnational challenges that strike a particular chord for the country, including preventing deforestation, combating climate change, reducing global poverty, tackling HIV/AIDS, and promoting international financial stability.

Brazil is also pushing to revise international governance structures to better incorporate the needs and interests of a wider group of states. In some notable cases, Brazil has succeeded. It was one of a few influential countries (including China and the United States) responsible for promoting the Group of Twenty (G20) over the Group of Eight (G8) as the world’s premier forum for multilateral consultation on global economic matters. Additionally, Brazil is an increasingly vocal advocate for expanding the United Nations Security Council to include emerging global leaders, including itself, from the developing world. And most recently, Brazil played a role in bridging the divide between its emerging power partners—namely China, India, and South Africa—and the United States during the Copenhagen climate conference, helping to broker an international agreement (albeit a lackluster one) for developed and developing countries to reduce carbon emissions and combat climate change.

Participants discussed the evolving structure of global order, and generally agreed that Brazil has much to gain from playing a more active role in the international system—and in shaping the content of international regimes. For a decade or more after the end of the Cold War, the prevailing assumption was that the existing, Western-dominated, U.S.-led international architecture would persist indefinitely, and that newcomers to that world would essentially be “rule-takers,” rather than active participants in shaping global rules and norms. More recent events and trends have called this scenario into question. Not content to be “socialized” into an existing framework of rules and norms, rising powers like Brazil are determined to renegotiate and revise international rules and institutions to reflect their own national interests and preferences. At the same time, U.S. behavior during the first, tumultuous decade of the twenty-first century—from the global war on terrorism to the global financial crisis—has undermined the presumption that the United States is the world’s natural leader. For Brazil, the ultimate goal is to ensure the emergence of a more diverse and pluralistic world order.
consistent with principles of multilateralism and the imperatives of development. The core dilemma for Brazil, in this regard, is whether it can be simultaneously a stakeholder and a revisionist power.

**Domestic Vulnerabilities**

Despite these strengths and global opportunities, Brazil’s domestic vulnerabilities and lack of consensus on how to approach external affairs could prevent it from solidifying its status as a global power. Although there have been recent gains, Brazil is still marked by poverty and high levels of inequality on the domestic front, and individual access to the full benefits of citizenship remains underdeveloped. Nearly a quarter of Brazilian families live on less than half the minimum wage (approximately $150 a month). The country’s educational system is not up to par, and Brazil has a relatively aged population, particularly compared to other emerging powers. Brazil also struggles with lawlessness and rising violent crime. In 2003, for example, the state of Rio alone had more violent deaths than Baghdad. Brazil’s problem with violent crime—concentrated in but by no means limited to favelas—has been compounded by an increase in drug trafficking throughout the region, as well as rising domestic consumption.

Economically, participants agreed that Brazil’s recent, impressive advances were vulnerable, both to domestic political developments and to international economic trends outside Brazil’s control. It is possible that Brazil’s newly discovered offshore oil and gas reserves might paradoxically slow the country’s long-term growth rate by contributing to the “Dutch disease” syndrome. Moreover, the country’s fiscal policy and budget situation remain weak, which could further undermine the Brazilian economy in the medium term. While the informal Brazilian economy continues to flourish, such off-the-books activities do not contribute to the formal pension and tax systems. Finally, notwithstanding some recent gains under the current government, pervasive inequality may result in increasing and potentially irresistible pressures for additional redistributionist programs, social expenditures, and institutional reforms—placing additional fiscal demands on a country with an aging population (thanks to dramatic fertility declines).

**Competing Strategic Visions**

Beyond these many domestic challenges, Brazil’s traditionally inward-looking political elites have failed to define their country’s place in the world or formulate a coherent strategic vision about how to achieve its objectives. Participants broadly agreed that Brazilian foreign policy was in a state of transition and that elites themselves were highly divided about the international purposes to which the country’s growing power should be put. Since the end of the Second World War, a recurrent theme of Brazilian foreign policy goal has been the pursuit of autonomy. This has included an effort to cushion itself from perceived negative consequences of U.S. regional dominance and from the perturbations of global capitalism, which might otherwise endanger its national development. In the 1990s, Brazilian foreign policy shifted significantly under the administration of Fernando Henrique Cardoso, which perceived Brazil’s integration into the main international political and economic regimes as strongly in Brazil’s national interest. Today, the pendulum has swung in a more assertive, and at times confrontational, direction: the Lula government has adopted an activist foreign policy agenda that aims to move international order in a more equitable direction, as viewed from Brazil. And yet Brazilian elites remain divided about the international purposes to which the country’s growing power should be put—and how to balance three different dimensions of their country’s foreign policy: South-South solidarity, cooperation with the West, and support for South American integration.
As a result, Brazil approaches its emerging power status with ambivalence. Brazil is keeping one foot in the West and one foot in the developing world. Straddling these two camps is not without costs, since it can leave the country whipsawed between the Organization for Economic Cooperation and Development (OECD) and the Group of Seventy-Seven (G77). As a developing country, Brazil often emphasizes respect for sovereignty and nonintervention, as well as a pervasive concern about political overreach and the risks of assuming large international burdens. But as an emerging power, Brazil’s revisionist instincts may collide with its new status as a stakeholder in the global system. To date, this tension has been resolved through an emphasis on reordering the system to accommodate a broader range of viewpoints. It remains to be seen, however, how Brazil will react when confronted with a clear conflict between these competing viewpoints. In essence, Brazil feels much more comfortable being a global power than adopting the mantle of a global “leader”—a role that Brazilian elites are prepared to contemplate but are still debating.

Brazil in the Region: Opportunities and Constraints

Brazil’s ambivalence spills over into its strategic interests in and relationships with the region, other BRIC countries, and the United States. The largest and most prosperous country in South (and indeed Latin) America, Brazil has friendly but complicated relations with the ten states with which it shares borders. Brazil’s massive size compared to its neighbors give it an outsized influence—an asymmetry that is counterbalanced to a degree by its fear of being perceived as a hegemonic power. Over the past two decades, Brazil has championed noteworthy regional initiatives in the fields of trade, energy, infrastructure, and transportation. Brazil has led in the creation of regional institutions, including the Union of South American Nations (UNASUR), Mercado Común del Sur (MERCOSUR), and the South American Defense Council, among others. Brazil has sought to emerge as an honest broker and force for stability in South and Central America, on issues from Bolivia to (less successfully) Honduras. Finally, Brazil has also been active in regional peace and security measures under the imprimatur of the United Nations, most recently leading the UN peacekeeping mission in Haiti (MINUSTAH).

As with its approach to global engagement, Brazil’s regional policy lacks a coherent strategic vision. Brazilian elites agree that the country has a potential leadership role to play in South America, but they disagree over how great a priority Brazil should place on regional integration, what form this integration should take, and what countries need to be at the table for what issues. To date, most institutional arrangements for regional cooperation have remained shallow and ineffective. In practice, the dominant model remains a hub-and-spoke one, with Brazil, as the region’s most powerful state, at the center. By developing a regionalism built on strong diplomatic interactions but weak institutions, Brazil can lay claim to the mantle of regional leader without accepting new responsibilities. As a result, action and implementation often lag behind the negotiation and signing of agreements, and regional cooperation appears to be stronger than it really is. (To take one example, of thirty-two energy agreements Brazil has struck with regional counterparts, only two have been implemented).

Brazil’s equivocal feelings on the topic of regional integration and its own leadership potential are shared by its neighbors. While other South American nations are interested in maintaining good relations with the region’s powerhouse, they are concerned that Brazil’s focus is elsewhere and show little inclination to accept it as a natural leader. In part, Brazil’s cultural and linguistic separateness underscore the feeling that Brazil is not representative of “Latin American” states. Brazil’s aspirations to leadership are also constrained by competing regional projects, including most notably Venezuela’s,
as well as its complex relationship with sometime rival Argentina. Workshop participants debated whether Brazil could afford to operate simultaneously as a global power and a benevolent regional hegemon, or whether the former role indeed presupposed the latter. Some participants expressed the view that South America was too small for Brazilian ambitions and that Brazil should “leapfrog” over regional concerns to focus on global status and international issues, while others felt that it would be a mistake for Brazil not to take more of a regional leadership role, particularly since it cannot insulate itself from the threats and challenges its neighbors face.

A Future among the BRICs?

Participants generally agreed that solidarity among the BRIC countries does not present a realistic foundation for Brazilian foreign policy, given the diversity of interests and values among the four countries. At times, Brazil has joined with some or all of the BRICs to challenge existing international institutions or stake out a common position in evolving regimes, such as the International Monetary Fund (IMF) or the role of the dollar. Yet deeper analysis suggests real (and sometimes growing) divergence of interests and preferences among some of the BRICs. For example, the value of Brazil’s currency, the real, has jumped considerably over the past year, with many projecting increased appreciation in 2010. The real’s appreciation is due to low U.S. interest rates brought on by the financial crisis, as well as China’s decision last year to re-peg its currency to the dollar, and the resulting influx of global capital seeking high returns. These capital inflows and the resulting rise in the relative value of the real could have negative consequences for long-term economic growth, as domestic producers struggle to compete with Chinese companies who benefit from the lower relative prices caused by China’s currency peg. This analysis points to the heterogeneity among the BRICs and the limitations of solidarity among them to serve as the foundation for an alternative world order.

Prospects for Brazilian-U.S. Relations

As with many of its important relationships, Brazil is of two minds on how to work with the United States. In historical perspective, the most common Brazilian orientation toward the United States over the past six decades has been one of distancing, as opposed to engagement (much less alignment). Today, the posture is more complicated and ambivalent, thanks to a dramatic expansion of the bilateral agenda, globally as well as in the hemisphere. The result is a policy of selective engagement. Brazil works closely with the United States on issues of mutual interest. At the same time, the potential for a broader strategic partnership is constrained by Brazil’s continued mistrust of U.S. interventionism in Latin America; incompatible perspectives on global hot spots, notably Iran and the Palestinian-Israeli conflict; and divergent attitudes on priorities in important realms like nuclear nonproliferation, climate change, and trade. As a result, Brazilian-U.S. cooperation often occurs under the radar, allowing Brazil to reap the benefits of a dialogue with the United States while continuing to present itself as willing to challenge U.S. hegemony. Participants discussed the desirability of creating, after the 2010 Brazilian presidential elections, a bilateral strategic dialogue between the two countries, modeled on the U.S.-China Strategic and Economic Dialogue (SED).

Engaging with International Institutions

Participants generally agreed that Brazil’s continued ambivalence and lack of strategic vision about its role as a great power are likely to limit Brazil’s influence on global institutional reform. In some cases, to be sure, Brazil has played an active role in strengthening and reforming multilateral bodies. As noted, it was partly Brazilian diplomatic initiative that encouraged the shift from the G8 to the G20.
Similarly, Brazil has become a more active player in the Bretton Woods institutions, moving from a position of disengagement to contributing $14 billion to the IMF.

In other areas, however, Brazilian foreign policy thinkers have not considered the implications of global institutional reform. Brazil, for example, has long sought to reshape the UN Security Council into a more representative body. Should it successfully obtain a seat on the Security Council, however, it would presumably be asked to take a stronger position on the shaming and condemning of states such as Iran. Brazil's historic support for state sovereignty and noninterference would be tested by the UN Security Council's busy docket, which includes a number of global challenges that merit an active response. In other words, Brazil's campaign for greater international responsibility has not been always been accompanied by an effort to update Brazilian foreign policy doctrines to address thorny problems such as human rights violations, nuclear proliferation, and the responsibility to protect.

In sum, Brazil seems finally poised to become the country of the present, rather than of the indefinite future. Brazil's arrival as a great power will give it the potential to shape the emerging world and regional order. But playing the role of effective architect will require Brazil to make some difficult decisions about where its interests lie. Moreover, the clock is ticking. With elections on the horizon, the popular President Lula on his way out, and fears of a Brazilian economic bubble, a promising window for devising a coherent foreign policy may be about to close. This would be a shame, as Brazil has proven that it can in fact be a leader on crucial international issues, from climate change to the elevation of the G20. It would also be unfortunate from a U.S. perspective if Brazil were prevented from bringing its unique perspective to bear in breathing new life into outdated institutions and partnerships.