

# Brazil as an intermediate state and regional power: action, choice and responsibilities

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Since the early years of the twentieth century Brazil's major foreign policy aspiration has been to achieve international recognition in accordance with its belief that it should assume its 'natural' role as a 'big country' in world affairs. Brazil's desire to influence international rules and regimes and to be considered a major player has been understood principally in terms of its soft power: it has consistently eschewed the development of hard power, and especially of military power. Rather, its claim to greater influence has been associated with other classical power attributes, such as territory, population and economic profile. Its location in a relatively peaceful regional environment, the early settlement of its territorial demands and border disputes, and its consequent position as a status quo power within the region also help to account for its aspiration to what one might call a middle ground international role.

Although the bases for an autonomous foreign policy have become more restricted in the post-Cold War period, Brazil still seeks to preserve an independent voice within the international community and a certain level of independent capacity to determine its actions. In addition, the country has demonstrated a clear intention of wanting to expand the roles that it plays and the responsibilities that it assumes—in regional politics, in Third World agendas and in multilateral institutions. Recent indications of this include its initiative towards the creation of a South America Community; its activist policies and positions in both hemispheric trade negotiations and global trade fora; its efforts to deepen relations with major world powers such as China and Russia; its desire to build up South–South coalitions, particularly with India and South Africa; the promotion of its own candidates to head both the WTO and the Inter-Development Bank; and its campaign to become a permanent member of an expanded UN Security Council (UNSC). Moreover, as democracy deepens its roots within the country, Brazil has attempted to link an increasingly activist stance in world affairs with political support at home for a more active partisan involvement in foreign policy. In this context, the government's fight against poverty and unequal income distribution at home and its assertive and activist foreign policy can be viewed as two sides of the same coin.

Although many commentators have noted the long-term stability of Brazilian foreign policy, there is no question that, since the inauguration of the Lula administration in January 2003, change has predominated over continuity. The inclusion of the social agenda as a major topic of foreign affairs was one of the first and most important innovations. In addition, Brazil has come to lay much greater emphasis on the need for both the conceptual revision and the practical reform of major multilateral institutions, especially the UN, and has expressed particular concern over the unequal distribution of power and wealth within such institutions and the distortions that the existing framework imposes.

In this article we provide an overview of the core features of Brazilian foreign policy, focusing upon four aspects: (1) the instrumental nature of Brazilian foreign policy and its close relationship with the country's economic and development objectives; (2) the country's commitment to multilateralism; (3) the growing importance for Brazil of regional politics and security; and (4) the recent evolution of Brazil's relations with the United States. The conclusion will review the main challenges facing Brazil and the difficulty of matching increased ambition with concrete results.

### **The determinants of foreign policy and the primacy of development**

One of the most important factors shaping Brazil's foreign policy has been its location in the western hemisphere. The region has historically been subject to US power and to high levels of US cultural and economic influence. Nevertheless, except during the Second World War, South America has been of only limited strategic value to Washington. At the same time, the regional context has represented a source of stability for Brazil. By the early part of the twentieth century Brazil had peacefully settled all of its outstanding territorial disputes with neighbouring countries. As a result, for over 100 years Brazil has considered itself a 'geopolitically satisfied' country and, in marked contrast to other states in the region, its state-building process has been the result of successful diplomatic negotiation rather than engagement in military disputes.

This peculiar combination of location within the backyard of the United States and a stable regional environment explains many of the perceptions shared by the Brazilian elites who constitute the foreign policy community.<sup>1</sup> Foreign threats and risks are perceived to be driven basically by economic and not military/security motivations. The main external vulnerabilities are economic, and foreign policy has always had a strongly developmentalist component. As a result, the core of the Brazilian foreign policy agenda has been very heavily shaped by the prevailing economic model, and the evolution of foreign policy has been linked to critical junctures in the development of that model. Critical

<sup>1</sup> For the concept of a foreign policy community, see Amaury de Souza, 'A agenda internacional do Brasil: Um estudo sobre a comunidade brasileira de política externa', Centre for Brazilian International Relations (CEBRI), Rio de Janeiro, mimeo, 2002. It includes members of the executive, congress and judiciary, leading social movements and interest groups, non-governmental organizations, businesspeople, journalists and academics.

junctures are brought about by a combination of systemic and domestic change: they are moments when the prevailing pattern of both domestic economic development and international presence reach their exhaustion and when a new winning coalition is constituted that leads to changes in both foreign economic policy and foreign policy.<sup>2</sup> Two of these critical junctures can be identified in the past century: the first in the 1930s, with the crisis of the agro-exporting model and its replacement by an import substitution model (ISI); and the second in the 1990s, with the exhaustion of the 'protected industrialization' regime and its replacement by a model of competitive integration into the global economy.

Brazil industrialized rapidly during the second half of the twentieth century and the country was one of the most successful examples of import substitution industrialization. The major characteristics of this development model were a central role for the state in regulation, in the provision of incentives, and in production; relative discrimination against imports; and large-scale participation of foreign direct investment in a wide range of industrial sectors. In the 1960s and 1970s an export component was added to this development strategy. Foreign policy became an important instrument of the ISI model, and this in turn helped to fuel Brazilian demands for differential treatment for developing countries in the trade regime, for the creation of a Generalized System of Preferences (GSP) for developing countries' exports, and also for the opening of new markets and the expansion of economic cooperation with southern countries.

Development paths create new ideas, interests and institutions. Once a country moves down a particular path, these become very hard to dislodge. The international conditions that contributed to the emergence of a particular development path may evolve or even disappear, but without changing the institutions, interests and ideas linked to that trajectory. Development trajectories are therefore path dependent. This is certainly true in the case of Brazil, and it is this which helps explain the stability and continuity of the country's foreign policy during the ISI period. Analytically, this continuity has been understood in various ways: in terms of the material interests of the dominant societal coalition that supported ISI; as a function of the relative bureaucratic insulation of the foreign ministry, Itamaraty, and its promotion of a particular set of foreign policy ideas; as the result of 'paradigmatic resilience' and the way in which past ideas continued to influence the world-view of Brazilian decision-makers; and as a consequence of the close link between the international identity of Brazil and its foreign policy orientation.<sup>3</sup> The role of

<sup>2</sup> For the concept of critical junctures, see Ruth Collier and David Collier, *Shaping the political arena: critical junctures, the labor movement, and regime dynamics in Latin America* (Princeton, NJ: Princeton University Press, 1991).

<sup>3</sup> For distinct explanations of Brazilian foreign policy's relative stability and continuity, see Maria Regina Soares de Lima, 'Instituições democráticas e política exterior', *Contexto Internacional* 22: 2, July–Dec. 2000, pp. 265–303; Marco Antonio Muxagata de Carvalho Vieira, 'Idéias e instituições: uma reflexão sobre a política externa Brasileira do início da década de 90', *Contexto Internacional* 23: 2, July–Dec. 2001, pp. 245–91; Celso Lafer, *A identidade internacional do Brasil e a política externa Brasileira* (São Paulo: Editora Perspectiva, 2001).

Itamaraty is especially important. Although it was not an institution created by the ISI development model, it was central to the model's domestic consolidation and international recognition. A close and virtuous link was seen to be established between the goals of ISI and the objective of developing an autonomous foreign policy. Two consequences follow from this. In the first place, Itamaraty generated considerable domestic legitimacy through its role as one of the main instruments for the country's development. Second, Itamaraty acquired a powerful 'institutional memory' in which many of the characteristics and values associated with ISI retained their influence and attractiveness even after the decline of that particular development model.<sup>4</sup>

The next critical juncture came as recently as the 1990s, when policy shifted as a result of both severe economic conditions and the systemic constraints produced by the fiscal crisis of the state—although it should be stressed that the process of structural adjustment and the progress of economic reform were more gradual and incremental than in other Latin American states such as Argentina and Mexico. The crisis in the development path took place within the context of both the end of the Cold War and the final stages of the military regime that had ruled the country from 1964 to 1985. Shifts in economic policy and the emergence of a new domestic political and constitutional order had important implications for foreign policy. A major consequence of these changes was the development of the idea of 'autonomy through participation'. With this conceptual innovation foreign policy retained its 'desire for autonomy' but, at the same time, sought to remove the legacy of authoritarianism and to respond to the international power of global liberalism. During the military period the country had adopted a very defensive posture towards many international regimes, especially those dealing with human rights, the control of sensitive technology and nuclear non-proliferation.<sup>5</sup> During the 1990s this defensive posture was replaced by the view that it had become imperative for Brazil to participate fully in all international regimes.

Although the 1990s can be considered a new critical juncture for Brazilian foreign policy, this has not been followed by the creation of a clear or uncontested consensus. A survey conducted with members of the foreign policy community at the end of the Cardoso government in 2002 showed an elite consensus around the aspiration for the country to play an influential role in international affairs, but a clear division with respect to the means of achieving this goal. Two alternative models could be identified. The first could be called the search for credibility, and placed emphasis on the need to see the country from the outside. On this view, Brazil does not have a 'power surplus' and, in

<sup>4</sup> José María Arbilla, 'Arranjos institucionais e mudança conceitual nas políticas externas argentina e brasileira', *Contexto Internacional* 22: 2, July–Dec. 2000, pp. 337–85.

<sup>5</sup> For the concept of 'autonomy through participation', see Gelson Fonseca Jr, 'Alguns aspectos da política externa Brasileira contemporânea', in Gelson Fonseca Jr, *A legitimidade e outras questões internacionais. Poder e ética entre as nações* (São Paulo: Paz e Terra, 1996), pp. 353–74. For the contrasting 'desire for autonomy', see Letícia Pinheiro, 'Traídos pelo desejo: um ensaio sobre a teoria e a prática da política externa Brasileira contemporânea', *Contexto Internacional* 22: 2, July–Dec. 2000, pp. 305–35.

consequence, increasing national autonomy ‘derives from the capacity to cooperate in the creation of rules and institutions’.<sup>6</sup> Recovering international confidence and credibility is also dependent upon successful domestic economic stabilization and policy reform. The other strategy lays more direct emphasis on the goal of autonomy, and seeks both greater projection of the country internationally and the maintenance of foreign policy flexibility. It defends an ‘active development policy’, ‘collaboration with countries of similar interests’ and the need to ‘articulate a national project focused on overcoming domestic social imbalances’.<sup>7</sup>

Although the Lula government has adopted an orthodox macroeconomic policy that is actually quite similar to that of the Cardoso government, its foreign policy has moved significantly, although not completely, towards this more autonomy-focused strategy. Thus, development goals have once more been reincorporated in Brazil’s foreign policy. The IBSA initiative, launched in June 2003 and drawing together India, Brazil and South Africa, demonstrate not only the renewed centrality of development goals but also a renewed emphasis on South–South cooperation. This initiative tries to combine the classical themes of South–South cooperation—especially development, the fight against poverty and the defence of multilateralism—with the commitment to institutions and democratic values. In the context of growing protectionism and of increasingly difficult access to northern markets, the economic and commercial gains from cooperation with southern countries have become of increased strategic importance to Brazil.<sup>8</sup>

## **A strong preference for multilateralism**

Active involvement in multilateral institutions and arenas has been a constant characteristic of Brazilian foreign policy since the end of the nineteenth century. Brazil was the only South American nation to take part in the First World War as a belligerent country, and this assured its presence at the Paris peace conference in 1919. Brazil sought to reform the incipient collective security system created by the League of Nations. It presented itself as a mediator between the great powers and the smaller nations, defending the rights of the latter and, simultaneously, positioning itself to assume a status equivalent to that of the former.<sup>9</sup> Brazil also participated actively in the main conferences that led to the multilateral order created after 1945. The country was a founding member of the United Nations and one of the 23 founding fathers of GATT, as well as one of the 56 nations represented in the ITO (International

<sup>6</sup> See de Souza, ‘A agenda internacional do Brasil’, p. 22.

<sup>7</sup> See de Souza, ‘A agenda internacional do Brasil’, pp. 23–5.

<sup>8</sup> For a defence of South–South cooperation along these lines, see Celso Amorim, ‘A política externa do governo Lula’, paper presented by Ambassador Celso Amorim at a conference in the London School of Economics, in *Política Externa* 13: 1, June–Aug. 2004, p. 161.

<sup>9</sup> See Eugênio V. Garcia, *O Brasil e a Liga das Nações (1919–1926)* (Porto Alegre/Brasília: Ed. da Universidade/UFRGS/FUNAG, 2000).

Trade Organization) in Havana. In general, developing countries' participation in the institutional framework of the post-1945 order was influenced by the dual objectives of promoting economic development and deepening political autonomy. Brazil certainly fitted this pattern, although its political activism within the Third World coalitions of the 1960s and 1970s, particularly within UNCTAD and GATT, tended to concentrate on economic rather than political objectives.<sup>10</sup>

During the Cold War Brazil adopted a low-key position on matters of international peace and security and it was only in the following period that the country came to assume a more proactive stance. In contrast, its role in trade and development negotiations has been consistently active since 1945. Alongside countries such as India and Mexico, Brazil played a prominent part in the coordination of Third World coalitions, taking a leading role especially in the Group of 77. From the 1960s to the beginning of the 1980s, Brazil did not assume the role of *demandeur* in the trade regime, and its involvement in the negotiation of specific trade issues was limited. Nevertheless, it stood strongly for the defence of certain principles, such as a preference for a trade regime based on the norm of cooperation and development (as stressed within UNCTAD) in opposition to the open market principles that dominated GATT; strong support for trade norms such as non-discrimination and most favoured nation (MFN) status as a way of seeking to curb the arbitrary measures and unilateral and protectionist action of the industrialized countries; strong support for the implementation of rules favouring developing countries, especially special and differential treatment, and non-reciprocity; and political alignment with the G77 on other multilateral agendas.<sup>11</sup>

From the late 1970s Brazil's dominant position has been one of damage limitation, as it has tried to delay, or even to block, the introduction of new trade rules and procedures that would (1) introduce differentiation among developing countries; (2) weaken multilateral rules; and (3) make domestic policies and substantive domestic practices more tightly subject to the legal disciplines of the international trade regime. During the Tokyo Round, for example, one of the main Brazilian goals was to avoid the elimination of differential treatment for the more developed among developing countries. Another major goal in negotiations was to strengthen the multilateral system, especially the MFN clause in the various non-tariff barrier codes (NTB), some of them of great interest to Brazil, such as those on anti-dumping measure, subsidies and countervailing duties, and safeguards. Between the end of the Tokyo Round and the beginning of the Uruguay Round, countries such as Brazil and India actively cooperated, in the G10, on a coordinated damage

<sup>10</sup> See Marcelo de Paiva Abreu, 'Brazil, the GATT, and the WTO: history and prospects', paper presented to seminar on 'The international relations of Brazil: new possibilities and old constraints', Centre for Brazilian Studies of Oxford University, St Antony's College, Oxford, 15–16 March 1999.

<sup>11</sup> See Ricardo U. Sennes, 'Brasil, México e Índia na Rodada Uruguai do GATT e no Conselho de Segurança da ONU: um estudo sobre os países intermediários', doctoral dissertation, University of São Paulo, Brazil, 2001, p. 157.

limitation strategy to counter the US initiative to include a range of new issues (intellectual property, services and investments) in multilateral trade negotiations. The Uruguay Round demonstrated the limits of this damage limitation strategy and highlighted the danger of political isolation within the 'coalition of the weak'.

During the Uruguay Round, the trade agenda became wider and more complex, and the very structure of the negotiation process was modified. Negotiations moved beyond traditional border measures (mutual tariff concessions) and increasingly involved new policy commitments that would inevitably have major domestic repercussions. These changes led to the crisis of the G77 and political division among developing countries, and to the emergence of new coalitions involving both developing and developed countries, such as the Cairns Group.<sup>12</sup> From 1988 onwards, developing countries introduced greater flexibility into their negotiating posture, mainly as a result of the generalized crisis of their previous development paths and bargaining strategies. The political disintegration of the G77, together with the bandwagon effect of the new changes, brought home the limits of the old Third Worldist principles and positions and underlined the degree to which material interests, rather than simply shared principles, are needed to hold coalitions together. At least to some degree, the formation of the G20 coalition at the Cancún meeting in 2003 represented a revival of the Third World coalition spirit, although now focused on the specific agricultural interests of the developing countries. The creation of the G20 was an opportunity for Brazil to renew its role as an 'indispensable intermediary' between the 'weak' and the 'strong'. But if the G20 involves echoes of the past, it also puts Brazil in a new position during the Doha round as a *demandeur* in agricultural issues. This, in turn, is the result of the strong competitiveness of its agricultural exports, as well as the emphasis it has traditionally placed on procedural issues within the WTO, on norms regarding market access, and on the importance of strengthening multilateral rules.<sup>13</sup>

The current state of global governance poses a series of difficult dilemmas for the 'new influentials' in the South. It is certainly the case that further development of the multilateral trade and security system depends on their active participation, and this should give them a significant degree of influence. However, their position is challenged both by the fact that they can no longer count on the full support of the 'coalition of the weak' and by the range of other mechanisms (bilateral, regional or even unilateral) by which the most powerful states are able to defend their interests.

Over the past few years the United Nations has faced increasing pressure for institutional reform and for the democratization of its decision-making processes. Brazil has argued powerfully that the UN should add social welfare and

<sup>12</sup> See Sennes, 'Brasil, México e Índia na Rodada Uruguai do GATT e no Conselho de Segurança da ONU', p. 148.

<sup>13</sup> See Abreu, 'Brazil, the GATT, and the WTO'.

economic development to its well-established concerns for international peace and security. In the 1960s Brazil was an active participant of the discussions of the Disarmament Committee, but refused to sign the Non-Proliferation Treaty (NPT), which it saw as a clear-cut expression of the tendency towards the 'freezing of world power'. After the end of the Cold War, however, Brazil abandoned its defensive stance towards international non-proliferation regimes, joining the Missile Technology Control Regime (MTCR) in 1994 and ratifying the NPT in 1998. At the same time, Brazil also supported the enhancement of multilateral initiatives, particularly the expanded role of the UN in peacekeeping operations. Brazil participated in the UN Observer Mission in El Salvador (ONUSAL), in the UN Observer Mission in Mozambique (ONUMOZ) and in the UN Mission in Angola (UNAVEM) to which it sent 1,300 soldiers—the largest military force it has sent abroad since the Second World War. Brazil also contributed police forces to the 1999 UN peace operation in East Timor and in 2004 led the UN peacekeeping mission in Haiti.

As a non-permanent member, Brazil was absent from the Security Council for 20 years between 1968 and 1988. The first date coincides with the Brazilian refusal to sign the NPT, the second with the re-establishment of democracy in Brazil in the form of a new constitution. Since then, the pattern of its involvement has changed dramatically. Together with India, Brazil is one of the two non-permanent members that have occupied seats on the Council for the greatest length of time between 1945 and 1996: 14 non-consecutive years in the case of Brazil and 12 in that of India.<sup>14</sup>

Brazilian concerns regarding the UN reform agenda have focused on three main aspects, all of which reflect long-standing concerns: the reinforcement of multilateral principles and norms, particularly in respect of authorization for the use of coercive instruments, as foreseen in Chapter VII of the UN Charter; the need to find ways to re-establish the conceptual frontier between peacekeeping and peace enforcement; and a reformulation of the decision-making structure of the Security Council in order to increase its representativeness and legitimacy in the post-Cold War order.<sup>15</sup> The country's self-image as a mediator between weak and strong and its use of 'parliamentary' diplomacy are seen as viable means of achieving a more influential role.<sup>16</sup>

For Brazil, the reinforcement of the juridical and parliamentary structure of the UN system is more necessary than ever given the present unipolar order.<sup>17</sup> Thus it has expressed concern at the erosion of the distinction between peacekeeping and peace enforcement operations in the definition of coercive actions undertaken under Chapter VII, and has strongly defended the principle of non-

<sup>14</sup> See Sennes, 'Brasil, México e Índia na Rodada Uruguai do GATT e no Conselho de Segurança da ONU', p. 96.

<sup>15</sup> See Celso Amorim, 'Entre o desequilíbrio unipolar e a multipolaridade: o Conselho de Segurança da ONU no período pós-guerra fria', in G. Dupas and T. Vigevani, eds, *O Brasil e as novas dimensões da segurança internacional* (São Paulo: Editora Alfa-Omega, 1999), pp. 87–98.

<sup>16</sup> See Lafer, *A identidade internacional do Brasil e a política externa*.

<sup>17</sup> See Amorim, 'Entre o desequilíbrio unipolar e a multipolaridade', p. 93.



intervention, the pacific resolution of disputes, and an emphasis on the economic roots of security issues. Brazil has been concerned about the multiplication of sanctions regimes and has stressed the necessity that sanctions receive both authorization and appropriate regulation. Brazil has also underlined the need to improve international cooperation for development, within the set of non-coercive mediating actions.

Finally, Brazil's support for the reform of the decision-making structure of the Security Council is intertwined with its insistence on the need to give substance internationally to the democratic values cherished by the international community. Brazil's aspiration to occupy a permanent seat on the Security Council was officially announced in 1994 by the Foreign Minister, Celso Amorim. Expansion of the Council has been justified by the need to adapt institutions to the new reality of the post-Cold War world and by the argument that enlargement and more balanced representation would increase its legitimacy and improve the effectiveness of collective decisions. The Lula government has made the issue one of the priorities of its foreign policy agenda. Brazil, India and South Africa demand permanent seats based on the principle of geographical representation. Mexico and Argentina adopt a different position and argue for more non-permanent members. Given the near impossibility of reaching a regional consensus on this point, since 2002 Brazil has been fostering support through the expansion of bilateral contacts outside Latin America with countries that have already expressed sympathy for Brazil's candidacy. In addition, Security Council reform features as one of the principal points on the programme of the IBSA initiative.

### **The opportunities and constraints of regional politics**

Ever since the democratization process of the late 1970s and early 1980s, Brazil has identified relations with other Latin American countries as a major foreign policy priority. Up to the mid-1990s, the main focus of Brazilian policy was on the promotion of regional integration and, in particular, the development of Mercosur, the southern common market created in 1991. Ties with the Andean countries developed either as part of Mercosur's interregional negotiations (as in the case of Mercosur's negotiations with the Andean Community (CAN)), or as a reflection of specific bilateral interests. Especially once the NAFTA negotiations had gone ahead, Brazilian policy-makers increasingly questioned the idea of a single region labelled 'Latin America'. Brazil's regional and international presence has been increasingly perceived as a process intimately connected to the emergence of 'South America' as a particular grouping within the international community.<sup>18</sup> Brazil's identity as a Latin American country

<sup>18</sup> See e.g. Lafer, 'A identidade internacional de Brasil e a política externa', Spring 2000; Andrew Hurrell, 'An emerging security community in South America?', in Emanuel Adler and Michael Barnett, eds, *Security communities* (Cambridge: Cambridge University Press, 1998).

has therefore been increasingly replaced by the idea of the country as a South American power.

During the second Cardoso administration (1996–2002) Brazil assumed a more active presence in South America and moved towards developing a more overt leadership role in the region. As well as inaugurating a series of South American presidential summits in 2000,<sup>19</sup> Brasília also became more active in regional crisis management.<sup>20</sup> Attempts were made gradually to inject more life into the Amazon Pact, a grouping that had been created in 1978 between Brazil and its Amazon neighbours, and Brazil also sought to develop a cooperative agenda with Bolivia, Peru, Venezuela and Colombia.<sup>21</sup> At first, Brazil appeared to be more concerned with deepening cooperation in trade and promoting cooperation in infrastructure projects (especially transport and energy links). It appeared anxious to avoid giving the impression that it was attempting to forge a united front in negotiations with the United States. Despite such caution, Argentina and Chile were more suspicious than enthusiastic towards Brazilian diplomatic moves in South America, while other countries, such as Venezuela and Bolivia, became quite supportive of Brazilian initiatives.

In this area too, significant change took place after the Lula administration came into power. Itamaraty became much more explicit about its desire and its determination to move rapidly towards South American leadership. Decision-making has also become more complex. On the one hand, Itamaraty has insisted strongly that South America should be placed at the top of Brazil's foreign policy priorities. On the other, the President and those around him have taken more interest, and become more directly involved, in regional politics.<sup>22</sup> This has involved both much closer links between domestic party politics and diplomacy, and a much greater effort on the part of Brazil to pull strings and influence domestic political outcomes within South American countries.<sup>23</sup> It has led to an expansion and diversification of communication with political actors in most of the countries of the region—although there has been criticism inside Brazil as to the appropriateness of this 'parallel diplomacy'.<sup>24</sup>

In addition to the inauguration of the South American Community of Nations, the Lula administration has laid great emphasis on the expansion of

<sup>19</sup> In August 2000, all South America's heads of state attended the first South American presidential summit, which took place in Brasília. The agenda set for the meeting included five topics: defence of democracy; regional trade; regional infrastructure; information, science and technology; and the fight against drug trafficking.

<sup>20</sup> Special mention should be made of the 1995 war between Ecuador and Peru and the 1996 political crisis in Paraguay. In October 1998 the governments of Ecuador and Peru signed a peace treaty in Brasília, finally ending hostilities. With regard to Paraguay, Brazil has consistently coordinated diplomatic action with Argentina to contain backsliding into authoritarianism.

<sup>21</sup> It should be noted that for Brazil the geopolitical and geoeconomic importance of the Andean countries is connected to the interstate and intersocietal links in the Amazon area.

<sup>22</sup> The period since 2002 has seen a major reallocation plan within Itamaraty, with the number of diplomats in South America almost doubled and the number of those in European countries drastically reduced.

<sup>23</sup> At the Planalto (presidential) palace this function has been assumed by Marco Aurélio Garcia, as chief adviser to the president on international affairs.

<sup>24</sup> Rubens Ricupero, 'O atacado e o varejo da diplomacia', *Folha de São Paulo*, 26 June 2005.

business relations within the region, involving both state and private enterprises. Three major assumptions have guided Brazil's South American policy: first, that a more prominent presence in the region would be compatible with closer political ties with Argentina; second, that the impact of Lula's presidency on Brazilian democracy would have a spillover effect in promoting regional political stability; and third, that the successful expansion of Brazil's political presence in the region would automatically strengthen Brazilian global aspirations, allowing the country to consolidate regional support for the expansion of the country's presence in world affairs.

The first assumption was linked to the idea that closer relations with Argentina would and should be achieved with the strengthening of Mercosur. Although Mercosur had developed rapidly during the 1990s, with the negotiation of an unprecedented set of commitments, after 1999 it entered a period of crisis, indeed paralysis. As a result, Brazil and Argentina initiated an intense series of bilateral talks to try to untangle the knots and to settle some of the many disputes that had accumulated over the previous five years.<sup>25</sup> For the recently inaugurated Kirchner administration in Argentina, however, it became a *sine qua non* of any revived Mercosur that the regional arrangement should move away from its earlier espousal of 'open regionalism' and should reassert a much more openly developmentalist strategy. For Argentina, this translated into renewed expectations that Brazil should make concessions, especially regarding investment policies and the acceptance of safeguard mechanisms. These expectations led rapidly to a new round of often bitter disagreements. The impossibility of reaching agreement adversely affected the results of the Ouro Preto summit held in December 2004, and postponed once again a successful revitalization of Mercosur. On the other hand, even though intergovernmental talks have not lived up to initial expectations, trade among Mercosur's members has recovered significantly in the last two years; and there has also been an expansion of investment among members, as well as visible deepening of cultural, educational and intersocietal ties.

The key point regarding the second premise is the extraordinary complexity of regional politics and of the possible political scenarios. The idea that Brazil should expand its responsibility for the maintenance of political stability in South America through the promotion of stronger democratic institutions and values has not been able to withstand the turbulence of regional politics. One might ask whether Brazil would have wished to try to assume such responsibilities if it had understood in advance just how unstable and difficult political conditions in the Andean countries would become. Whatever the conclusion of such speculation, this is probably the most important change and represents a significant move away from previous behaviour, which had always been based firmly upon the principle of non-intervention in the affairs of other states.

<sup>25</sup> In the Buenos Aires declaration, Argentina and Brazil promised to intensify cooperation, strengthen both democracy and integration processes, improve Mercosur's institutions, generate sustainable growth and fight against poverty.

Assuming the role of a regional power has generated unprecedented demands on Brazil and seems to require capabilities that go beyond Itamaraty's unquestioned diplomatic skills. Since 2003 Brazil has intervened in political crises in Venezuela, Bolivia, Ecuador and Haiti. Brazil led the 'group of friends of Venezuela' (which also included Chile, Colombia, Mexico, Portugal, Spain and the US). The aim was to try to bridge the misunderstandings between the Chavez government and the opposition groups and find a political solution that would not violate democratic principles. In Bolivia, Brazil, together with Argentina, helped mediate in the Lozada–Mesa transition and acted as a stabilizing force during the 2005 riots which finally led to a new presidential replacement and the call for general elections. In Ecuador, Brazil quickly became involved in the political turmoil which led to the sudden interruption of the Gutiérrez administration. In Haiti, Brazil has led a UN peacekeeping mission (MINUSTAH), in which other countries have participated, since 2004.<sup>26</sup> This international presence in Haiti involves a broad set of tasks including the monitoring, restructuring and reform of the Haitian national police; assisting the transitional government with disarmament, demobilization and reintegration programmes for armed groups; assisting with the restoration and maintenance of the rule of law, public safety and public order in Haiti; and protecting United Nations personnel and installations and local civilians.

Brazil's presence in South America has not been associated only with its recently acquired vocation as a regional firefighter and crisis manager. Stronger political ties have been established with the Southern Cone governments of Uruguay and Chile as a consequence of networking between the Workers' Party (the PT) and the socialist coalitions in power in both countries. Close relations have also been developed with Chavez in Venezuela. These links have generated similar reactions among Brazilian elites to those of the 1950s regarding the risks of close ties with anti-American populist leaders.<sup>27</sup> Domestic opinion towards Brazil's policy in the region has tended to divide along party lines: conservative opinion has generally opposed the abandoning of the country's non-interventionist tradition, while progressive intellectual and political circles have welcomed a bolder and more committed involvement in regional affairs.

The third assumption takes us to the most ambitious aspect of Brazil's regional diplomacy—and the most uncertain in terms of its outcome. The expansion of Brazil's political involvement in local crises, together with growing trade and investment activities with its South American neighbours, has not led to any easy or automatic acknowledgement of the country's regional leadership in world affairs. A first test was failed at the occasion of elections for the new director-general of the WTO, where intra-regional negotiations were far less

<sup>26</sup> MINUSTAH involves the participation of Argentina, Bolivia, Chile, Uruguay, Paraguay, Peru, Canada, US, Croatia, Ecuador, France, Guatemala, Jordan, Malaysia, Morocco, Nepal, Philippines, Spain and Sri Lanka.

<sup>27</sup> In the early 1950s a *rapprochement* between Vargas and Perón, and the suspicion that an alliance between Brazil, Argentina and Chile had been negotiated, generated a vociferous and hostile reaction by opposition forces which contributed to destabilizing the domestic political situation.

smooth than expected. Regarding its candidacy for a permanent seat at the UNSC, Brazil managed to obtain an important degree of regional support, with the exception of Argentina and Colombia. For different reasons both have been reluctant to endorse Brazil's aspiration to become a regional power. In the case of Argentina this follows a historical pattern related, on one side, to the old rivalry between the two countries, and, on the other, to the difficulty faced by Brazil in making a special relationship with Argentina compatible with its more ambitious global and regional goals. As for Colombia, the reasons are connected to its alignment with the US and the perception that the presence of the United States and Brazil in the region inevitably follows the pattern of a zero-sum game. This brings us to the topic of the next section.

### **Relations with the United States: less change than continuity**

US–Brazil relations have gone through different phases, oscillating between 'good' and 'cool' without ever tipping into open hostility. The two states have shared a notion of 'limited divergence' which, while always avoiding open confrontation, has resulted in frustrations on both sides that have long dominated their relationship. US–Brazil relations have faced cyclical crises of expectations caused by erroneous calculations on both sides. Nevertheless, all through the twentieth century, bilateral relations played a crucial role in Brazil's foreign affairs as well as in the US hemispheric agenda. Though US–Brazil relations have always been dominated by an intergovernmental agenda, non-governmental actors have recently expanded their presence and grown in importance. NGOs, cultural and educational entities, as well as a diverse set of private economic interests, all now contribute to a complex and increasingly intense bilateral interaction. As US–Brazil relations have become more complex on both sides, military, economic, political and cultural interests have led to a more open agenda and introduced a broader range of concerns and pressures.

For the United States, the importance of Brazil in world politics and international security is small, especially when compared to crucial allies such as Canada and the UK, or to other states such as Germany, Japan and Russia. For Brazil, the picture is very different. Brazil keeps a permanent watch on the United States and what it does in world politics, and its foreign policy decisions consistently involve an assessment of the costs and benefits of convergence with or divergence from the US.

Such caution has increased in the unipolar world, particularly since September 11. Differences between Brazil and the United States over the latter's intervention in world and regional crises have been visible in such episodes as the Gulf War (1991), the crisis in Haiti (1996) and the Kosovo tragedy (1998). In all cases, the US would have welcomed Brazil's full support. In summary, state-to-state political relations between the United States and Brazil primarily aim for prudent coexistence, possible collaboration and minimal collision. While the United States moves ahead towards the consolidation of an uncontested

power position, Brazil searches for a secure and legitimate economic and political platform in South America.

Brazil's economic relations with the United States today are far more complex than they were 30 years ago, covering a multifaceted set of trade negotiations and financial/monetary pressures. Bilateral trade developments have become inextricably linked to multilateral trade disputes carried forward at the WTO and to regional trade negotiations. From the beginning of the Lula administration more innovations were expected in interstate regional trade negotiations than in the relationship with private investors, the banking system and the Washington-based multilateral credit institutions. During the first year of the Lula administration the Free Trade of the Americas (FTAA) negotiations became the crucial terrain of bilateral relations, and an increasingly fragile one. Through 2003–2004, as both countries co-chaired the process, the FTAA negotiations lost their way and turned into a US–Mercosur battlefield, fragmenting into sets of parallel negotiations between Washington and the other subregional blocs (Caribbean, Central America and Andean community).

Concerns were raised in the US, albeit discreetly, regarding the possibility that a more active Brazil could assemble South America into a single bloc that would destabilize Washington's pre-eminence in the hemisphere. As Brazil aims to become more active in regional affairs, clashes with the US in regional trade and security issues tend to politicize US hemispheric affairs, and the idea that Brazil could be forging a unified regional front in negotiations with the United States has gained some impetus within South American diplomatic and political circles. In fact, however, the inauguration of the Lula administration has led to a more positive character in the shape and direction of US–Brazil relations.

For Brazil, it is not easy to deal with the constraints imposed by the perennial status of South America as a US sphere of influence. Washington and Brasília have not shared the same premises when addressing conflict zone areas—such as Colombia—or uncertain political scenarios such as those faced first in Venezuela and then in Bolivia. The main difficulties in US–Brazil regional politics at present stem from the delicate situation in Colombia, as growing US military involvement in support of the Colombian government's fight against drug traffickers and guerrillas has had a negative impact on security conditions in the Amazon area near Brazil's borders.<sup>28</sup> Brazil is particularly concerned about Colombia's political future and the possibility that it has become tied to a deepening US political and military presence in the region. Recent initiatives undertaken by the US to carry out military exercises in Paraguay have given new grounds for this kind of fear on the part of diplomatic and military authorities in Brazil.

<sup>28</sup> In August 2000 President Clinton travelled to Colombia to announce the Colombia Plan, which involved an aid package worth \$1.3 billion dollars, and to reaffirm full support for the Pastrana government. Eighty per cent of the aid package is for military use, and involves the formation of three 1,000-man anti-drug battalions, with 500 military advisers and 60 helicopters.

Of the many factors that contribute to US–Brazil differences regarding regional security, the most important relate to the link established by the US between its participation in the Colombian conflict and the war against terrorism. While the US government has tended to deepen its militarized approach to deal with the war in Colombia, Brazil has made explicit its preference for a political process involving international mediation, with the participation of the UN, based upon the premise that all parties at war should participate in the negotiations. Undoubtedly there are major differences of political and ideological affinity between Washington and Brasília which reflect upon their respective relations with Caracas and Bogotá. Relations between the Uribe government in Colombia and the Bush administration have been far more friendly and cooperative than those with Chavez in Venezuela, while exactly the opposite can be said in the case of the Lula government. Brazil understands the problems of regional security very differently from the Uribe government and fears the consequences of Colombia's clear alignment with the United States.

The foreign policy priorities of the Bush administration since 9/11 have inevitably had an impact on bilateral ties. On the negative side, Brazil has maintained its distance from Washington's policy on international terrorism, while the US has paid little attention to goals that Brazil sees as crucial (economic development, environmental protection and the strengthening of multilateralism in world security). On the positive side, the deterioration in the quality of US relations with the region as a whole (graphically illustrated by the hemispheric summit of March 2005) increases the importance of maintaining an open channel of understanding with Brazil.<sup>29</sup> For the Lula government, there is some hope that a positive relationship with the US may contribute to the consolidation of Brazil's status as a regional power. However, while different priorities will not lead inevitably to collision or confrontation, there is little sign of a deepening convergence between the two countries in the near future.

## **The challenges ahead**

While the innovations in foreign policy introduced by the Lula administration have undoubtedly contributed to increasing the visibility of Brazil in international affairs, they have also brought to the surface new challenges.

### *South–South relations*

Since the inauguration of the Lula administration Brazil has laid a very strong emphasis on the expansion of South–South relations, and this has raised high expectations. One of the administration's first steps was to underscore the link

<sup>29</sup> The Fourth Summit of the Americas took place in Mar del Plata, Argentina, on 4–5 Nov. 2005. Immediately afterwards, President Bush visited Brazil for bilateral talks. For evaluation of the visit see 'The boys in Brazil', *Wall Street Journal*, 8 Nov. 2005; 'Brazil, US look ahead to world trade talks', *New York Times*, 7 Nov. 2005.

between social policy at home and North–South issues. Brazil’s leading role in the UN campaign ‘Action against Hunger and Poverty’ was emblematic. Simultaneously, the government sought to build up new coalitions within the Third World. In June 2003, Brazil, India and South Africa signed the Brasília Declaration which created the IBSA Forum. The purpose of this initiative was to develop a strategic partnership among developing countries around three shared interests: (1) the commitment to democratic institutions and values; (2) the effort to link the struggle against poverty to development policies; and (3) the conviction that multilateral institutions and procedures should be strengthened in order to cope with turbulence in the economic, political and security fields.

The novelty of this initiative, an outstanding example of a South–South coalition, stems partly from the fact that it involves a group of developing countries that are regional powers. Brazil, along with South Africa, has been explicit in its intention to assume new responsibilities regarding regional security, the defence of democracy and the consolidation of regional integration schemes, and IBSA has been the most important of its South–South initiatives. Other steps in the same direction have been Brazilian involvement in the creation of the G20 within the framework of the Doha Round; its efforts to increase ties with Arab and African countries; and its leading role in the creation of a South American Community of Nations.

For Brazil, one of the main motivations behind the creation of IBSA was the reform of the UN system, especially the reform of its Security Council, as discussed above. India has been more active than South Africa alongside Brazil in promoting a larger and more inclusive UNSC. Although this goal is couched in terms of the need to democratize international decision-making, it is important to acknowledge that, in fact, the proposal to expand the UN Security Council would imply the recognition of southern heterogeneity—and hierarchy—and lead to the institutionalization of those differences.

From Brazil’s point of view, the G20 represented a significant move to give renewed priority to the development agenda following the end of the 1970s-style Third World coalitions (such as the G77) and the debt and fiscal crises of the 1980s. The promotion by Brazil of closer relations with Arab and African nations is a further noticeable feature of current foreign policy, and one that brings back old memories. Ever since the 1960s Brazilian foreign policy has from time to time sought to build up the country’s African identity, although this impulse has been based more upon symbolic historic and cultural affinities than on shared economic interests and political values. In the case of the Arab community, a revival of previous attempts to deepen common interests has recently been obstructed by the connection established between the Middle East’s strategic importance and the war against terror conducted by the US. Both in the case of the Arab countries and in that of the black African countries, there is a clear connection between the espousal of closer relations and the support of Brazil’s UNSC candidacy. Contrary to Brazilian expectations,



however, and as developments in the UN 2005 Assembly revealed, diplomacy within the Third World is not always driven by South–South solidarity. It has also been difficult for Brazil to harmonize its ‘southern’ diplomacy with its regional policy and interests. In fact, the idea of Brazil as a regional leader has not yet been quite accepted by its South American partners.

South–South cooperation could become a costly venture for Brazil. In the first place, the country must assume the consequences of collective action. A clear example of this is provided by the difficulties faced by Itamaraty in keeping the G20 together in face of pressure from the industrialized countries, particularly the United States. Second, domestic support has not been easily gained by Itamaraty, and public opinion at home has been more vigilant than ever as to the pros and cons of Lula’s activist diplomacy. This introduces a third challenge that is closely connected to the democratic context in which Brazilian governments must now function. What will the impact be on the balance between continuity and change in Brazil’s foreign policy of the political leadership changes that democracy is likely to bring? Brazil’s foreign affairs have now become a matter of controversy in domestic politics in a way that they were not in the past, and intra-bureaucratic divergences over the priorities of the country’s foreign policy have also become more frequent. These differences reflect a profound debate that has been taking place in Brazil (as in many other developing countries), in which local elites view relations with the industrialized nations as more profitable and viable than the expansion of ties with the South.

### *International security*

Brazil’s stance on security matters has two strands. On the one side, the country defends its prerogative to maintain a strong notion of sovereignty which is reflected in many of the axioms of its defence policy, such as the importance of protecting territorial integrity and national interests.<sup>30</sup> On the other, it has become clear that a more promising option for the country in global and regional security matters has been to enhance multilateralism. Brazil has become fully committed to non-proliferation regimes and acknowledges the importance of multilateral institutions in world and regional security. As has been underlined, Brazil has been among the most vocal of intermediate states and emerging

<sup>30</sup> On 30 July 2005, the National Defence Policy launched a new decree (5.484) approved and signed by President Lula. This decree represents the official statement of Brazil’s vision of national defence and regional/international security. According to this document, the main strategic priorities for Brazil are: (1) Amazonia (impact of war in Colombia, drug traffic, guerrilla groups, etc.); and (2) the South Atlantic (for its role in trade, and its gas and petroleum resources). It argues that, in a world characterized by growing interdependence and globalization, it is important to develop an appropriate national defence sector because, in the future, the country’s natural resources may need to be protected from external ambitions. This sector must have appropriate human and economic resources, adequate technology and weapons. The document also recognizes the growing presence of non-traditional threats such as terrorism and organized illicit activities, and gives priority to (3) the creation of a rapid deployment force and (4) a growing role for Brazil in peacekeeping operations.

powers in its insistence on the need for a broad institutional reform of the UN system, and particularly of the structure and procedure of the UNSC. In sharp contrast to India, Brazil has completely renounced the nuclear policies of former times, becoming a 'toothless power' within the developing world.

Brazilian political and intellectual circles do not value military deterrence as a source of international and/or regional prestige. Since the nineteenth century, Brazil's presence in South America has represented for the most part a factor of stability and peace that has contributed to the region's profile as a zone of relative peace. As noted above, Brazilian diplomacy, which has been built up upon a culture of mediation and the pacific resolution of disputes, has reinforced a sense of territorial satisfaction. The Brazilian military budget is today relatively smaller than that of other South American countries such as Venezuela, Colombia and Chile, and its defence capabilities are far inferior to those of other intermediate powers such as India, Egypt or Indonesia. While in hemispheric affairs Brazil is inevitably exposed to the US military might, it has held aloof from deepening security cooperation with Washington and maintained an autonomous stance in this field. Nevertheless, it will become more difficult for the country to sustain this position if it wishes to expand responsibilities in regional and world security, as would be required by a permanent seat on the UNSC. This will certainly be a controversial issue in Brazil. The decision to assume the military lead of MINUSTAH has opened up an interesting debate within Brazilian public opinion in which the long-term consequences of assuming such responsibilities have been questioned—especially given the difficulties of maintaining the effectiveness of the mission, the risks encountered by the use of force to maintain order in Haiti and the justification for undertaking such a policy, given the seriousness of social problems at home. This point leads to the third and last challenge.

### *Social inequality*

Brazil can be defined as a 'regional power' by any economic yardstick, given that its economy constitutes half of the total economic size of the region. In fact, almost half of the region's GNP is of Brazilian origin and its exports represent more than 40 per cent of the total exports of the region. In addition, Brazil's trade pattern is more diversified than that of its neighbours: only around 25 per cent of Brazilian exports are destined for the region. In recent years the region has been identified as an area for the diversification of investments in non-traditional areas and as a strategic location for Brazilian multinationals, especially in the energy and engineering sectors.

Politically, Brazil—like Argentina, Chile and Uruguay—has experienced a relatively recent transition from an authoritarian regime to representative democracy, and can now be considered politically stable. Despite the fact that Lula's government is going through a difficult political situation—as a consequence of accusations of corruption in the PT and in the parties of the government

coalition—the current political turmoil cannot be considered an institutional crisis. Institutions are functioning and there has been no extra-institutional attempt to interrupt the democratic process. Whatever criticisms may be voiced of many aspects of the government's performance, the country's political institutions are stable.<sup>31</sup>

In contrast to this economic and political performance, which would support the classification of Brazil as a 'regional power', Brazil's social performance is extremely poor. In the *Human Development Report* recently published by the United Nations Development Programme, covering 177 countries, Brazil has stagnated since 2002 in 63rd place in the world ranking of the Human Development Index (HDI), drawn up on the basis of a combination of data on education, health and per capita income. Brazil is also one of the most unequal countries in the world. In 2003, while the richest 10 per cent of the population obtained 46.9 per cent of the national income, the poorest 10 per cent of the population received only 0.7 per cent. If we take into account the GINI index—which measures the level of inequality in income distribution—Brazil occupies eighth position in the overall ranking.<sup>32</sup>

The sharp economic asymmetry between Brazil and the other South American countries is practically reversed when we take into account Brazil's social performance. For example, Brazil's HDI (0.792) is inferior to the mean value for Latin America and the Caribbean (0.797). Argentina (0.863), Chile (0.854), Uruguay (0.840) and Mexico (0.814) all obtained higher HDI values, which puts these four countries in the category of 'high human development'. Brazil, by contrast, is classified under 'medium human development', together with Russia (0.795), China (0.755) and India (0.602), among others. Despite Argentina's recent economic crisis, this country shows the highest HDI for Latin America and, in comparison with Brazil, has a much less unequal social stratification.<sup>33</sup>

The discrepancy between economic and political institutional performance on the one hand and social performance on the other hand does not seem to prevent other countries viewing Brazil as a regional power or a 'new influential'. The same seems to be true of India. To the extent that Brazil and India are

<sup>31</sup> According to a study of political instability in South America, from 1990 to 2004 instability was higher in the Andean countries, than in the Southern Cone, where only Paraguay showed a similar number of crisis events. In an index composed of the number of semesters (six months) in which events such as *coups d'état*, civil wars, states of siege, presidential impeachments or social revolts had happened, Colombia (96%), Venezuela (58%), Bolivia (55%), Paraguay (51%), Ecuador (48%) and Peru (48%) registered, in that period, the highest incidence of such events, above the South American mean of around 40%. See Marcelo Coutinho, 'Crises institucionais e mudança política na América do Sul', doctoral dissertation, IUPERJ/University Candido Mendes, Rio de Janeiro. See <http://observatorio.iuperj.br>. Jan. 2005. See also <http://observatorio.iuperj.br>.

<sup>32</sup> The more closely the value of the GINI index approaches 0, the less unequal is the country. For example, the GINI value of Namibia, the most unequal country, is 0.707; the Brazilian GINI is 0.593. Worse than Brazil in terms of inequality are six African countries and Guatemala.

<sup>33</sup> See *Human Development Report 2005* (Geneva: United Nations Development Programme, 2005). HDI values of 0.800 or above are classified as 'high human development'; of 0.500–0.799, as 'medium human development'; and of less than 0.500 as 'low human development'.

being viewed as members of a new group of influential powers, it could be said that the international community is relying on a traditional understanding of what power involves and legitimating a model of development in which economic, political and social strands are considered separately. On the other hand, frustration of this expectation in the short run could have a positive effect in the long run. It could stimulate domestic efforts to reduce so sharp a disparity and start a virtuous path of democratic consolidation, sustained economic growth and social inclusion.

Brazil faces major challenges ahead. Never before have internal and international developments been as closely intertwined as they are at present. The Lula administration came into office strongly committed to the idea of change on the domestic front, particularly in improving social conditions. It also raised high expectations in terms of what could be achieved through multilateral institutions and through pressure on the industrialized nations to promote a more balanced distribution of wealth and power. In addition to taking the lead in global campaigns such as the international 'Action against Hunger and Poverty', Brazil has taken a leading and active role in regional political crisis management, in global trade negotiations, and in UN reform. Yet the aspiration to regional leadership still has to secure stable support among South American countries, and this will depend heavily on Brazil's capacity to offer material trade-offs to its neighbours. Its leading role in trade negotiations is entering a more testing and challenging period, and its image has suffered as a result of its losing the support of developing countries (including its Mercosur partners) in its campaign for the general secretariat of the WTO. Finally, as the UN reform process loses momentum, Brazil's efforts to gain a permanent seat on an expanded UNSC show little sign of any imminent reward.

More time will be needed for Brazil to adjust expectations to capabilities. The present political crisis faced by the Lula administration has underscored and made explicit just how much time is needed for long-run institutional improvement in the character of Brazilian democracy. Stronger and healthier political institutions and practices will undoubtedly have a positive impact upon economic and social conditions in the country. The close connection between internal and external dynamics also has the potential to open the way for the recovery of a virtuous circle in which Brazil would be able to assume its role as an intermediate state and a regional power with greater confidence and domestic support.