Brazil's advance of autonomy during Luís Inácio Lula da Silva's presidency: an assessment of international relations theories to explain Brazil's two-step strategy

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Brazil’s Advance of Autonomy During Luís Inácio Lula da Silva’s Presidency:

An Assessment of International Relations Theories to Explain Brazil’s Two-Step Strategy

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ABSTRACT

In the academic study of international relations, the central debate pertains to international relations theories and the significance of their claims to explaining state behavior. On the one hand, realism argues that what matters is material power. On the other hand, constructivism contends that ideas, norms and state identities are crucial to understanding state behavior. In this study I draw upon both theories in order to explain Brazil’s two-step foreign policy strategy to achieve an unprecedented level of autonomy vis-à-vis other nations during Luís Inácio Lula da Silva’s (universally known as “Lula”) eight-year administration. In order to fully explain this phenomenon, I augment realist international relations theory with the social theory of constructivism. I argue that Itamaraty, Brazil’s Foreign Ministry, conducted a two-step foreign policy strategy that responded to the incentives proposed by both realism and constructivism respectively. First, Brazil pursued a sustainable economic growth policy and established domestic reforms to supplement its material resources; second, by leveraging its domestic agenda and the shift in its own identity due to its material achievements, as well as shifts in the norms of the international community, Brazil successfully gained autonomy by diversifying its bilateral and multilateral relations. Realism predicts a more prominent place for Brazil if its material resources were to increase relative to others. Constructivism’s focus on identities and norms, helps explain Brazil’s emergent autonomy as well as its contribution towards challenging the established international regime dominated by U.S. unipolar power. Synthesizing these frameworks allows for a more complete explanation of Brazil’s advance of autonomy contextualized in a continuously changing international community.

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1 Itamaraty is tupi, an indigenous word, to describe “água de mar e pedra” (ocean and stone water). Oscar Niemeyer, Brazil’s pioneer of modern international architecture, designed the Ministry of Foreign Relations building and named it Itamaraty.
Introduction

During former President Luís Inácio Lula da Silva’s eight-year administration Brazilian foreign policy has advanced an unprecedented level of autonomy vis-à-vis other nations. Making this goal a priority on the agenda of the Brazilian Ministry of Foreign Relations\(^2\), popularly known as Itamaraty, was difficult since Brazil has a traditionally reactive foreign policy reflecting its subordinate position vis-à-vis United States hegemony. Brazil’s profile has risen in different aspects – its inclusion in the BRICs reflecting its rise in power and prestige: “In short, Brazil suddenly seems to have made an entrance onto the world stage.”\(^3\) In fact, Brazil is now the sixth largest economy in the world, overtaking Britain.\(^4\) As a result of such domestic and material accomplishments, Itamaraty adopted a never-before-seen foreign policy strategy. Itamaraty leveraged Brazil’s domestic agenda in order to challenge the established international order and advance autonomy in a two-step strategy, the international projection of “national greatness” and diversification of bilateral and multilateral relations. In this thesis I will argue that Lula was successful where previous Brazilian presidents were not in asserting Brazil’s autonomy, and I offer a synthesis of two leading, and competing, international relations theories – realism and constructivism – to explain this outcome.

Realists contend that the exercise of power by the state, a rational actor, is essential in defining its relations with other states. Realism offers the understanding that a state can only convey power through its geopolitical and military capabilities. By leveraging its material

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\(^2\) In Portuguese: Ministério das Relações Exteriores (MRE).


resources, the state should influence other states. It has always been clear that Brazil has strong geopolitical capabilities. Political scientist and researcher, Scott D. Tollefson, observes that “Brazil is the largest country geographically in Latin America, with 48 percent of the South American landmass.”

Brazil’s economy is the largest in Latin America. In addition, Tollefson’s studies indicate that “[Brazil’s] continental size, its abundant resources, its demographic and economic prominence in Latin America, and the fact that it shares boundaries with every country in South America except Chile and Ecuador all play a role in shaping Brazil’s foreign policy.”

Despite Brazil’s material resources, however, Tollefson asserts that realism dismisses the idea of Brazil adopting independent policies due to its marginal status vis-à-vis powerful nations. Tollefson asserts when he writes, “According to realism, Brazil would be expected to be significantly constrained in its choices, because it is not one of the major powers in the world.”

But under Lula, this was not the case. In this thesis I show that Brazil was successful when engaging in an audacious foreign policy in order to assert its autonomy.

In short, realism cannot explain the window of opportunity Brazil took advantage of during Lula’s administration in order to advance its autonomy. For realism, Brazil could not fully afford adopting independent foreign policies. As the prominent realist John H. Herz puts it, “[realism] is that type of political thought which . . . recognizes those security and power factors which are inherent in human society.”

What Herz means by this is that material resources are what ultimately assure a state’s power, which in turn, promotes security. Herz’s theory of power

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6 Ibid., 288.

7 Ibid., 288.

factors is extremely useful because it sheds light on the difficult problem of international security. However, the international system changed after the end of the Cold War, and what was before a polarized competition between Communism and Capitalism (and the attempt by both extremes to conquer spheres of influence) no longer prevails. During the Cold War, the ability of the United States and the Soviet Union to obtain spheres of influence led to anxiety and instability worldwide – the Cuban Missile Crisis is an example of an international crisis dominated by a bipolar order reflecting instability. This means that the ability of a state to maintain international security is a significant power indicator today; however the means by which power is achieved has expanded and is no longer limited to only military capability and/or material resources.

After the Cold War and the collapse of Communism, the U.S. dominated the international community defining a period of unipolarity on the international order. This dominance has been challenged due to innumerous events such as the September 11th terrorist attacks and the Iraq War. Such a change in the international community has opened the window of opportunity for Brazil to achieve a greater level of autonomy vis-à-vis other nations. Ultimately, what is at stake today is increasing interdependence, which leads states to adopt different relations with each other and engage in multilateral relations to pursue their interests. Conducting an innovative foreign policy model, Itamaraty’s ideas of leveraging sustainable economic growth and diversifying bilateral and multilateral relations must be explained beyond the scope of realism. The increasing interdependence expanded Brazil’s sphere of influence. In *Power and Interdependence*, Robert O. Keohane and Joseph S. Nye, argue that the realist idea of rigid
hierarchy no longer prevails and because of this “interdependence”\(^9\), weaker states have more relative influence pertaining to various issues in the global sphere.

According to Ted Hopf, a notable constructivist, “actors [states] develop their relations with, and understandings of, others through the media of norms and practices.”\(^{10}\) In making this claim, Hopf urges us to recognize the importance of states’ identities and how these identities are socially constructed. That is, constructivism sees actors’ identities as a result of transformed and constantly-changing social interaction. Thus, continually changing international norms matter because they shape states identities, which in turn, influence the international system. The asymmetry of the global order has affected the way states behave making them adopt new foreign policy conducts. Although realism understands the global order as asymmetric, it has not foreseen Brazil, an emerging state, adopting a new behavior constrained by the exact same asymmetry. This is why Brazil’s foreign policy during Lula’s administration surpasses the core assumptions of realism. Brazil’s relative autonomy in the Latin America region has never been fully acted upon, and its rising power status in the region is a product of its increasing autonomy, not the other way around.

The international community has seen two significant shifts in the international order due to the Cold War. First, during the Cold War, there was a bipolar international order in which the United States and Soviet Union were the only two powerful actors in the international community—other states were simply spheres of influence. The second change was originated with the end of the Cold War. The post-Cold War international order gradually changed, deepening interdependence among states due to the increased emphasizes on trade, international


organizations and bilateral relations. This post-Cold War period should be divided into two eras. First, from 1989 to 09/11/2001 there was a temporary unipolarity, augmenting U.S. power. The second era, from 9/12/2001 to today, there has been a decline in U.S. control over outcomes and a growing challenge to U.S. hegemony from friendly countries. This decline has opened a window of opportunity for Brazil to rise as a major player in the international community. With these changes taking place in the international community, Itamaraty perceived an opening and proceeded with a bold course of action – to challenge the decision-making process of international organizations and diversify bilateral relations using Brazil’s domestic and economic achievements. In short, my study of Brazil’s advance of autonomy during Lula’s administration is in fact addressing the larger matter of the continuously changing international order. This change has made possible Brazil’s foreign policy two-step strategy, which can only be explained through a combination of realism and constructivism.

Realism enables us to understand that Brazil perceived the window of opportunity due to its newly-enhanced material endowments. However, it only takes us this far. Constructivism enables us to better understand that Brazil wanted to take advantage of the change in the international community, including the decline of the U.S. influence, because Itamaraty perceived such an opportunity and used the change in international norms and states identities’ to assert Brazil’s autonomy. I am not saying that the changes came from within domestic politics – national political parties, legislative competition, or social movements. It is important to distinguish that Itamaraty’s source of change did not come from domestic politics.
Thus, the international relations theory of liberalism only explains Brazil’s foreign policy first-step to assert autonomy.\footnote{It is beyond the scope of this thesis to identify where \textit{Itamaraty}’s strategy came from. It appears that the combination of Celso Amorim’s experience and Lula’s charisma and background served \textit{Itamaraty}’s strategy to assert Brazil’s autonomy. Future research would delve further into this issue, ideally with interviews within \textit{Itamaraty}.} Although \textit{Itamaraty} has not directly stated that it was pursuing a new foreign policy based on the changes taking place in the international order, there were many instances in which President Lula and former Foreign Minister Celso Amorim, the head of \textit{Itamaraty} and the architect of the strategy, stated that Brazil was going to look for a more legitimate United Nations and more space for Brazil in Latin America. For instance, in the attempt to obtain a permanent seat at the UN Security Council, \textit{Itamaraty} declared that most of the UN Security Council decisions were not legitimate because they expressed solely the U.S. and other Western nations’ interests. This was the first time \textit{Itamaraty} has shown a more active, rather than reactive, foreign policy conduct. By contrast, Lula’s immediate predecessor, former President Fernando Henrique Cardoso (1995 – 2002) “reached the point of declaring that he would prefer deepening regional integration and being part of the G-7 to a seat on the Security Council.”\footnote{Tullo Vigevani and Gabriel Cepaluni, "Lula’s Foreign Policy and the Quest for Autonomy through Diversification," \textit{Third World Quarterly} 28, no. 7 (2007): 1322.} This contrast of foreign policy goals between both presidents shows Brazil’s new foreign-policy strategy during Lula’s administration.

The Brazilian Ministry of Foreign Relations was founded in 1822 and became a major player in the international community through multilateral relations after the end of the Second World War. Its mission is to assist the President in the formulation of Brazil’s foreign policy. Indeed, according to political scientists, Jeffrey W. Cason and Timothy J. Power, \textit{Itamaraty} and
its decision-making process express a “presidentially led diplomacy.” That is, the president will have a significant decision power on foreign policy conduct. Yet, different presidents have different goals – Cardoso had a more passive preference for regional integration than Lula. In addition, Itamaraty also has the mission of “maintaining diplomatic relations with governments of foreign states, international organizations and promote the interests of Brazilian state and society abroad.” Itamaraty has the following competency areas: “(1) International politics; (2) Diplomatic and consular services; (3) Participate in trade negotiations, economic, technical and cultural relations with foreign governments and entities; (4) Programs of international cooperation and trade promotion, and (5) Support for delegations and representations in Brazilian and international agencies and multilateral organizations.”

In order to understand Itamaraty’s traditional mission and its connection with Lula’s administration we must explore different levels of analysis. First, consider the global level of analysis and the changes taking place since the end of the Cold War. Cason and Power emphasize that the end of the Cold War “forced policymakers to review Brazil’s place in the world.” This means that a new evaluation of Brazil’s international relations should be made so Brazil could adapt its foreign policy to the new international environment. Another important fact to keep in mind is that despite Brazil’s size and natural resources, Itamaraty has always responded to the asymmetric global order instead of acting as a Latin America regional leader – in this example, we can see an overlap between national and global levels of analysis. Second,


today there are more non-state actors that play an important role in the foreign policy making process – this illustrates the international level of analysis showing the increased level of democratization taking place in the international community (i.e., the increased importance of more than just nation-states). Third, the individual level of analysis comes down to the unique characteristics of different presidents in the history of Itamaraty. Cason and Power agree that this level pertains to domestic policies and leadership style. Lula was the first president in Brazil’s history coming from a background other than elitist. His administration was a symbol of social mobility in Brazil. Ultimately, he used such a different background to conduct domestic and foreign policies. His non-elitist background allowed him to use that in his favor when asking for a fairer and more just decision-making process from international organizations. His underprivileged background gave him more benefits when declaring Brazil’s intentions as a rising power. Lula became a symbol of rising power and egalitarianism for the international community.

Multilateralism has always been a key component of Itamaraty’s traditional foreign policy conduct. Even though Brazil has been part of the “small states” group, which claims to suffer from the arbitrary abuse of power by the strong states, it has never given up on conducting a foreign policy based on multilateralism. There are numerous reasons for why Brazil has traditionally relied on multilateralism. First, as Keohane and Nye convincingly argue, because multilateralism and, in turn, international organizations, ease the advance of a state’s self-interest, multilateralism “is essential for effective action.” Thus, Itamaraty’s focus on the fairness of multilateral organizations during Lula’s administration as part of its second step of Brazil’s foreign policy is not surprising. The two-step strategy is an indication of Brazil’s efforts

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to identify itself with new norms and a new identity. Conducting a foreign policy based on the legitimacy of international organizations, such as the United Nations, *Itamaraty* has seen the prospect of advancing its interests in a legitimate way.

Multilateralism may have been *Itamaraty’s* traditional orientation overall. However, it was not always the main driver of its foreign policy conduct. Under Lula, multilateralism gained more focus and was mainly used to advance Brazil’s autonomy. Yet, according to Keohane and Nye, the international regime serves America’s interests simply because America is the hegemon in all aspects – commerce and politics are controlled by the United States. According to Keohane and Nye, an international regime is the “set of governing arrangements that affect relationships of interdependence.”

Second, *Itamaraty* has always recognized the overwhelming need for international organizations so that global instability, such as the one during World War II, could be avoided. However, as I discuss further in this thesis, conducting a foreign policy traditionally based on multilateralism is a challenge when many believe that international organizations are not legitimate due to the power of a few – the United States, for instance.

Professionalization, autonomy, and a coherent ideology also help explain the traditional foreign policy conduct of *Itamaraty*. Cason and Power offer an intriguing analysis of the characteristics of *Itamaraty*:

Three characteristics of the [*Itamaraty*] are usually cited. First, the ministry is admired both inside and outside Brazil for the high level of professionalization of its diplomats. Second, although embedded within a fragmented and penetrable state apparatus (Weyland, 1996), *Itamaraty* has maintained an impressive degree of bureaucratic

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autonomy and isolation.\(^\text{19}\) It benefits from the formal and informal boundaries separating it from other ministries and agencies, and possesses a distinct organizational culture. Third, until recently its policy responsibilities were monopolistic.\(^\text{20}\)

Cason and Power go on to argue that “presidentialization” has been a key component of *Itamaraty’s* foreign policy conduct over the last years – this is necessarily true in the case of Lula’s administration. The level of “presidentialization” at Itamaraty’s decision-making process might not have changed; however, Lula represented a symbol of mobility to the international community and this was his role at the foreign policy level. Because Brazil’s leverage of its domestic achievements was only possible through *Itamaraty’s* willingness to use the changes in the international order, a combination of realism and constructivism is necessary.

Specifically, because of Brazil’s geopolitical strengths, which are valued by realism and the constant changes in the global order, which are foreseen by constructivism, the ministry leveraged Brazil’s economic and domestic achievements and engaged in multilateral as well as bilateral relations to advance its autonomy vis-à-vis other nations. Today, even the most powerful states are overwhelmingly dependent on each other – U.S. and China, for instance. Constructivism, on the other hand, uses the changes in system norms and state’s identities to assess state’s behavior. Bringing together realism and constructivism, I am able to address *Itamaraty’s* two-step strategy and answer the following question: How can Brazil’s advance of autonomy vis-à-vis other nations be explained by its domestic agenda and multilateral as well as bilateral relations? Achieving strong and sustainable economic growth and implementing an

\(^{19}\) The “autonomy and isolation” – Cason and Power refer to the national level of analysis.

audacious social reform, President Lula has challenged an international order that many former
presidents were not able to. In this thesis I contend that Itamaraty’s strategy of achieving
“national greatness” was not only about getting rich; it was about transforming Brazil and having
this projected in its identity abroad. This identity change was what drove Itamaraty’s conduct
and this is what constructivism highlights. During Lula’s administration Itamaraty helped Brazil
assert an unprecedented level of autonomy vis-à-vis other nations, and this can only be explained
using a combination of realism and constructivism.

This thesis is divided into five chapters. Chapter One presents the essential theoretical
framework to enable a better understanding of Brazil’s advance of autonomy. I assess the main
principles of realism, as well as the basic tenets of constructivism. Evaluating these two theories,
I will first illustrate that realism cannot completely explain the emergence of Brazil in the
international community. Then, I will demonstrate that, given the current and continuous
changing global order, a synthesis of both theories is necessary to explain Brazil’s policy shift. In
Chapter Two I discuss Brazil’s domestic accomplishments under Lula’s agenda and how they
enabled Itamaraty to leverage the country’s material achievements and the new identity in the
international sphere. Chapter Three evaluates how the strategy of diversifying its foreign policy
conduct – the new approach to multilateral leadership and the expansion of bilateral relations
with new countries and regions – enabled the assertion of Brazilian autonomy. In Chapter Four I
assess a typical and successful case study of the two-step strategy illustrated by the relationship
between Brazil and the International Monetary Fund (IMF) and Brazil’s reversal from debtor to
creditor. Chapter Five presents a more atypical and less successful case study pertaining to
Brazil’s role as intermediary on the Iran – Turkey nuclear agreement development. These two
case studies confirm the use of the “national greatness” strategy and diversification to create a
more advantageous international environment for Brazil’s interests and to declare its diplomatic independence. The concluding chapter assesses the validity of this paper’s argument and the lessons learned from the case studies. The conclusion also comments on the relevance of Brazil’s role in Latin America and globally for the near future.

Chapter One: Theoretical Framework – The Tenets of Realism and Constructivism

This study draws upon the theoretical frameworks of realism and constructivism to analyze Brazil’s two-step strategy to advance its autonomy vis-à-vis other nations during Lula’s administration. The central question of this study concerns not why Brazil asserted its autonomy, but rather how the assertion was achieved. I will argue that international conditions influenced Itamaraty’s decision to engage in a two-step strategy, namely securing and publicizing domestic accomplishments and diversification of its bilateral and multilateral relations, in order to advance its autonomy. I present two pivotal case studies that illustrate Brazil’s two-step strategy. The first case study illustrates Brazil becoming a creditor instead of a debtor at the IMF (showing its domestic accomplishments in terms of developing sustainable economic growth), and the second case study shows a less successful case because Itamaraty did not succeed in challenging the norms established by the UN Security Council when it supported the Iran-Turkey nuclear development program deal (Brazil engaged in a diverse bilateral relation with both, Iran and Turkey, previous to the deal). Thus, this investigation focuses on the theoretical framework presented by realism and constructivism in order to understand Itamaraty’s two-step strategy that asserted a greater level of autonomy for Brazil. Realism enables us to understand Brazil’s material achievements but we need constructivism in order to understand the changes in the global order and how the material achievements changed the way Brazil was perceived.
Realism: Military and Material Capabilities in an Anarchical International Order

Realism contends that security and material resources (such as geopolitical strengths) dictate the power, or influence capability of the rational actor, the state. This school also claims that influence builds within an anarchic international environment. Because of state sovereignty and territorial integrity, there is no international law or organization that can force laws towards states; international relations theorists refer to this as anarchy. Thus, realism is “the view that war is inescapable in a system where sovereign states compete for power and advantage to one another’s detriment.”

Realism was founded as a modern theory of international relations in the 1930s as the “power politics” theory of international relations as a response to the events occurring at that time. Realism has set the international relations agenda since then, and “it stresses the tragic and conflicting side of relations between states, and sees foreign policy in terms of the pursuit of the national interest, defined as power.”

In other words, power is distributed unequally based on the asymmetric global order in which some hegemonic powers pursue national interests and other states merely respond through dependent foreign policies.

In his book, *Myths of Empire*, Jack Snyder maintains that “Realism contends that the costs and risks of aggression may be unavoidable in an anarchic international environment that forces states to use warlike means to guarantee their own security.”

Snyder adds that “the more vulnerable states are to the depredations of others, the more aggressive they must become, if only

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22 Ibid., 528.

in self-defense.”24 For realism, anarchy and alliances due to state sovereignty and self-interest are fundamental truths. Though I concede that state sovereignty is crucial for international relations conduct, I still insist that the increasing interdependence among states and the decline of the United States undercut the framework realism has used thus far to explain international relations.

Another key claim that has been part of the realist agenda is the emphasis on material resources, or geopolitical strength. Realism is right that material resources inevitably shape a state’s power capability. Indeed, realism sees economic or military power as the “single most important source of influence and authority in global politics.”25 On the other hand, material resources alone cannot guarantee such a power capability. As an illustration, consider Brazil itself: despite Brazil’s landmass dimension and natural resources, it has always responded to the asymmetric global order instead of acting as a regional hegemon. After the “lost decade” of the 1980s and the debt crisis, Brazil needed to achieve more sustainable economic growth to be perceived by the international community as a Latin American leader. However, one cannot explain the change in the perception of Brazil without considering the issue of economic credibility along with material resources. When Lula was elected for his first term, the international community thought that Brazil was going to default on its debt with the IMF.26 This caused tremendous uncertainty in the international market since Brazil is a major exporter of commodities. One of the first steps Lula took in order to reestablish certainty and Brazil’s credibility was to reassure the international community that Brazil would not only pay its debt

24 Snyder, Myths of Empire: Domestic Policy and International Ambition, 11.
but would also establish domestic reforms that would change the decision-making process on the domestic level. This course of action affected the way other leaders perceived Brazil and Lula. In other words, states’ identities matters. This is the core tenet of constructivism in international relations theory, to which we now turn our attention as a complement to realism.

**Constructivism: Socially-Changing Conditions Affect States’ Identities**

Constructivism is a social theory that has been part of international relations studies since the end of the Cold-War. With the collapse of the Soviet Union and the end of the Cold War, constructivism emerged as an alternative approach to global affairs due to the drastic change in the international environment. Constructivist Alexander Wendt insists that “Constructivism is not a theory of international politics. Constructivist sensibilities encourage us to look at how actors are socially constructed, but they do not tell us which actors to study or where they are constructed.”

Wendt contends that constructivism is an approach that takes into account the socially changing conditions and that it considers states’ identities and socially constructed international norms when analyzing international relations. Constructivism, different from realism, considers all varying level of analysis. Thus, constructivism combines non-state and state as actors within the international sphere. This tenet by itself explains the emphasis on Itamaraty and how it changed over time.

Constructivism focuses on ideas and norms, rather than material premises. This enables a more comprehensive understanding of the changes in the international community that allowed Brazil to shift its international relations from reactive to active. Another key claim by constructivism is that identities matter. According to Ted Hopf, “Identities are necessary, in

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international politics and domestic society alike, in order to ensure at least some minimal level of predictability and order.”

Hopf’s point is that considering a state’s identity is critical in order to understand a pattern of behavior. A classic example used by constructivism to illustrate the significance of identity in international relations is British vs. North Korean nuclear weapons – “Consider nuclear weapons – the ultimate material capability that shows power. Constructivists argue that it is not such weapons themselves that matter. After all, the U.S. worries very little about the large quantity of nuclear weapons held by the British; however, the possibility that North Korea might come into possession of even one or two generates tremendous concern.”

This illustrates what constructivists aim to understand in international relations; that is, that norms and social construction matter on the global level.

The purpose of constructivism is to show that it is impossible to separate social structure from its effects on agents. Constructivism aims “to show how agents are differently structured by the system so as to produce different effects.” Ultimately, constructivism points to the importance of how international order relates to states and how this changes their identities. Realism, on the other hand, sees the international order as a single anarchic system where states’ self-interest prevails. Another key difference between constructivism and realism is the way both theories perceive anarchy. According to Hopf, “Constructivism’s insight that anarchy is what states make of it, for example, implies that there are many different understandings of anarchy in the world, and so state actions should be more varied than only self-help.”


30 Wendt, Social Theory of International Politics, 12.

notion of anarchy is socially constructed and therefore varies due to the continuous changes taking place in the international community. These changes allow the alteration of states’ identities and, in turn, the determination of a “proper” course of action. It is important to understand that Itamaraty perceived that by increasing its material endowments, Brazil would be able to have more influence in the international community and, simultaneously, challenge the decision-making process of international organizations. The strategy applied in order to assert autonomy was not done solely by Brazil alone – there were constant changes taking place in the international sphere and Brazil took advantage of them as well as of international organizations such as the IMF. Therefore, autonomy was not achieved through self-help.

Because of increasing economic interdependence between nations and the necessity to engage in cooperation, Brazil saw it proper to engage in independent policies that sought to challenge the international order in which only the United States prevailed as global hegemon. Realism would predict that for Brazil to achieve autonomy, it would need to acquire a massive amount of military and other material resources. But Constructivism points elsewhere. In addressing the question of how weaker states have been able to act as leaders, political scientist Audie Klotz demonstrates that “with meanings flowing between people and across borders power relies on the dominance of particular shared understanding, rather than simply control over military technology or capital investment.”32 Klotz’s claim tells us a great deal about how the U.S. hegemony has prevailed until 2001. Realism can see that a shift in relative capability is possible, such as the decline of the U.S. followed by the rise of another, such as the rise of Brazil. According to Wendt, “it is impossible for structures to have effects apart from the

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attributes and interactions of agents.” In addition, Constructivism is a social theory that aims to analyze the interaction among agents (states in this case) and how their diplomatic interactions change as a result of norms and ideas. Thus, constructivism focuses on the identity level of analysis.

At the same time, I would like to emphasize that what I am proposing is a synthesis of the two frameworks, not the rejection of one or the other because of their respective shortcomings. I am not claiming that both theories fail for their assumptions cannot explain Brazil’s behavior in its entirety; I am arguing that it is necessary to take into account the ever-changing international relations conditions for a better understanding of how material resources and norms can be combined and therefore eliminate higher levels of asymmetry in the global order. We now know that Itamaraty saw the global conditions changing and, as a result, engaged in a two-step strategy, domestic achievements and diversification, to challenge the higher level of asymmetry in the global order. The ultimate interest in achieving greater material resources through more sustainable economic growth and social reforms can be explained by realism; the urge to engage in bilateral and multilateral relations and the ultimate result of advancing relative autonomy vis-à-vis other nations can be explained by constructivism. My conclusion, then, is that in order to analyze Brazil’s advance of autonomy through a two-step strategy it is necessary to understand the tenets of realism and constructivism. On the following pages, I will focus my analysis on the framework of realism and constructivism in order to assess Brazil’s two-step strategy and case studies.

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33 Wendt, *Social Theory of International Politics*, 12.
Hypothetical Scheme (Chart 1): Brazil’s Two-Step Foreign-Policy Strategy to Assert Autonomy

“National-greatness” strategy – material achievements
Political stability, audacious social reform, from debtor to creditor, sustainable economic growth (Realism)

Diversification of multilateral and bilateral relations
Brazil was able to amplify its spheres of influence in the international community due to the changing global order (Constructivism)

“Perceived” Credibility of Brazil
Stronger influence of Brazil towards the international community and issues (e.g.: Brazil’s shift from debtor to creditor and its role as intermediary in the Turkey-Iran nuclear deal).

Greater autonomy
Effective two-step foreign policy strategy
Chapter Two : Achieving “National Greatness” – The Starting Point for an Effective Foreign Policy

The focus of this thesis is not whether Brazil’s foreign policy was successful or unsuccessful. Instead, this thesis looks at the two-step foreign policy strategy, which enabled greater credibility of Brazil vis-à-vis other nations, and how realism and constructivism can enlighten this strategy. Specifically, this thesis analyzes the conditions of the global order and how shifts therein have opened the window of opportunity for Brazil to gain more bargaining power. My hypothesis derives from the following assertion: the decline of the United States opened doors for Brazil to rise as a leader due to its material achievements and diversification of multilateral and bilateral relations. Analyzing the domestic environment in which Lula became president is important because it enables the better understanding of the national conditions used as a tool to his “autonomy agenda.” Aggressive social reform, reduced inequality, sustainable economic growth, and cooperation of Congress were key indicators that Brazil was at a different stage at the game and would not step back. In this chapter I analyze these indicators, and maintain that the material achievements, foreseen by realism, enabled Brazil to be perceived as a more autonomous state, and thereby assert its credibility as a growing power in the international community.

Lula’s Presidency Commencement and Domestic Goals

Lula came in as president in January of 2003 and was reelected for a second term in 2007. From his very first term Lula claimed that he had three major domestic priorities – to establish the social security reform; to reduce poverty; and to meet Brazil’s debt obligations with the IMF. In fact, during his presidential campaign Lula addressed a letter to the Brazilian
people, assuring them that he would continue what former President Cardoso started in the economy, including Cardoso’s policy of honoring Brazil’s debt and other outstanding financial obligations. This claim was surprising because as a member of the socialist Partido dos Trabalhadores (PT), or Worker’s Party, Lula was always opposed to Cardoso’s decisions, particularly concerning the Brazilian economy. In this same letter, Lula claimed that his administration would be mainly committed to domestic achievements like “social justice, and to poverty reduction”. Although Congress and civil society were uncertain about how Lula would achieve such priorities, he gambled that through negotiation and dialogue he would be able to change the environment for Brazilians.

The scope of this paper is limited to Lula’s eight-year administration. However, it would be helpful to present a brief analysis of Brazil’s economic and social conditions before Lula became president so that one can comprehend the dynamics of Lula’s “autonomy agenda.”

During the late 1980s and early 1990s, the economic thinking in Latin America was drastically changing due to the problems of states mismanaging the economies. This new way of thinking focused on neoliberal policies and was mainly influenced by the Washington Consensus (WC), which emphasized macroeconomic concerns such as reduced state intervention and market liberalization. Taking up this new mentality, former president Cardoso lifted Brazil’s economy in the early 1990s by adopting a series of economic reforms.

In the early 1990s, Brazil was suffering of long periods of high inflation and political instability. During 1993 and 1994, Cardoso introduced a crisis-driven reform targeting high

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35 Roett, The New Brazil, 104.
inflation. This reform privatized a series of state-owned companies, Petrobrás36 and Vale37, for instance. Having introduced a new national currency in 1994, the “Real”, Cardoso avoided hyperinflation and a deep recession. As a result, the Brazilian economy grew by 9% during the next nine months following the launch of the plan.38

However, the reform led to various consequences that would hurt Brazil’s economic performance in the future. The reform did not implement a development strategy simply because it lacked the support of the Congress in many non-economic areas, such as social. This created a neoliberal trap for Brazil’s development. The economic conditions forced by the IMF, one of the most powerful International Financial Institutions (IFI) enforcing the WC, affected the direct financial flows to developing nations. This is only an advantage for an economy if its currency is strong. Since Brazil is an exporter, this was not an advantage. Brazil needed to keep its currency at a certain low level so its exports would be attractive to the foreign market. Too much capital inflow in an economy can be a good thing because it raises the value of its currency, which makes imports less expensive. In the case of Brazil, this is a disadvantage since its economy is relatively dependent on exports. That is, too much capital inflow raises the Real, which in turn hurts Brazil’s trade balance since its export goods become expensive abroad. Therefore, the tremendous amount of capital inflow to Brazil’s economy harmed its commercial trade and its currency, making Brazil’s Central Bank intervene in the market many times. In order to tackle this problem, Lula and his team imposed a tax on short-term capital inflows in 2009 in order to alleviate the high amount of capital inflow into the country’s economy.

36 Biggest oil company in Brazil.
37 Biggest mining company in Brazil.
Another form of “trap” that the WC forced into Brazil’s economy was the overwhelming increasing debt Brazil had with the IMF. Some may argue that debt reflects power, but in this case Brazil’s debt reflects great dependency on an IFI heavily controlled by the U.S. Therefore, the debt meant a form of contemporary trap, or what critics have likened to “colonialism.”

Political scientist Susan George, writes that “debt is the mechanism that keeps much of the southern hemisphere obedient and under control.”

Although I concede that without IMF loans Brazil’s economy would not have achieved a greater level of stability, I still insist that the conditions imposed by the WC harmed the economy and created a disadvantageous cycle.

Finally, Cardoso did not count on the Congress’ support, which in turn decelerated Brazil’s progress since it took the Congress a longer period of time to approve any proposal of the reform. In contrast, Lula was able to achieve agreements with Congress in different provisional measures. While Cardoso was able to establish reforms that targeted the national economy, the remaining reforms, such as social security, remained unpopular among members of Congress. Social scientist David Fleischer emphasizes that during Cardoso’s attempt to establish the reform, “the proposals for social security reform were especially disliked, as most Brazilian families either had members already retired or close to it.”

Fleischer points out that “the first attempt at passage of a benefit-reduction proposal in the Chamber of Deputies, in March 1996, missed the three-fifths constitutional quorum (308 votes) by a slim margin.” After this attempt,

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40 Ibid., 8.


42 Ibid., 128.
the reform was revised and needed final approval. However, another obstacle Cardoso had to face was the uncertainty within his own political party, PMDB (Partido Democrático Brasileiro or Brazilian Democratic Movement Party) regarding the reform and his reelection for presidency in the following October 1998 elections.\textsuperscript{43} Research done by Applied Economic Research Institute, IPEA (Instituto de Pesquisa Econômica Aplicada), shows that “R$110 billion [\(\approx\$60.3\) billion in today’s exchange rate] could be saved over the next ten years” had the social security reform been passed.\textsuperscript{44} These findings have important consequences because they influenced the way Brazilian citizens and national Congress saw such an issue during Lula’s administration.

Even though Cardoso was able to fight high inflation and introduce a series of neoliberal policies, he failed to attack the issues of social inequality and access to education, for instance. By contrast, as part of his “domestic agenda”, which was used as a tool in Itamaraty’s “autonomy agenda”, Lula gained support of the Brazilian Congress and added provisions towards social inequality and distribution of income into the national constitution. It is important to understand that both presidents’ goals are not compatible. While Cardoso was mainly focused in controlling inflation, which in turn would allow unemployment to decrease; Lula wanted to focus on human capital – that is, Lula thought that the long-run trade-off by investing in education and reducing poverty would offer greater opportunities to the average Brazilian.

**The National Congress and the Social Security Reform**

The Brazilian National Congress has legislative functions with a bicameral chamber. Federal deputies are directly elected, reflecting the population count of each state. Thus, small

\textsuperscript{43} Fleischer “The Cardoso Government’s Reform Agenda: A view From the National Congress,” 129.

\textsuperscript{44} Ibid.,130.
states are underrepresented. State parties select candidates and concentrate their campaigns on redutos eleitorais or “electoral strong-holds.” These are usually located in populous states and cities, such as the states of Rio de Janeiro and São Paulo. Congress must approve a reform proposal in order for it to be established. If the majority of political parties initially support a reform proposal in both houses, the more likely the reform will be approved by Congress.

In order to implement provisional measures and proceed with his domestic agenda, Lula had to convince the majority of both houses that the reform was a necessary cure for Brazil. Even though the reform proposed by Lula was very similar to Cardoso’s proposal, Lula was able to better bargain for votes than Cardoso was – some of the reasons have been previously mentioned in this thesis. The process by which Lula’s proposal went through was much smoother and shorter. This was possible because during Lula’s administration, the need for a stronger social safety net was more emphasized than the deficit that the national economy presented during Cardoso’s administration. This means that Lula enjoyed more partisan support in both houses due to the economic conditions Brazil presented. Cardoso’s administration also presented a weaker economic environment, which led to reluctance from Congress members to pass any other reform – particular one that affected their own retirement plans.

The floor vote for the proposal happened on November 26, 2003 and it was approved by 55 to 25 votes. Political scientist Taeko Hiroi explains that

[T]he parties in the government coalition gave 42 favorable votes; the PSDB and PFL together provided 13. Although PSDB’s leader, Senator Arthur Virgílio, recommended a contrary vote to his party members, he did so not because of the party’s opposition to the reform (the PSDB in fact supported the reform) but as a protest to ‘the government

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Lula enjoyed greater yet uneven support from Congress. Some argue that the domestic reality during Lula’s administration was based on a corrupt Congress whose members received incentives from Lula or his intimates. The scope of this thesis does not, however, engage the means but rather the outcome of Lula’s domestic agenda. Taking advantage of the neoliberal financial reform his predecessor Cardoso established in Brazil, Lula was able to change the country’s dysfunctional economy to a more sustainable one. In fact, he decided not to default on Brazil’s IMF debt, ignoring most of his left-wing Worker’s Party, which made it harder for him to engage in his domestic/social agenda. Brazil and its IMF debt will be addressed later in this thesis.

Political scientists Rosa Maria Marques and Áquillas Mendes explain that “a motivation given for the reform is the understanding that pension funds would create a significant national savings account, helping to finance domestic development.”47 This is due to the fact that the law provides that pension funds, health care, as well as unemployment should be managed by the Social Security Administration, which does not allow the separation of its funds from different tax bases. By tackling the Social Security Administration and generating surplus to pay off its debt with the IMF, Lula was able to diminish social inequality and provide more and easy access to education – please refer to Table 1 and 2. Foreign investors as well as leaders were watching Lula and his team very closely, since the reform’s success would mean that the economy would


have more credibility. Brazilian citizens as well as global leaders already knew that the first attempt made by Cardoso was necessary but did not succeed. There was a common understanding that the reform needed to be implemented and that the economy would not be able to wait any longer. Hiroi claims that “[t]he Chamber and the Senate approved Lula’s proposal virtually intact, involving only minor adjustments in the terms of key provisions. This compares with the struggle of the Cardoso government in passing the proposal in the Chamber.”  

In addition, “[the] Lula government repeatedly stated that the reform was not perfect but was politically possible.”

Finally, although there were disagreements regarding the social reform proposed by Lula’s administration, Congress voted for it and the provision was passed. Thus, by implementing provisional measures and an aggressive social reform, Lula was able to ensure that the international community would consider Brazil a stable state, and potentially, a regional leader in Latin America. The article published by The Economist, “Brazil Takes Off”, celebrates the fact that “[Brazil]’s take-off is all the more admirable because it has been achieved through reform and democratic consensus-building. If only China could say the same.”

The government’s social security reform and its impacts are the first example of Lula’s domestic tool towards the “national greatness” strategy and assert Brazil’s autonomy in the international community. The reform was important because it symbolized the first step toward a greater, less vulnerable, social safety net. This in turn, deteriorated the dependency conditions once enabled by the “neoliberal trap” previously discussed.

48 Hiroi, “Timing and Outcome of Legislation: Brazilian Pension Reform in a Bicameral Perspective,” 413.

49 Ibid., 414.

Stable Economy

Lula’s goal was quite clear from the very first moment he started campaigning: “Attract investment – foreign and domestic – into the productive economy, not into government bonds.”

Right after commencing as Brazil’s president, in February 2003 Lula created a Council for Economic and Social Development (Conselho de Desenvolvimento Econômico e Social or popularly known as Conselho de Desenvolvimento Econômico e Social or Conselho de Desenvolvimento Econômico e Social or Conselho de Desenvolvimento Econômico e Social or Conselho de Desenvolvimento Econômico e Social), or simply CDES. This council was designed to directly affect civil society as well as businesses by giving broader access to the state’s policy-making process. According to political economist Mahrukh Doctor, the CDES aims to “provide a mechanism for greater dialogue and improved governance the better to implement the government’s reform agenda.” Furthermore, Doctor concedes that “subsumed within this aim was the government’s intention to improve governance capacity and to create a climate conducive to reform implementation, investment growth, poverty alleviation, and economic development.” In other words, having established the CDES, Brazil’s government was able create an unprecedented link between civil society and the public sector. In order to improve Brazil’s performance, the Council would play a pivotal role towards implementing an effective social policy reform.

Marques and Mendes claim that “[n]o other government had the courage to think that servicing the debt should come before meeting social security expenses, much less raising them. Such an objective becomes “consistent” with social policy only when associated with the concern to direct all social initiatives to the poorest sectors alone.” This shows that Lula raised social

53 Ibid., 132.
security expenses so Brazil could meet its debt obligations and, eventually, invest in poor sectors of the economy.

Brazil’s path towards macroeconomic stability began during Cardoso’s administration. However, it started to be reflected in the lives of average Brazilians during Lula’s administration. For instance, Lula increased the minimum wage\textsuperscript{55} and the “crédito consignado – payroll loans that were basically bank loans for home purchases for those who have never owned a bank account, with automatic reimbursement deducted from the monthly salary or pension.”\textsuperscript{56} Such an initiative would not have been sustainable without reforming the state’s social security system. The CDES represents the starting point of the government’s aggressive domestic agenda.

In 2005, Lula announced that Brazil was finally going to meet its debt obligations with the IMF. This not only surprised the international community but also IMF officials themselves – Brazil was expected to pay off its debt in 2007. As a result of such a surprise, the Brazilian government explained that it was able to do so due to the “improving performance of the country's economy.”\textsuperscript{57} Such a declaration enhanced Brazil’s image globally, attracting more investments and, eventually, raising Brazil’s stake in different matters.

Having established the CDES and working on a major reform in Brazil, Lula knew that Brazil’s efforts to repair domestic issues would pay off in different ways. Besides being able to pay off its outstanding loan with the IMF, Brazil was selected to host the World Cup of 2014 and the Olympic Games in 2016, and engaged in the purchase of “$10 billion U.S. dollars worth of

\textsuperscript{55} One of the negative consequences of this policy may be its effects on the underground economy. However, analyzing such an impact is beyond the scope of this thesis.


\textsuperscript{57} “Brazil to Pay off IMF debts early,” \textit{BBC News}, December 14, 2005, \url{http://news.bbc.co.uk/2/hi/business/4527438.stm}.  
IMF notes nominated in SDR (Special Drawing Rights).” These are significant accomplishments that illustrate Brazil’s progress and material achievements. Brazil’s IMF debt condition will be further discussed in the case study A – Chapter 4. (Refer to Table 6).

**Audacious Social Policies**

Brazil’s social security reform represents the major transformation under Lula’s presidency due to its social impact in Brazil and repercussion with the global community. Benefiting from a more stable economy and political stability – sixteen years of democratic continuity from former President Cardoso to President Lula – enabled Lula to create social reforms beyond those that were previously inherited by President Cardoso’s two mandates. Therefore, the prominence Brazil has achieved with the global community has indeed reflected a shift in its identity. Corruption and economics as well as political instability have always played a major role in Brazil’s performance inside and outside of its domestic sphere. This shift of Brazil’s identity can only be fully explained by constructivism. Analyzing Brazil’s political, economic and social progressions as the source of its identity change enables a more comprehensive understanding of Brazil’s achievement of autonomy vis-à-vis the United States and global community.

Towards the end of 2003, Lula’s administration established the *Política Nacional de Desenvolvimento Regional* (PNDR) or National Policy for Regional Development. This project has “the dual purpose of reducing regional inequalities and enabling the potential development of

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59 This thesis is limited to explain the factors that contributed for Brazil’s assertion of autonomy. The search for the origins of its identity shift was not feasible given the scope of this thesis. However, it appears that the primary contributors of these ideas were President Lula and the Worker’s Party (PT).
the Brazilian regions, exploring the vast and fantastic diversity that we observe in our country of continental dimensions. The focus of concern therefore pertains to the dynamics of regions and better distribution of productive activities in the territory. The project then aimed to target not only economic development but also social development, while integrating a vast diversity of regions.

Among Lula’s different domestic priorities, reducing the poverty level was the top one. Establishing a cash transfer program, the Family Basket Program or *Bolsa Família Programa* (BFP), further discussed in this chapter, Lula would facilitate access to education to millions while lifting them from poverty (interestingly enough, Lula attended school only up to 8th grade). As shown in Table 1 there has been a significant decline in poverty levels among three different categories. For instance, the number of people living below the poverty line between 2001 (Cardoso’s administration) and 2009 (Lula’s second term) decreased from 5,253,580 to 3,306,326. (See Table 1 in the following page).

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Table 1: Poverty Reduction in Brazil: from 2001 to 2009

<table>
<thead>
<tr>
<th>Poverty Indicator</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of People living below the poverty line⁶¹</td>
<td>5,253,580</td>
<td>4,836,255</td>
<td>5,495,373</td>
<td>4,888,527</td>
<td>4,342,441</td>
<td>3,705,461</td>
<td>3,635,981</td>
<td>3,303,354</td>
<td>3,306,326</td>
</tr>
<tr>
<td>Number of Poor household</td>
<td>12,932,022</td>
<td>12,737,278</td>
<td>13,744,148</td>
<td>13,306,267</td>
<td>12,258,571</td>
<td>10,810,359</td>
<td>10,038,626</td>
<td>9,607,474</td>
<td>9,299,423</td>
</tr>
</tbody>
</table>


Lula’s social reform targeted poverty and access to education simultaneously. The Family Basket Program represented the flagship of Lula’s domestic agenda. According to the National Monitoring Report (*Relatório Nacional de Acompanhamento*), released in March 2010 reporting Brazil’s millennium goals, extreme poverty has been reduced from 12% in 2003 to 4.8% in 2008.⁶² The Family Basket program is a conditional program of direct funds transfer benefiting more than 13 million poor families in various regions of Brazil – most in the Northeast of the country. If a poor family meets the conditions imposed by the Program, they receive monthly payments that help towards the children’s education and health. It is the largest conditional cash transfer program in the world and has been established based on the program *Oportunidades*

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⁶¹ The number is calculated based on the value of a regular basket of food, known as *cesta básica*. Because this is a different measurement, the numbers should not add up. In sum, this table intends to show the contrast between 2001, during former President Cardoso’s administration and 2009 during President Lula’s administration. Overall, poverty has been reduced.

from Mexico. The *Bolsa Família* Program has embraced four different social assistance programs, School Basket (*Bolsa Escola*); Food Basket (*Bolsa Alimentação*); Food Card (*Cartão Alimentação*); and Gas Assistance (*Auxílio-Gás*). Each of these programs focused on “promoting schooling, health care, food consumption or compensating for adjustment.”63 However, because each one was administrated by different government structures, they often presented different gaps and/or duplication in coverage. The Family Basket Program eliminated these problems. This type of conditional cash transfer program has been successful because it ensures children’s school attendance, health, and food through the payments received and all controlled by one program only.

Family Basket has become a world-wide model for the reduction of hunger and poverty due to the amount of funds distributed to beneficiaries. To take a case point, consider the conditional cash transfer program Opportunity NYC, launched by Mayor Michael Bloomberg in April 2007. Opportunity NYC was the first conditional cash transfer program ever established in the United States, and was based on the models of Brazil and Mexico. The Zero Hunger project (*Fome Zero*) is part of the Family Basket Program and serves as food insurance for poor families in Brazil. The project aims to “ensure the human right to adequate food, promoting food security and nutrition to the most vulnerable portion of society and contributing to the achievement of citizenship by the most vulnerable to hunger.”64 According to Marques and Mendes, “the project uses as its benchmark the World Bank’s world poverty line ($1.08 per day), adjusted by regional

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cost of living and by the existence or absence of self-sustaining agriculture.”\textsuperscript{65} As noted in Table 2, there was a dramatic growth in the numbers of people served by the Family Basket Program from 2005 to 2011.

Table 2: Population Benefited by Family Basket Program in Brazil: from 2005 to 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>8,700,445</td>
</tr>
<tr>
<td>2006</td>
<td>10,965,810</td>
</tr>
<tr>
<td>2007</td>
<td>11,043,076</td>
</tr>
<tr>
<td>2008</td>
<td>10,557,996</td>
</tr>
<tr>
<td>2009</td>
<td>12,370,915</td>
</tr>
<tr>
<td>2010</td>
<td>12,778,220</td>
</tr>
<tr>
<td>2011</td>
<td>13,352,306</td>
</tr>
</tbody>
</table>

Source: Ministério do Desenvolvimento Social e Combate à Fome (Ministry of Social Development and Hunger Alleviation) & IPEA.

Although some may argue that Lula was only able to reduce poverty because of Cardoso’s previous cash-grant program, Bolsa Escola, I would maintain that Lula was able to lift more citizens from poverty than Cardoso did. Even though they both implemented programs using the same neoliberal policies, “when Cardoso left office in 2002, Bolsa Escola, his largest cash grant program, benefited 4.6 million families”\textsuperscript{66} whereas by 2006, Lula’s Bolsa Família reached 11 million families in Brazil. I am not saying that Cardoso’s policies were not effective. I am saying that the implemented policies were not sufficient. Before Lula implemented the Family Basket program, he created Food Card (or Food Stamp) that allowed poor families to

\textsuperscript{65} Marques and Mendes, “Brazil: Lula and Social Policy – In the Service of Financial Capital,” 25.

spend about $17 per month in food. According to Anthropologist Aaron Ansell, “this essentially doubled the amount of federal money that a family could have received from all of Cardoso’s grants combined.”\textsuperscript{67} Lula’s success was also recognized outside Brazil’s borders. In order for Lula’s administration to be able to use more funds to fight poverty, the World Bank received a loan proposal from Brazil’s Ministry of Social Development and Hunger Alleviation. When the loan was approved, the World Bank released an article in which stated that:

Brazil’s Government is committed to realizing the country’s large potential for welfare improvements through simultaneous actions on the economic and social fronts. Deeper social progress is essential to improve the quality of life of the least advantaged groups. The importance of achieving visible and rapid social gains while maintaining economic stability is further highlighted by the ambitions, high expectations, and hopes that rest on this particular administration. Rapid achievements on the social side would consolidate broader support for economic responsibility and difficult reforms, thus strengthening the foundations for growth and for even faster social progress in the future.\textsuperscript{68}

According to Marques and Mendes, “[t]he standard of living of millions of Brazilians has been improved by the Lula government’s Bolsa Família.”\textsuperscript{69} The social reform Lula implemented as part of his domestic agenda has created more support from the international community for Brazil’s progress. Being a model of development, the program has been implemented in different

\textsuperscript{67} Ansell, “Brazil’s Social Safety Net Under Lula,” 24.


regions of the world, lifting people from extreme poverty. Thus, a new relation between international authorities and Brazil’s authorities has been created. This opened doors for Brazil to advance its foreign policy.

In 2007, Lula launched what together with the Family Basket Program became the flagship of his administration, the Growth Acceleration Program (PAC – Programa de Aceleração de Crescimento). This program was a major Brazilian private and public investment plan in areas such as energy, sanitation, and construction. It was designed to encourage investment opportunities in Brazil. The tax exemption was one of the main topics when the PAC Program was announced because of its various benefits such as the authorization of a new federal savings fund for infrastructure projects. This fund, the Fundo de Garantia do Tempo de Serviço (FGTS), is a Brazilian compensation fund for employees similar to a savings account opened in the name of the worker whose employers deposits a certain sum of the worker’s salary every month. The PAC combined with Family Basket Program enhanced not only the state-society relation but also Brazil-international community relations. By focusing on its domestic agenda the goal was to ensure that the international community would consider Brazil as a responsible and autonomous country. Brazil’s reputation abroad was enhanced among the third world states because of the reduction of poverty and among the first world because it reduced poverty without engaging in “irresponsible” policies, such as Hugo Chavez from Venezuela or Evo Morales from Bolivia. During his speech for the Council of Foreign Relations, Lula contended that “All these changes on the domestic front cannot be considered in isolation from a more affirmative and more sovereign foreign policy.”\(^7\)

foreign policy autonomy; Lula linked these two in order to assert Brazil’s status in the global community.

Overall, realism supports the premise that a state that has material capabilities is more powerful vis-à-vis other states. However, when achieving more material capabilities, Brazil also changed its identity: becoming more stable economically and politically it became more engaged in solving its social issues by designing development programs that became models for other states – projecting “national greatness” from the inside out. Constructivism explains this ongoing change in identity and international environment. Using the strategy of “national greatness”, Itamaraty was able to improve the country’s international stature and gain the respect of international leaders as well as organizations. Marco Aurélio Garcia, Lula’s top foreign policy adviser, agreed when he said: “Without the success of his social policy, President Lula would not be as respected internationally.”71

Hypothetical Scheme (Chart 2): “National Greatness” Strategy – Material Achievements

Major Lula’s Policy Reforms

Conselho
(Council for Economic and Social Development)

Social Security Reform passes the Congress in 12/2003

Family Basket Program, Zero Hunger, Growth Acceleration Program

National greatness – material achievements

Political stability, audacious social reform, from debtor to creditor, sustainable economic growth (Realism)

- Pays off debt with IMF
- World’s 6th largest economy
- Creates social programs that serve as model world-wide.
- World Cup
- Olympic Games
Chapter 3: Diversification

Diversification means the opening and the improvement of bilateral relations with multiple countries not only to expand a country’s international connections but also to ensure its diplomatic impact towards a modification of the asymmetric international order. This means that Itamaraty’s decision to diversify Brazil’s relations, positions, and agreements under Lula’s presidency guaranteed to Brazil a more influential status compared to other nations, and opened doors for Brazil to become a leader in the Latin American region and beyond. The second part of Brazil’s two-step strategy was to engage into a set of bilateral and multilateral relations in order to assert its autonomy in the international community. This chapter illustrates that the strategy of diversification was only possible because of (a) the decline of the U.S. autonomy in the international community; (b) innovative Itamaraty’s foreign policy conduct; and (c) Brazil’s leadership role in the regional and international levels. In other words, combining the Realist and Constructivist paradigms is necessary in order to fully understand Brazil’s autonomy assertion.

Changes in the distribution of power within the international community were gradually becoming clear when Lula became president in 2003. The “business as usual”72 approach was no longer dominant. Former vice chairman of the National Intelligence Council at the CIA, Graham E. Fuller, explains that “business as usual” implies “the world’s sole superpower demanding others to accede to its strategy of the moment.”73 This changed. There were significant events that occurred in the U.S. history that affected its foreign policy conduct and power tremendously.

73 Ibid., 23
First, the 09/11 terrorist attacks affected the U.S. interests and foreign policy conduct – there was a deep and common understanding that fighting terrorism should be the top priority for Western society. Second, as a result of the terrorist attack the U.S. failed in its attempt to use the UN for its political interest, initiated the Iraq War unilaterally, and adopted an isolated, unilateral foreign policy. Third, the economic collapse of 2008 – 2009 was a major contributor for U.S. decline. As a result of this economic meltdown, once Brazil became creditor of the IMF it also became the fourth biggest creditor of the U.S. due to the high amount of dollar reserves it acquired.  

This context of U.S. relative decline arguably provided a chance for Brazil to move into a more autonomous position globally. Lula himself stated that: “Brazil is ready, Brazil is mature, Brazil is aware of the game which has to be played.” However, the international community disagreed, and many anticipated that Lula would default on Brazil’s debt with IMF. The international community prediction was wrong. Surprising global leaders and international organizations, Lula did not default on the debt. A better prediction was made by a Goldman Sachs economist, Jim O’Neil, who grouped Brazil, Russia, India and China together as the promising economies for the future – the BRICs rose as the emerging super powers.

Nevertheless, these circumstances were not enough for Lula to proceed with Brazil’s “autonomy agenda”. Having the ability to assert more autonomy does not necessarily mean that Brazil had the political will. That came from within, from Itamaraty and from Lula. Celso Amorim, once declared that it was time for a less autocratic multilateral world order.

Amorim claimed this in the context of global trade during the Cancún Ministerial Conference Meeting by WTO in 2003. Furthermore, Lula wanted to “push the IMF, the World Bank, and the United Nations to become more democratic.” It is important to understand that Brazil perceived the potential efficacy of multilateral institutions as a tool to constrain U.S. hegemonic power. Lula himself said once: “We need to build a world in which the use of force can only be made under extreme conditions and always with the support of international law and the legitimate multilateral forums.” In this passage Lula refers to the illegitimate decision-making process the U.S. engaged in order to go into a war with Iraq. As a result, Brazil’s new assertiveness was pointed in a particular direction. Implementing social reforms, establishing sustainable economic growth and expanding material endowments were necessary so that Brazil could engage in strong bilateral and multilateral relations and change Itamaraty’s diplomatic conduct.

**Changes in Itamaraty**

*Itamaraty* has shown a great level of consistency and tradition before Lula came in as president. One of the main traditional *Itamaraty*’s characteristics was its reactive foreign policy conduct. This changed during Lula’s eight-year administration. As a result of Brazil’s material achievements, referred to in this paper as “National Greatness” strategy, and the evolving global order, former foreign minister Amorim was able to change *Itamaraty*’s foreign policy conduct from reactive to active. This direction illustrates audacity and confidence in engaging in several decision-making processes. The major changes of Brazilian foreign policy under Lula’s administration show a deep transformation in terms of goals, interests, and style. This


transformation was not part of Brazil’s foreign policy under other administrations because goals were different. Former president Cardoso had, in fact, given up the idea of a permanent Security Council seat so it could maintain better relations with the U.S. – please refer to Table 3. First, Amorim and his foreign policy team opposed the U.S.’ moves concerning the Iraq War, the agricultural subsidies enforced by the U.S. and E.U., and the sanctions on Iran enforced via the UN Security Council. Second, the advancing of “national greatness” improved Brazil’s reputation as mediator among different global issues. In fact, Brazil became particularly relevant in issues related to poverty reduction and development. As The Economist noted in a positive overview of Lula’s presidency, “Since 2003 some 20 million Brazilians have emerged from poverty and joined the market economy.” Therefore, the dynamic of Lula’s foreign policy was only possible because of multilateralism and bilateral partnerships with various leaders of different regions, including the Arab countries, which ultimately challenged the hegemony of the U.S. Adapted from a version by Tullo Vigevani and Gabriel Cepaluni, Table 3 illustrates the changes in Itamaraty’s diplomatic conduct between the presidencies of Cardoso and Lula.

Table 3: Comparison Table – Cardoso and Lula's Foreign Policies

<table>
<thead>
<tr>
<th>Brazilian Foreign Policy Agenda</th>
<th>Cardoso’s Administration</th>
<th>Lula’s Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN Security Council</td>
<td>A permanent seat was wanted but not enough efforts were made towards this goal.</td>
<td>Efforts were considerably significant towards the goal of obtaining a permanent seat at the UNSC. One of the efforts is the active presence of Brazilian troops in Haiti.</td>
</tr>
<tr>
<td>South-South Integration</td>
<td>More emphasis was given to developed nations such as the U.S. and E.U.</td>
<td>More diversified conduct with great level of partnerships with South American nations – “Our priority is integration with our South American neighbors,”(^{81}) Leadership role at the G22 in the WTO against U.S. and E.U. agricultural subsidies.</td>
</tr>
<tr>
<td>U.S.</td>
<td>Active participation in international regimes, in which the U.S. retained a key role.</td>
<td>Lula made a point to engage in close relations with other nations other than the U.S. because this was a form to challenge the “business as usual”(^{82}) system – (e.g., the attempt with Turkey to mediate the Iran conflict (see case study below).</td>
</tr>
</tbody>
</table>


With a new conduct, *Itamaraty* was able to fully use rules, norms, and global institutions in order to pursue more favorable outcomes to Brazilian interests as well as to advance autonomy vis-à-vis the U.S., even as it maintained its traditional multilateral conduct during Lula’s presidency. Lula and his foreign policy team used Brazil’s notable domestic progress to leverage


\(^{82}\) Fuller, “The Evolving World Order: Brazil and Turkey Shift Global Politics,” 23.
different roles in bilateral as well as multilateral relations. For instance, in order to engage in such an effort to advance autonomy, Lula formed a coalition with the remaining members of G-4 (Japan, India, and Germany) in which the common understanding was to support each other for permanent seats on the UN Security Council.\textsuperscript{83} This strategy illustrates not only the difference in styles between Cardoso and Lula’s foreign policy but also the magnitude of the challenge imposed by the hegemonic system led by the U.S. and E.U. The explanation of such a move is the following: since these nations (Japan, India, and Germany) are not equal geographically (therefore, do not represent a threat to each other’s growth and trade), yet share the same interest in advancing a more flexible and legitimate global order, they might as well be partners.\textsuperscript{84}

Another example of Brazil’s diversification is the numerous trips Lula made during his two-term presidency. In fact, according to \textit{Itamaraty}’s data, Lula traveled outside of Brazil 267 times in eight years, including 28 trips to Africa.\textsuperscript{85} Table 4 shows the number of visits Lula made to other nations and/or international organization meetings from 2002 to 2010. In addition, the data illustrates that North America, with exception of Antarctica, was the least visited region, within this time frame. Accordingly, this illustrates that Lula was engaging in diversification to be more active regarding partnerships with nations other than the U.S. In fact, out of the two


\textsuperscript{84} Ibid., 221 – 222.

visits Lula made to the U.S. in 2009, one was for the UN General Assembly. By contrast, Cardoso traveled outside of Brazil 92 times.  

By extension, between 2003 and 2005 Lula spent 159 days abroad. Writing in the journal *International Political Science Review*, Cason and Power show that within this same time frame, Lula visited “18 countries in Africa, cementing his reputation as a champion of developing countries, but also kept one foot in the First World.” Lula’s reputation as a champion of the emerging world had important consequences for the broader domain of global affairs. Indeed, 

<table>
<thead>
<tr>
<th>Region</th>
<th>‘02</th>
<th>‘03</th>
<th>‘04</th>
<th>‘05</th>
<th>‘06</th>
<th>‘07</th>
<th>‘08</th>
<th>‘09</th>
<th>‘10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multilaterals</td>
<td>0</td>
<td>9</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>14</td>
<td>13</td>
<td>21</td>
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<td>South America</td>
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<td>4</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>North America</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
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<td>5</td>
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<td>8</td>
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<td>2</td>
<td>5</td>
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<td>3</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>28</td>
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<td>2</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Middle East</td>
<td>0</td>
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<td>0</td>
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<td>17</td>
<td>38</td>
<td>40</td>
<td>48</td>
<td>34</td>
<td>267</td>
</tr>
</tbody>
</table>

Source: www.itamaraty.gov.br
“Lula was the only chief of state invited to address both the World Economic Forum in Davos and the World Social Forum in Porto Alegre.”90 During his address to the Council on Foreign Relations on September 25, 2003, Lula celebrated the fact that “[i]n only seven months of government I have received, successively in Brasília, the leaders of all the other countries of the continent, for working meetings. This has never occurred before in the foreign policy of my country.”91 This is an unprecedented foreign policy activism in Brazil’s history, initiated because the drastic changes in the global order, the rise of Brazil’s material resources, and a new vision of Brazil’s international identity.

While it is true that Brazil was willing to advance its interests through bilateral and multilateral relations, it does not necessarily follow that Brazil would be active, instead of reactive, regarding the legitimacy of global institutions and their decision-making process. As it turned out, Itamaraty chose to challenge this legitimacy during Lula’s administration. Accordingly, an analysis of the changes that took place at Itamaraty is critical, and can only be supported by constructivism for it best explains the changes as a common course of action regarding global affairs. First, as mentioned earlier, Itamaraty has always been “admired both inside and outside of Brazil for the high level of professionalization of its diplomats.”92 Within this professionalism, Itamaraty has been constrained by an increased role of the president in global affairs. According to Cason and Power, this was not a Brazilian tradition until recent years. They illustrate that “prior to 1994, Brazilian presidents were highly dependent on


[Itamaraty] and accorded the ministry great autonomy in policy making.”\textsuperscript{93} In presenting this statement, Cason and Power illustrate what I have pointed out in this section. The president had a critical role in conducting foreign affairs. In addition, Cason and Power claim that presidents traveled less often and international negotiations were left to Minister of Foreign Relations to handle. During his presidency Lula used his charisma and reputation to alter the traditional model of Itamaraty’s foreign policy conduct. Cason and Power agree when they write: “Lula clearly uses personal diplomacy to manage bilateral relations with some countries, most importantly the South American neighbors that have left-leaning chief executives like himself.”\textsuperscript{94} This added to the changing global context, changing Brazilian identity, and former minister Amorim’s pragmatism allowed Itamaraty to adapt and progress with its new foreign policy conduct. Former minister Amorim believes that “[a]s Brazil went through structural transformations, her international identity had to be shaped accordingly.”\textsuperscript{95} Thus, as Brazil changed, Itamaraty’s foreign policy conduct changed but its principles remained the same: multilateralism is the key to solve conflicts.\textsuperscript{96}

In sum, then, it is certain that Itamaraty has changed since Lula became president. As illustrated in Table 4 and other examples in this section, Lula and his foreign relations’ team used the “national greatness” strategy to conduct an innovative foreign policy. Constructivism enables a better understanding of this change and how having Lula as president was important in order to leverage Brazil’s accomplishments in the international arena.

\textsuperscript{93} Cason and Power, “Presidentialization, Pluralization, and the Rollback of Itamaraty,” 121.

\textsuperscript{94} Cason and Power, “Presidentialization, Pluralization, and the Rollback of Itamaraty,” 124.


\textsuperscript{96} Ibid., 218.
Moreover, adding constructivism enables one to comprehend that the shift of identity between Cardoso’s and Lula’s foreign affairs era was made possible by the diminished autonomy of the U.S. in global affairs and the relative rise of Brazil. Realism can help us understand the window of opportunity opened by the relative decline of U.S. influence, but it cannot account for the strategy adopted by Itamaraty to project foreign policy autonomy. This decrease in the U.S. autonomy enabled Brazil to come forward and engage in a more active foreign policy and assert its autonomy vis-à-vis the U.S. and other nations. The strategy of diversification was possible due to the U.S. relative decline and Itamaraty’s new conduct led by Lula and former minister Celso Amorim. The following section of this chapter will illustrate Brazil’s leadership in the multilateral sphere.

**Multilateral World: International and Regional Leader**

According to political scientist André Luiz Reis da Silva, “the formation of institutionalized blocs and coalition groups with developing nations is an innovative project of Lula’s administration.”\(^97\) Ultimately, with the end of the Cold War, poor and rich nations were forced to form coalitions in order to counterbalance the U.S. interests and power. In this way, Genoino\(^98\) echoes da Silva commenting that the leadership of Brazil “has no hegemonic ambitions but rather is aimed at consolidating blocs of forces, producing new significant actors on the continental level and in areas of global relations.”\(^99\) At this point, a further analysis of Brazil’s role as an international as well as regional leader is necessary. I first analyze Brazil’s

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\(^{97}\) André Luiz Reis da Silva, “The Matrices Changes of Current Brazilian Foreign Policy,” *Meridiano47* 11, no. 120 (2010), 20.

\(^{98}\) Jose Genoino was Brazilian Workers Party’s President.

role as an international leader within the context of two important international organizations, the Word Trade Organization and the United Nations. I then analyze Brazil’s role within the regional level, examining the Mercado Comum do Sul (Mercosul or Mercosur) and the Union of South American Nations (UNASUR). This brief analysis in the context of international/regional leader is meant to illustrate Brazil’s independent foreign policy through diversification of multilateral relations. In light of former minister Amorim’s acknowledgement that “Brazil is a firm believer in multilateralism”\textsuperscript{100} I will demonstrate that Brazil was able to engage in a leadership role on both levels –internationally through the WTO and UN and regionally through Mercosul and UNASUR.

**World Trade Organization and the G-22 of the WTO**

Aiming to challenge the asymmetric global order or “business as usual”\textsuperscript{101}, Itamaraty used diversification to diplomatically enhance democracy at the international level. The first example is the WTO and the agricultural subsidies from the U.S. and EU that directly harm agricultural exports from Brazil and other nations. Brazil led the formation of an alliance mainly known as the G-20 of the WTO (not to be confused with the Financial G-20). The G-20 was established on August 20, 2003, during the WTO Cancun Ministerial Conference.\textsuperscript{102} The G-20, which later became the G-22 when China and Tanzania joined the alliance, is a group of emerging countries formed “to ensure that the Doha Development Agenda (DDA) would not be another unfulfilled promise . . . [and] to rebel against a proposed agreement that would not


\textsuperscript{101} Fuller, “The Evolving World Order: Brazil and Turkey Shift Global Politics,” 23.

\textsuperscript{102} To learn more about the WTO Cancun Ministerial Conference, please visit: [http://www.wto.org/english/tratop_e/minist_e/min03_e/min03_e.htm](http://www.wto.org/english/tratop_e/minist_e/min03_e/min03_e.htm).
address the main issues concerning agriculture reform and its impact on international trade.”\textsuperscript{103} The U.S. and EU agricultural subsidies policy hurts Brazilian exports because it puts a price ceiling on Brazil’s exports, which in turn, forces Brazil’s exports to be lower in price so they can compete with American and European agricultural products.

Until the creation of the G-22, all major decisions pertaining to the WTO were made by “the Quad constituted by the U.S., the European Commission, Japan, and Canada.”\textsuperscript{104} However, during the Cancun Ministerial Conference there was a common belief that emerging countries and LDCs would not allow two superpowers, the U.S. and EU, to proceed with unfair international trade agreements. In addition, Amorim emphasizes that the G-22 was simply aiming for the “full integration of agriculture into the multilateral rules-based trading system.”\textsuperscript{105} Indeed, Lula agreed during his address on September 25, 2003 to the Council of Foreign Relations that:

[Brazil was] taking an active part in the WTO negotiations where we [were] defending, above all, the elimination of protectionist barriers and the billion-dollar subsidies of the richest countries, which adversely affect developing countries in the agricultural area and in some industrial areas where we are competitive. This has created a true “commercial apartheid” which hits the economies and increases social exclusion in developing countries.\textsuperscript{106}


\textsuperscript{104} Ibid.

\textsuperscript{105} Celso Amorim, “The Real Cancun,” A18.

During this address, Lula emphasized, just as Amorim did in a *Wall Street Journal* op-ed “The Real Cancun,” that the G-22 was not looking to confront the North but to fairly reorganize the world trade system. The G-22 members represent almost “60% of global population and 70% of the global rural population.” By taking a leading role in the G-22, Brazil “has been able to reach its objectives and has constituted itself as a negotiating power, even though its continuity is subjective to the logic of interests and power relations, always asymmetrical.”

For Amorim, even though Cancun did not enable a consensus in terms of international trade, the Conference and the formation of the G-22 was essential for the Geneva meeting that took place a year later. The G-22 declared itself as a critical group that will not:

be reduced to the role of supporting actors in discussions that affect their development prospects. Consensus cannot be imposed through pre-cooked deals that disregard previous commitments and ignore the legitimate aspirations of the majority of the world's population. Trade must be a tool not only to create wealth but also to distribute it in a more equitable way.

**The United Nations and G-4**

Among the priorities within *Itamaraty’s* multilateral agenda, the UN and its decision-making process was key for Brazil. Lula made clear that Brazil supported a reform of the UN to “bring a breath of fresh air to international cooperation for peace and development.”

107 Reis Da Silva, “The Matrices Changes of Current Brazilian Foreign Policy,” 21.


to achieve a more legitimate decision-making process at the UN, Brazil actively supported a reform that would transform the UN to reflect the present global order. Amorim explores the nuances of an anachronistic UN system when he mentions that “UN membership was expanded from 50 countries to almost 200 without significant changes in the Organization’s only body, at least in theory, with ability to enforce decisions: the Security Council.”

Indeed, from this perspective, it is simply unacceptable that an international organization such as UN has not gone through significant changes given the evolving status of world economy, politics and society. The world has changed and what was a concern in the past, such as Communism over Capitalism, no longer prevails. The UN should reflect these changes.

The UN, however, has not changed. As Foreign Policy’s David Rothkopf claims: “[t]he United Nations is weak by design, conceived for a world in which the U.S. and other major powers preferred to leave the real options for action to themselves.” This shows that the UN reflects the superpower interests. Rothkopf goes on explaining that

the [UN] is long overdue for structural reform, and while revamping the list of who sits on the U.N. Security Council is an important part of it (the organization has no claim on legitimacy with France and Britain being permanent members and India and Brazil left on the margins), the real changes required involve empowering the organization, and not only to reach binding decisions on transnational issues, but to actually be able to enforce them. (. . .) Nothing guarantees the organization’s ineffectiveness as surely as burdening

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112 David Rothkopf, “UNGA Week, Either You Are In or You Are Out (Probably Out), Foreign Policy, September 20, 2010. 
http://rothkopf.foreignpolicy.com/posts/2010/09/20/unga_week_either_you_are_in_or_you_are_out_probably_out.
it with a structure that captures in amber the post World War II power structure of the
world.\(^{113}\)

Rothkopf’s findings challenge the well-established structure of the UN. Even though
reforming the UN is a difficult task, particularly because it involves a declining superpower that
hesitates to accept its new role in the international community, Brazil, and other international
leaders, expected this to be done because international organizations are mainly created to
provide a fair structural framework that reflected the reality of global conditions. Amorim
complains that “it is inadmissible that the developing world, which accounts for the bulk of UN
membership, is not adequately represented among the [UN] permanent members.”\(^{114}\)

With this in mind, together with India, Germany and Japan, Brazil led the creation of the
G-4. Convinced that the economic sphere in the international community would also contribute
for a change in the security and peace spheres, Itamaraty formed this new coalition to challenge
the status quo. The common purpose among the G-4 country members was to support each other
for permanent seats on the UN Security Council. In addition, according to Brazilian foreign
policy expert Matia Spektor, “Lula believes that international agreements like the Nuclear Non-
Proliferation Treaty can’t be used selectively by great powers to punish weaker countries.”\(^{115}\)
Therefore, in keeping with its advancing emerging market, and to champion those weaker
countries, Brazil aspired to have a permanent seat at the Security Council.\(^{116}\)

\(^{113}\) David Rothkopf, “UNGA Week, Either You Are In or You Are Out (Probably Out),
http://rothkopf.foreignpolicy.com/posts/2010/09/20/unga_week_either_you_are_in_or_you_are_out_probably_out.


\(^{115}\) Quoted in Peter S. Green and Iuri Dantas, “Brazil Economy Drives Lula Bid to Ease Iran Tension,” Bloomberg,

\(^{116}\) The Non-Proliferation Treaty will be further discussed in chapter 5.
mercado comum do sul – common market of the south (mercousul)

with brazil having established sustainable economic growth, targeted social inequality, implemented programs, and exported globally, itamaraty counted on lula’s charisma and former minister amorim’s experience to assert brazil’s role as a leader in the south american region. tolfson adds that “(. . .) brazil has taken the lead in regional integration efforts, although brazil’s motive for this is partly to counter u.s. influence in south america.” amorim was assertive when claiming itamaraty’s strategic moves pertaining to regional integration and leadership. the mercado comum do sul integration (mercousul), one of the top priorities of itamaraty’s foreign policy agenda, gained special attention during lula’s administration.

mercousul was founded in march 26, 1991 by original signatories argentina, brazil, paraguay, and uruguay. mercousul’s main purpose is to enable the “free circulation of goods, services, and factors of production among the member countries.” brazil emphasized the importance of mercousul for the south american integration during lula’s administration when brazil presented an integration’s reinforcement plan to its state members in 2006. this plan created a mercousul parliament and had the purpose to declare that the region should be free of international intervention, particularly from the u.s. it is important to appreciate that in the international economic sphere, ftaa was an obstacle for brazil’s interests. amorim explained that brazil did not oppose ftaa, particularly considering the state’s interest to promote south american integration. however, amorim declared that issues such as “agricultural subsidies and

117 tolfson, “brazil: the emergence of a regional power,” 283.

118 later joined by bolivia and chile as associated members.

antidumping, which were dear to us, had not been properly addressed and were, in fact, blocked.”

The scope of Mercosul has gone far beyond trade and enabled Brazil and Argentina to coordinate their macroeconomic policies. This made these nations stronger and less susceptible to the U.S. economic/trade threats. Focusing on Mercosul integration, trade among state members has only increased. Tollefson agrees when he says: “[i]n terms of trade, Mercosul has succeeded spectacularly.” It is beyond the scope of this study to analyze the intraregional trade volume of the member states. This study aims to illustrate Brazil’s active role regarding its role as a regional leader.

Union of South American Nations: UNASUR

Another key move made by Itamaraty was taking a lead role in the creation of the Union of South American Nations, UNASUR, which was established on May 23, 2008. All twelve South American countries are part of this intergovernmental union. They review the economic development, policy structure, and immigration issues pertaining to South American Nations. The union embraces all Mercosul nations and the Andean Community nations – Bolivia, Colombia, Ecuador and Peru. Itamaraty’s Secretary General under President Lula Samuel Pinheiro Guimarães explained that: “Brazil has to articulate political, economic, and technological alliances with peripheral states of the international system to defend and protect its interests.” Frank Braun agrees when he writes: “UNASUR has served as a vehicle for Brazil to launch its initiatives. For example, Brazil prompted UNASUR member states to advance toward


121 Tollefson, “Brazil: The Emergence of a Regional Power,” 291.

122 Hal Brands, ”Dilemmas of Brazilian Grand Strategy,” 17.
the creation of a regional military structure called the South American Defense Council (SADC), which some consider the South American equivalent of NATO.\textsuperscript{123} Thus, it follows that SADC is similar to the Organization of American States (OAS) created by the U.S. However, this time the creator has been Brazil, and the U.S. has not been invited. Therefore, UNASUR can be arguably considered another form of declaration of Brazil’s autonomy. Table 5 briefly summarizes Brazil’s role as an international as well as regional leader, the challenged aspects mainly towards the U.S., and its achievements.

Table 5: Brazil – International and Regional Leader

<table>
<thead>
<tr>
<th>International / Regional Leader</th>
<th>Challenged Aspects</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTO</td>
<td>Challenge agricultural subsidies which benefit rich over poor countries.</td>
<td>G-22</td>
</tr>
<tr>
<td>UN</td>
<td>Legitimacy of rules through which a State may obtain a UNSC permanent seat.</td>
<td>G-4</td>
</tr>
<tr>
<td>Mercosul</td>
<td>Protect member States from hegemonic intervention and unfair economic/social policies.</td>
<td>More cohesive and integrated group of South American States.</td>
</tr>
<tr>
<td>UNASUR</td>
<td>Challenge established OAS created by the U.S.</td>
<td>Well-established political, social, military and economic integration among Latin American States and declare autonomy and independence.</td>
</tr>
</tbody>
</table>

This chapter’s scope is to analyze the changes that took place within Brazil’s foreign policy conduct and illustrate that they were only possible due to the change in the international system order and the shift in Brazil’s international identity. While the world environment was changing, Brazil went through structural changes that allowed more diversification and changes within the institution of Itamaraty. As a result of these changes two cases are important to be

\textsuperscript{123} Frank Braun, “Brazil Exercises the Option to Say “No”,” The Brown Journal of World Affairs 15, issue 2 (Spring/Summer 2009): 244.
analyzed since they changed the way the world perceived Brazil. The next two chapters I will analyze these cases. These two cases cannot be explained by only one single international relations theory. A combination of realism and constructivism is necessary.

Hypothetical Scheme (Chart 3): Diversification

<table>
<thead>
<tr>
<th>U.S. relative decline (09/11 terrorist attack, Iraq War, unilateral foreign policy conduct, '08 – '09 economic crises)</th>
<th>Active Itamaraty Not one-man work: combination of Lula and Amorim’s ideas.</th>
<th>Multilateralism Brazil as international and regional leader</th>
</tr>
</thead>
</table>

Diversification

Chapter 4: Case Study A – From Debtor to Creditor at the IMF

Brazil has been a debtor of the IMF since the early 1980s. This created a heavy dependency on the IMF, which in turn reflected poorly on Brazil’s economic performance and the way it was perceived by the international community. In this way, a key indicator of Brazil’s rise in international status was when it finally paid its debt to the IMF and became a creditor instead of a debtor. This case study will illustrate that Brazil’s sustainable economic growth, which started with the economic policies implemented by former president Cardoso, was a
precondition for Brazil’s assertion of autonomy. Having paid off its debt, Brazil’s reputation changed in the international community. This, in turn, projected on Brazil’s new identity – this can be explained by constructivism. At this point, it is important to analyze the importance of the IMF, particularly for developing economies such as Brazil’s.

The IMF is an international financial institution heavily influenced by the U.S. The lack of monetary cooperation during and after the Great Depression\textsuperscript{124} led to the creation of the International Monetary Fund (IMF) in July of 1944. The global organization is mainly in charge of overseeing “the international monetary system,”\textsuperscript{125} that is, ensuring macroeconomic stability through various neoliberal policies measurements. With the collapse of the Berlin Wall in 1989, IMF membership jumped from 152 to 172 member countries and today has 187 member countries. While state memberships increased so did IMF loans. Among many nations that took loans from the IMF, Brazil was one of them.

In the late 1990s, during former president Cardoso’s administration, Brazil suffered a drastic currency crisis. The currency was overvalued and Brazil’s deficit was increasing. In order to rescue Brazil’s economy, the IMF approved a loan to Brazil. According to Riordan Roett of SAIS\textsuperscript{126}, “strongly supported by the Clinton’s administration, the IMF and the World Bank put together a package of $41.5 billion in November 1998 in an effort to support the Real.”\textsuperscript{127} This was a rescue plan that strongly tied Brazil with the U.S. and its IFIs. The loan conditions were

\textsuperscript{124} During the Great Depression in the 1930s, world trade declined sharply and citizens could no longer hold foreign currencies due to the fear of devaluation.

\textsuperscript{125} International Monetary Fund Official Website: http://www.imf.org/external/about/histcoop.htm.

\textsuperscript{126} School of Advanced International Studies.

\textsuperscript{127} Roett, The New Brazil, 100.
clear: Brazil had “to run a substantial primary fiscal surplus for the next three years (1999 – 2001).”\textsuperscript{128} In 1999, Cardoso appointed Armênio Fraga as Central Bank governor. This meant more confidence from institutions and international leaders since Fraga was an experienced investment banker from Wall Street. Roett acknowledges that “Fraga was able to begin reducing interest rates from their high of 45 percent in small increments, which helped to restore confidence in the management of the economy.”\textsuperscript{129} Meanwhile, Cardoso was able to raise taxes of higher-income earners as a way to meet IMF loan condition of fiscal surplus.

Although Lula and his team accepted the conditions enforced by the IMF during Cardoso’s administration, Lula’s left-wing background indicated that Brazil would default on its debt obligations with the IMF. However, when Lula had the first opportunity, he declared that Brazil would maintain policies inherited by Cardoso. Lula’s team was composed of Antônio Palocci (Finance Minister) and Henrique Meirelles (Central Bank governor and former president of BankBoston). According to Roett, Lula’s team was able to “tightly control expenditures, and revenue rose sharply as a result of greater enforcement and collection.”\textsuperscript{130} Followed by these economic achievements, Lula established the Council for Economic and Social Development (\textit{Conselhão}), Congress passed the social security reform in 2003, and Lula established development programs across different regions in Brazil with the Family Basket being one of the biggest programs, all while maintaining a stable economy.

\textsuperscript{128} Roett, \textit{The New Brazil}, 100.

\textsuperscript{129} Ibid., 101.

\textsuperscript{130} Ibid., 111.
In May 2003, former finance minister Palocci wrote to the Director General of the IMF, Horst Kohkler, describing an aggressive government demonstrating stability and strong decision-making conduct:

The government has moved rapidly to implement its agenda for economic recovery and reform. After an important consensus-building effort, an ambitious package of tax and retirement reform was sent to Congress earlier than expected. Fiscal policy has concentrated on reducing public debt: the Budget Directives law sent to Congress raises the primary surplus aim to 4.25% of GDP. Besides, the constitutional amendment that eases financial regulation—a needed step to consolidate the autonomy of the Central Bank—was passed.131

The reality described in the letter represents a different identity from that of previous years and one that differed from a left-wing and anti-capitalist position Lula was expected to have coming from the Worker’s Party. This ambition and solid political environment have “helped to lift 13m Brazilians out of poverty; searing inequalities of income are narrowing steadily.”132 This success at home, the material achievement reflected in people’s daily lives and allowed by IMF loans, has reflected in Lula’s foreign policy agenda. Lula became the “new phenomenon of globalization, a man with audacious ambitions to alter the balance of power among nations.”133 I am not arguing that Lula was responsible for all the changes that took place in Brazil – there were external forces, such as the IMF and its loans to help

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133 Greider and Rapoza, “Lula Raises the Stake,” 11.
recover the economy that enabled such a rise. This was not a self-help scenario. It follows then that Realism perceives such material achievements as a propagation of Brazil’s power capability. Yet, Realism claims that emerging states have no room to achieve power simply because the super-power dominates the authority among other states.

Although it is true that Brazil has raised the stakes because of its domestic achievements, this was not the only factor that contributed to Brazil’s assertion of autonomy. Indeed, as we will see, Itamaraty took advantage of the ongoing changes in the global order and its national accomplishments to declare a new global balance of power. Brazil could now choose whether or not renew its agreement with the IMF. Lula himself noted the reversal of fortune when he said:

Look at the position - we will be able to renew or not the agreement with the IMF without suffering any embarrassment and clearly defining our conditions (. . .) Now we are in a privileged position. We will only sign an agreement with the IMF when it expires if we want to. It is not necessary to have an agreement. We will take a political decision on whether or not to make the agreement based on our economic situation. However, compared with recent years we are today, perhaps, in the most comfortable position and moment to negotiate with the International Monetary Fund.134

In March 2005, Brazil announced that would not renew its agreement with the IMF.

Then, in December 2005, Brazil announced that it would pay its debt with the IMF. This put Brazil in a very enviable position. According to IMF managing director Rodrigo Rato, “[this] reflects the growing strength of Brazil's external position, especially continuing substantial trade

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and current account surpluses and strong capital inflows that have greatly boosted reserves and reduced external debt.”¹³⁵ By contrast, Brazil was largely dependent on the IMF during Cardoso’s administration due to the loans Brazil had to take to meet its obligations.

On April 30th 2008, the rating agency Standard and Poor upgraded Brazil’s investment grade to “BBB” from “BB+” with Real’s rating of “A-“. This means that foreigners would contemplate Brazil’s stable economic conditions, which in turn would attract investments. Finance minister at that time, Guido Mantega, celebrated the fact that “The investment-grade rating puts us in a very favorable position to continue to grow.”¹³⁶ In 2009, Brazil becomes the fourth largest creditor of U.S. reserves.

In 2010 Brazil offered $10 billion to the IMF so more funds can be available to developing nations. According to former minister Mantega, this conduct was an agreement made among BRICs “to help boost global financial stability.”¹³⁷ Meanwhile Brazil supported a major reform regarding the IMF membership conduct. For Brazil, membership should reflect the drastic economic changes with Brazil and the rest of the BRICs having more say in the IMF. Opponents to Lula and his conduct argue that because the IMF is a U.S. -dominated institution founded on neoliberal principles, it should stick with its traditional form of decision-making process. As a result of the BRICs and other nations’ support towards a reform, in November 2010 the IMF established a reform which recognized a new decision-making framework. In fact, it redistributed the quota system for voting in decisions shifting “six percent of quota shares to


dynamic emerging market and developing countries.”¹³⁸ This gave more say to countries that are part of the BRICs.

The way the quota system works at the IMF is simple. Each new member country receives a quota based on its relative size in the world economy. Up to November 2010, the IMF was still enforcing this quota system without considering the drastic changes in the world economy, such as the power of the BRICs and the decline of the U.S. economy due to the real-estate market meltdown in 2008. The quota-system reform reviewed under-represented members that, according to their economic performance, should obtain more quotas. As a result of this reform, “India and Brazil will join China and Russia as part of the top 10 shareholders of the IMF.”¹³⁹

Although this study grants that Lula and his team took advantage of the decline of a superpower, the scope of this study is not to analyze the faults of U.S. foreign policy and economy. I argue that the “window of opportunity” was opened and Brazil took advantage of it to show itself as a leader and potential world power. This study does not intend to claim that Brazil has achieved that status, but it emphasizes Brazil’s efforts in moving towards a more assertive position in the global community by using its material endowments and change in identity which can be explained by a combination of realism and constructivism, respectively. In Table 6 I summarize the efforts and accomplishments during the period from 1999 to 2010.

¹³⁸ International Monetary Fund Official Website: http://www.imf.org/external/about/govrep.htm.

Table 6: Efforts Towards Economic / IMF Independency

<table>
<thead>
<tr>
<th>Year</th>
<th>Policies and Changes</th>
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<tbody>
<tr>
<td>1999</td>
<td>Supported by the U.S. Cardoso gets a $41.5 Billion IMF Loan (GDP 1.15%)&lt;sup&gt;140&lt;/sup&gt;</td>
</tr>
<tr>
<td>2001</td>
<td>Trade surplus $2.6 Billion&lt;sup&gt;141&lt;/sup&gt;</td>
</tr>
<tr>
<td>2003</td>
<td>Lula’s established the Council for Economic and Social Development; Congress approves Social Security Reform</td>
</tr>
<tr>
<td>2004</td>
<td>GDP 5.71% (strongest since 1996). Stronger money supply control so inflation can remain stable and at low level;&lt;sup&gt;142&lt;/sup&gt; Lula establishes <em>Crédito consignado</em> in order to facilitate access to credit.</td>
</tr>
<tr>
<td>2005</td>
<td>Brazil does not renew its agreement with IMF and announces that will pay off its debt</td>
</tr>
<tr>
<td>2006</td>
<td>Trade surplus $46.1 Billion (mainly due to increased exports).&lt;sup&gt;143&lt;/sup&gt;</td>
</tr>
<tr>
<td>2007</td>
<td>Brazil finished paying off its debt with the IMF</td>
</tr>
<tr>
<td>2008</td>
<td>S&amp;P raises Brazil’s investment grade from BB- to BBB</td>
</tr>
<tr>
<td>2009</td>
<td>Brazil enforces taxes in short-term capital inflow to alleviate the high amount of capital flowing into the economy. Brazil becomes the 4&lt;sup&gt;th&lt;/sup&gt; largest U.S. creditor.</td>
</tr>
<tr>
<td>2010</td>
<td>Brazil offers $10 Billion loan to IMF as an effort to provide opportunity to developing nations.&lt;sup&gt;144&lt;/sup&gt; Brazil supports IMF reform.</td>
</tr>
</tbody>
</table>


<sup>140</sup> Roett, *The New Brazil*, 100 and 114.

<sup>141</sup> Ibid., 114.

<sup>142</sup> Ibid., 114.

<sup>143</sup> Ibid., 114.

Hypothetical Scheme (Chart 4): From Debtor to Creditor – No Renewal of IMF Agreement

**National greatness – material achievements**

Realism foresees that material achievements, such as strong economy, shape a state status. Becoming a creditor, instead of debtor, shows a rise in Brazil’s status.

- S&P raises Brazil’s investment grade
- No renewal of IMF agreement; IMF reform

Greater autonomy to make decisions as it wishes.
Chapter 5: Case Study B – The UN-Iran Gambit

During his speech to the Council on Foreign Relations in New York in September 25, 2003, Lula claimed that: “[UN Security Council’s] decisions must enjoy legitimacy. Its composition needs to be broadened in such a way as to include developing countries and other developed countries among its permanent members.” How does Brazil’s decision of supporting Iran’s nuclear program in partnership with Turkey express legitimacy, assert Brazil’s autonomy vis-à-vis other nations, in particular the U.S.? This case study provides an analysis of Brazil’s autonomy assertion from a state’s identity perspective.

This case will demonstrate that Brazil was able to challenge the asymmetric global order through expressing its dissatisfaction with the U.N. Security Council (UNSC) policy-making process. This case study also involves different international actors, Turkey and Iran, and therefore, shows the increased Brazil’s diversification with other nations other than the U.S. While it is true that Brazil was unsuccessful in changing the UNSC decision-making process, I argue that the tools Itamaraty used in order to challenge the UNSC were legitimate and opened doors for a more transparent Security Council simply because Brazil used multilateral means to form more tactical alliances and advance a more autonomous position. Thus, I will show in this case study that Brazil asserted its autonomy because at the same time that it used its reputation as a peaceful nuclear program development it maintained its reputation of a neutral state with no enemies.

In order to proceed with the case study analysis, it is important to briefly study Brazil’s nuclear program and its desire to obtain a permanent seat in the UNSC – these reflect Brazil’s willingness to assert its autonomy in the international community. Carlos Patti, an international relations and history researcher, once declared that: “Nuclear diplomacy has represented a fundamental part of President Luiz Inácio Lula da Silva’s strategy to make Brazil a central player in the international system, in addition to the long-standing ambition of obtaining a permanent seat in the United Nations Security Council.”

First, Lula and his foreign policy team believed that Brazil not only deserved such a seat but also could better represent the new global order in which the international law as well as multilateral forums should always prevail – “We are in a position to make a contribution towards international stability, since we reflect the concerns of a region which is outstanding, thanks to its democratic vigor and its peaceful culture.”

In fact, Itamaraty proposed a reform of the UN since it was believed that most of the UN Security Council decisions were not legitimate because they expressed solely the United States and other Western nations’ interests. One of Brazil’s steps towards the reform was to form the G-4 alliance previously discussed in this study.

During Cardoso’s presidency, the wish for a permanent seat already existed. Yet, Cardoso “reached the point of declaring that he would prefer deepening regional integration and being part of the G-7 to a seat on the Security Council.”

By contrast, former minister Amorim not only expressed the country’s wish to obtain the seat but also engaged in a set of efforts related to security issues in order to achieve such a goal. The establishment of Brazilian military

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148 Vigevani and Cepaluni, “Lula’s Foreign Policy and the Quest for Autonomy through Diversification,” 1322.
troops as the main military force in Haiti in 2004 was the country’s first step towards proving to the international community that Brazil was ready to have a permanent seat on the Security Council. It follows then, that Brazil had the right apparatus and autonomy to become active in the UN peacemaking missions. In addition, in 2005 Brazil participated in strengthening the Non-Proliferation Treaty (NPT). At that time Brazilian Ambassador Sergio de Queiroz Duarte was elected President of the NPT Conference.

In 2010, Brazil was elected to a non-permanent seat on the Council for the 2010-2011 term. Amorim asserted that “[Brazil’s] responsibility is to contribute primarily to peace and security rather than to serve her own parochial interests.”149 He follows by asserting that “this way of thinking is what inspired the initiative we took, together with Turkey, to find a solution to the vexing question of the Iranian nuclear program.”150 It was a common belief among many Western nations that Iran, a full member of the NPT, was carrying out a clandestine military project of enriched uranium. At this point a better analysis of Iran’s identity must be presented in order to understand that the tenets of constructivism apply to this case. According to the Handbook of International Relations, “(. . .) constructivists have shown that the components of state sovereignty, such as territory, authority and national identity, are not fixed but evolve with changing practices.”151 This means that territory, authority and identity shape the changes in practices of a state. Thus, obtaining a better assessment of this case study, a brief analysis of Iran’s identity and Brazil-Iran bilateral relation is necessary.

150 Ibid., 222.
Brazil-Iran Bilateral Relation

During Lula’s administration Brazil engaged in a closer relation with Iran not only because of previous petroleum agreement in the 1990s but also because this was a major way to express Brazil’s attempt to challenge the U.S.’ surplus of power vis-à-vis other nations. Brazil-Iran bilateral relation showed its first signs in the 1990s with the agreement over petroleum in Iranian waters. In 2003, following this same pattern, Brazil signed an agreement with Iran allowing Petrobrás, Brazil’s state oil company, to exploit oil in the Persian Gulf – “Trade between Iran and Brazil quadrupled between 2002 and 2007.” This agreement was guaranteed by the National Iranian Oil Company in partnership with Petrobrás.

The U.S. as well as other nations found Brazil’s deepening relation with Iran puzzling because President Mahamoud Ahmadinejad not only denies the Holocaust, but also engages in criticizing Western nations. In addition, the Iranian Revolution and the 1979 hostage crisis only contributed for Iran to distance itself from the West. On the trade front, Brazilian companies engaged in trade activity with Iran through a triangular trade network without violating the UN Security Council sanctions placed on Iran. As pointed out in the previous chapter, Brazil’s trade surplus has constantly gone up since 2001 and this increase has been mainly due to the increase in exports.

In May 2009 Lula invited Iranian President Mahamoud Ahmadinejad to visit Brazil. Ahmadinejad canceled the visit once, but since his goal was to find Latin American partners, he

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152 Eugênio V Garcia, Cronologia das Relações Internacionais do Brasil, [Chronology of Brazil’s International Relations], (São Paulo: Alfa Omega, 2000). Iran became the first oil supplier to Brazil.

ended up visiting Brasília, Brazil’s capital, later on. Interestingly enough, previously to Lula’s administration, Brazil spent seventeen years without sending a foreign minister to visit Tehran.\footnote{Joshua Goodman and Ladane Nasseri, “Iran’s Ahmadinejad Cancels Brazil Trip Indefinitely,” \textit{Bloomberg}, May 04, 2009, \url{http://www.bloomberg.com/apps/news?pid=newsarchive&sid=apRIS8bKWwPw}.} This is important to point out because it shows Brazil’s reactive foreign policy conduct during previous years. Inevitably, the \textit{Itamaraty’s} attempt to engage in a closer relation with Iran caused criticism from the U.S., other Western nations, and many Brazilian politicians. According to U.S. Democratic Representative Eliot Engel\footnote{Chairman of the House Foreign Relations Subcommittee on the Western Hemisphere.}, who oversees relations with Latin America, the Brazil-Iran relationship and the invitation from Lula to Ahmadinejad to visit Brazil were “very disappointing.”\footnote{Goodman and Nasseri, “Iran’s Ahmadinejad Cancels Brazil Trip Indefinitely,” \url{http://www.bloomberg.com/apps/news?pid=newsarchive&sid=apRIS8bKWwPw}.} Another criticism came from Lula’s previous Brazilian ambassador to Washington Roberto Abdenur, who asserted that “what [Ahmadinejad] says and represents completely contradict what Brazil stands for, its commitment to peace and its repudiation of anti-Semitism.”\footnote{Ibid.} While it is true that Ahmadinejad is not welcomed in the Western world, from a diplomatic and international relations perspective, it is imperative to perceive Iran as a rational actor, and to look for the logic of Brazil’s choice of moving closer to Iran and its leader.

Although the Brazil-Iran bilateral relation during Lula’s administration has generated controversy, Lula assured that issues such as the advancing of peace in the Middle East and the existence of the Hezbollah terrorist group were discussed and Lula’s positions in regards to these two matters were expressed. Finally, the Brazil-Iran relation was, above all, a symbol of Brazil’s willingness to challenge the U.S. hegemony, which was always very clear during the previous years to Lula becoming president.


\textsuperscript{155} Chairman of the House Foreign Relations Subcommittee on the Western Hemisphere.

\textsuperscript{156} Goodman and Nasseri, “Iran’s Ahmadinejad Cancels Brazil Trip Indefinitely,” \url{http://www.bloomberg.com/apps/news?pid=newsarchive&sid=apRIS8bKWwPw}.

\textsuperscript{157} Ibid.
Brazil’s Nuclear Program

In addition to a closer bilateral relation between Brazil and Iran, Brazil decided to use its own civilian nuclear program and its non-permanent seat membership at the 2010-2011 UNSC term to mediate between Iran and Turkey’s nuclear development deal. Being part of Nuclear Non-Proliferation Treaty entails the following obligation from all member nations of the regime: all nations are obliged to allow the International Atomic Energy Agency (IAEA) to inspect their nuclear plants. However, during Lula’s administration, Brazil has not allowed the inspection of Brazil’s ultracentrifuge (the heart of the nuclear plant) at the reactor in Resende. Brazil’s argument was that it wanted to protect its innovative technology from industrial copying.158 This was an attempt to move forward towards a more autonomous position challenging the UN Security Council and the requirements imposed by Western nations. This not only shows that Brazil was on its way to establish itself as a civil nuclear power but also that it has been breaking free from its dependence on the U.S. in terms of enrichment procedure. In fact, according to the Comissão Nacional de Energia Nuclear (CNEN or Nuclear Agency National Commission), an investment of R$40 billion ($26 billion) is expected to improve Brazil’s nuclear program until 2030 in different projects that are part of the Programa Nuclear Brasileiro, (PNB or Brazilian Nuclear Program). This same report claims that the Brazilian Federal government expects an increase in export of nuclear energy: “Studies show that in the next years 400 new [nuclear] reactors will be built in the world.”159


The IAEA’s inspection aims to verify whether the nuclear development is made with peaceful purposes. The U.S is a major advocate of the NPT with the main interest of containing the development of other countries’ nuclear technology. This shows a contradiction regarding the two main goals of the NPT. “NPT’s first goal is to reduce, up to elimination, the nuclear arsenal of the nuclear powers (U.S., Britain, France, China, and Russia); second, to prevent other countries from using nuclear technology with the purpose of building armament.”

Brazil-Turkey-Iran Nuclear Program Agreement

The negotiations over the Brazil-Turkey-Iran nuclear program agreement, which was originally based on the proposals made by the IAEA during the October 2009 Vienna Group meeting, had been initiated prior to Brazil becoming elected to a non-permanent seat on the Council for the 2010-2011 term. The agreement focused on the swap of uranium between Iran and Turkey. At first Iran accepted the original proposals but rejected them afterwards on the following grounds: “(1) the quantity of uranium to be swapped; (2) the venue of the swap; and (3) the timing for delivering low enriched uranium and that for receiving the nuclear fuel, which, according to Iran, had to coincide (the idea of “simultaneity”).” The original proposal endorsed that the uranium enrichment should occur in either Russia or France.

The uranium enrichment plants can be classified as either for civil or military purposes. According to political scientist Daniel Flemes, the dual-use classification is “considered to be a

161 Vienna Group: France, Russia, and the U.S.
milestone on the way towards being a nuclear power.”¹⁶³ This means that the uranium enrichment can be used as an energy source as well as for medical purposes. As a result, responsibly improving a country’s nuclear program development enables such a country to be more independent in areas of energy and medicine, for instance.

Throughout the Tehran Declaration negotiations led by Brazil, Western powers insisted that sanctions were still going to be pursued, suggesting that the Declaration, signed between Brazil, Turkey and Iran in May 17th 2010, would lead to negative results. By doing this, Western nations would then prove that Iran’s intentions were not as peaceful as Turkey and Brazil believed. The grounds of the Declaration focused primarily on the quantity of enriched uranium allowed to Iran’s nuclear program; Brazil was able to have Iran’s consent in sending 20 percent of enriched uranium to Turkey. According to the IAEA limits, this quantity is not sufficient in order to make military use of uranium. Therefore, it can only be used for peaceful purposes.

In addition to targeting the quantity of enriched uranium, which was stated by U.S. President Barack Obama as the main concern of the UN Security Council, Brazil was able to solve the three issues during the six final months of negotiation. The proposition endorsed in the deal follows: “(1) Iran agreed to exchange 1,200 Kilos of low enriched uranium for 120 kilos of fuel; (2) Iran accepted that the exchange would take place on the territory of a neutral power – in this case, in Turkey; and (3) Iran agreed on transferring her low enriched uranium right away, even if the nuclear fuel would not come before one-year’s time. Additionally, Iran agreed to send a letter to the IAEA formally committing to the terms of swap.”¹⁶⁴ By achieving such a


consensus, Amorim argued that “some of the P-5\textsuperscript{165} may not have liked to see two emerging nations Brazil and Turkey playing a pivotal role in crucial question concerning peace and security in the Middle East, especially in one where they themselves had failed.”\textsuperscript{166} Therefore, at least for a brief time, it appeared that Brazil and Turkey had succeeded in committing Iran to become more responsible and responsive concerning its nuclear program development, which has always been a major concern for the international community. In this way, Brazil was not only advancing its own interests but also the international community’s while declaring its diplomatic independence.

Trying to reach an agreement between Turkey and Iran, Brazil was not favoring Iran specifically, but all developing nations that wish to advance their nuclear technology programs for peaceful purposes. For Iran, the development of a domestic nuclear industry means “securing independence, equality and respect.”\textsuperscript{167} In addition, Iran found it easier to negotiate with Brazil and Turkey because “both countries treat Iran as an equal and respected partner; something that Western powers seem incapable of as they perceive the state largely through a security lens.”\textsuperscript{168} Turkey, on the other hand, viewed this deal as a way to balance its diplomatic ties with the East and West, advance a closer bilateral relation with Iran and, mainly, to “prove its importance to its Western allies.”\textsuperscript{169} It follows then, that Turkey as well as Brazil wanted to leverage its diplomatic

\textsuperscript{165} The P-5 are the five permanent members of the UN Security Council: United States, United Kingdom, France, Russia, China. Members of the P-5 have veto power.


\textsuperscript{168} Ibid., 5.

\textsuperscript{169} Ibid., 8.
ties to show its importance to the international community. Thus, with the change of the global asymmetric order in which the U.S. is the sole power, a new order takes place in which States engage in various partnerships in order to show that there has been a shift in the global context and that international institutions should take this into consideration.

Although Brazil’s decision of supporting the Iranian nuclear program was a risky move to Brazil’s diplomatic future, the message expressed to the international community was that Brazil was finally more independent concerning international issues and has been getting closer to becoming a major power. If the U.S. was right that Brazil and Turkey were risking security by supporting such an agreement, as many opponents believed they were, then we need to reassess the decision-making process of the IAEA and question why is that for certain nations 20 percent or more of enriched uranium does not mean a threat but for others, such as Iran, it does. The popular and common assumption is that Iran engages in illegal nuclear development program, which would be a threat to everyone. What is at stake is the potential dialogue that can be used in order to change this scenario. During the turbulent negotiation period, it seemed that the U.S. was not considering the possibility of using the UNSC to tackle the issue, nor attempt to use the opportunity to engage in a diplomatic dialogue with Iran. At this point, it is important to understand the constructivist view of international institutions: “Constructivists understand international institutions are reified sets of intersubjective constitutive and regulative rules that, in addition to helping coordinate and pattern behavior (. . .) also help establish new collective identities and shared interests and practices.” 170 This means that based on the alterations in the global order, the UN and the UNSC should act based on the rules and best practices of diplomacy; instead, the U.S. and other western States dictate the norms without considering the

170 Adler, “Constructivism and International Relations,” Handbook of International Relations, 104.
variations taking place in other economies and societies. Brazil did not accept the de facto power of the U.S. and the West over UNSC actions. Amorim explains that:

The so-called fourth round of sanctions against Iran was authorized in an atmosphere of bargaining and secrecy totally incompatible with the role the Security Council should play, making it clear for the entire world that reform should go beyond the question of composition: the methods of work of the Council need to be made more transparent and accountable to the entire international community.171

In sum, the outcome concerning Iran agreement proves a great level of Brazil’s autonomy because it shows to the world that its main foreign policy approach concerning security issues was to seek that the U.S. and other Western members of the UNSC would share their ideas and decision-making thought process with the non-western and non-permanent members of the UNSC. Although the agreement has failed, Brazil’s effort towards solving the matter was to stress its assertion of autonomy among other states.

**Hypothetical Scheme: (Chart 5): The UN-Iran Gambit**

Conclusion

This study aims to bring together realism and constructivism to explain Brazil’s two-step strategy to assert its diplomatic autonomy. I argue that Itamaraty conducted a two-step foreign policy strategy that responded to the incentives proposed by both realism and constructivism. First, Brazil’s economic and social reforms pursued in the context of a strategy of “national greatness” allowed Brazil to obtain a more visible and respected status in the international community. Realism enables us to understand this step because realism foresees material power as a way to assert autonomy vis-à-vis the international community.

To demonstrate the rise in Brazil’s material endowments, I offered a detailed description and analysis of Brazil’s domestic accomplishments that ultimately reflected in the relative improvement in its international reputation among other states. The major domestic accomplishments that I analyze in detail are: (a) macroeconomic stability leading Brazil to become the sixth largest economy in the world; (b) the social stability achieved by the establishment of various social/economic programs that changed the way Brazil was perceived by the international community. These accomplishments, which I refer to in this thesis as “national greatness,” created more confidence for Brazil to leverage them at the global level. By achieving “national greatness”, Brazil ultimately changed its identity and enhanced its image vis-à-vis other states and international organizations. Realism sees that a state with material accomplishments is powerful yet Realism takes us only to this point. We need to look at the changes in the international order and the changes in Brazil’s identity in order to explain its second step of its strategy to assert autonomy. This is why we must look at constructivism.

Specifically, I contend that Brazil’s two-step strategy was to leverage its material achievements and engage in bilateral and multilateral relations so that it could assert its
autonomy as a regional and international leader. Given the structural changes Brazil went through during Lula’s eight-year administration, a change in Brazil’s identity was necessary so that Brazil could leverage its accomplishments in the international community to achieve the outcome of a more autonomous foreign policy. Having achieved “national greatness”, Brazil changed its identity from reactive and dependent to a more active and independent state. Thus, I encourage a more complete analysis of Brazil’s identity within an international community environment through the lenses of constructivism. Constructivism emerged in the academic study of international relations as the result of the end of the Cold War and the drastic changes in the international environment seen then. Because constructivism holds that states are rational actors socially constructed, it follows then that constructivism enables a better explanation as of how Brazil went about asserting its autonomy given the changing international conditions and the shift of its own identity. Rather than focusing only on material accomplishments, constructivism focuses on ideas and norms that shape international relations.

I then analyze Brazil’s second step, which I refer to as diversification of bilateral and multilateral relations. I provide examples of regional and international alliances that Brazil led in order to declare its autonomy. These alliances are: (a) the G-22 alliance challenging the WTO decision-making process; (b) the creation of G-4 challenging the UN legitimacy and aiming for a permanent seat at the UNSC; (c) its leadership in the process of reinforcing the Mercosur integration; and (d) the creation of UNASUR as a political, social, military and economic integration union among South American Nations that mirrored the OAS but without the U.S. control. While providing evidence of Brazil’s diversification of bilateral and multilateral relations, I give a detailed analysis of the relative decline of the U.S. relative during the 2002-2010 period. Brazil saw this decline as a “window of opportunity” to assert its autonomy.
The cases studies presented in this thesis illustrate Brazil’s assertion of autonomy explained by the combination of realism and constructivism. The first case study, Brazil’s shift from IMF debtor to creditor, explains in great detail how Brazil went about enhancing its international status due to its material achievements. Even though Brazil was dependent on the IMF’s loans and conditions, it was able to recover from an unstable economy by implementing a series of measures that enabled positive economic outcomes. Brazil was able to control expenditures, and established the Council for Economic and Social Development in order to closely watch and control Brazil’s progress and areas for improvement. As a result of these efforts and bold decision-making, Brazil was able to pay off its debt obligations with the IMF ahead of time and chose for the non-renewal of IMF agreement. This event was crucial for Brazil to be perceived by the international community as a more autonomous state. Followed by the payment of its debt, Brazil’s investment grade was upgraded. The ability to pay its debt and the change in the way Brazil was perceived by the international community was crucial for Brazil to change its identity. These accomplishments attracted investors and enhanced Brazil’s image in the international community.

However these accomplishments were not enough for Brazil to gain credibility with the international community and organizations mainly dominated by the U.S. Brazil wanted to achieve more influence in the UN and so it needed to engage on its second step of its foreign policy – to engage in diversified multilateral and bilateral relations by leveraging its material accomplishments. In order for Brazil to gain more authority in the international sphere, it had to leverage its domestic economic and social accomplishments and change perceptions of Brazil as a country – its identity. Thus, while I reaffirm that realism enables a better understanding of Itamaraty’s two-step strategy, it cannot suffice. I argue that the analysis of this strategy should
be made by combining realism with constructivism, for realism does not perceive Brazil conducting an active and independent foreign policy even though material power is achieved. Thus, we must look at constructivism to add the dimension of identity.

I then present a second case study on Brazil’s gambit, along with Turkey, to mediate a conflict with Iran within the UN Security Council. The UN gambit illustrates that Brazil not only wanted to challenge the legitimacy of the UNSC but also leverage its material achievements, including its status as peaceful nuclear power state, to obtain a permanent seat at the UNSC. It is important to reaffirm that Brazil sought for a fairer and legitimate decision-making process at the UNSC and thought that by being a permanent member, it would be able to make efforts towards this goal. For Brazil, it is common sense to understand the UN as an international organization with the main purpose to correspond to global interests rather than few powerful states’ interests, such as the U.S. Brazil’s greater material accomplishments were not enough for Itamaraty to be able to have more authority in the UN or even to obtain the UNSC permanent seat. Itamaraty had to engage in different alliances and push for more action because Brazil’s material capabilities were not enough for it to be seen by the UNSC as a potential permanent member. Brazil chose to take a more active approach towards its goal. This had never happened in the history of Brazil’s foreign policy. This shift in foreign policy conduct due to its change in identity, with Brazil choosing to leverage its economic stability and social achievements, can only be explained by constructivism. Standing up to the U.S. by supporting Iran’s nuclear development program, Brazil sought to demonstrate its new role as a world leader. Even though the agreement was not established, Brazil was able to assert its position as an independent state.
In sum, *Itamaraty*’s two-step strategy was to use Brazil’s material achievements, foreseen by realism, and diversify its multilateral and bilateral relations due to the relative decline of the U.S., which can be explained by constructivism. While it is true that material achievements are important in order for a state to be perceived as influential, realism does not see Brazil pursuing an independent and active foreign policy because emerging states do not have the ability to adopt independent policies, they are submissive to the superpowers. We then must turn to constructivism, which stresses changes in the international community and the importance of states’ identities. Combining Brazil’s material achievements, its structural changes, and the changes in the international order mainly as a result of the U.S. relative decline, constructivism can more fully explain Brazil’s autonomy drive. In addition, because *Itamaraty* perceived this opening in the international community, it chose to shift its foreign policy conduct using its shift of identity – Brazil was no longer perceived as a failure but as an economic and social success that could influence other states. This is exactly what Brazil did. The evidence I present in this thesis – bilateral relations with nations such as Iran, Brazil’s role as a leader in the formation of alliances such as the G-22 and G-4 in the international level and the Mercosul and UNASUR in the regional level, as well as the shift from debtor to creditor at the IMF and the effort with Turkey to mediate the Iran crisis in the UNSC are active roles that Brazil had never adopted before in the history of *Itamaraty*.

The end of Lula’s term in 2011 generated speculation regarding the ability of his successor, President Dilma Rousseff, to maintain an autonomous foreign policy without damaging Brazil’s new image in the international community. While Rouseff has a reputation of being assertive, her talent on the international sphere was always questioned during her presidential campaign. She was mainly seen as a continuation of Lula’s administration but
without the charisma and without Amorim’s experience. Much of the speculation around Rouseff’s administration arose from doubts about how effective her team was going to be. However, President Rousseff chose Antonio de Aguiar Patriota as the Foreign Relations Minister, reassuring that an assertive and active foreign policy was still be in place during her administration. Patriota has been called “formidable, extremely influential, and a fixture on the Brazilian and international scenes.”172 Indeed, Patriota and Rousseff have reached a great level of popularity with the international community and have been maintaining Brazil’s status as responsible and powerful state. In an interview with Foreign Policy editor David Rothkopf, Patriota claims that “[Brazil] has a great advantage. [Brazil does not have] real enemies, no battles on [its] borders, no great historical or contemporary rivals among the ranks of the other important powers . . . and long-standing ties with many of the world’s emerging and developed nations.”173 Rothkopf points out that in fact, “this is a status enjoyed by none of the other BRICs – China, India, and Russia – nor, for that matter, by any of the world’s traditional major powers.”174 This means that Brazil does not follow the realist point of view of a state becoming hegemon because it does not have the requisite military capabilities, nor does it engage in military conflict. Even though Brazil ended up having the “world’s fifth largest uranium reserves”175, it is not a military superpower. However, Rothkopf’s analysis shows that even though Brazil does not have military capability, this does not hurt Brazil, for the state has other


173 Ibid.

174 Ibid.

advantages that place the state ahead of other BRIC members. These advantages are: (a) geographic dimension; (b) extensive natural resources; (c) stable macroeconomic environment; (d) foreign policy oriented to multilateralism and (e) its peaceful nuclear program development. At the same time, with these advantages, come more concerns and power. These concerns relate to China and violation of human rights, Brazil’s positions regarding Cuba and Venezuela and Brazil’s ability to solve the Iran-nuclear issue. As former U.S. Assistant Secretary for Latin America Bernard Aronson argued recently in the New York Times, “Brazil has unique standing among developing nation to address this proliferation danger because of its historic, nationalist defense of enrichment.”

The analysis conducted in this thesis aims to elucidate that a new multipolar era is now in place. The globe’s new multipolar reality will prevail due to the drastic changes in the world economy and the superpowers’ denial of their relative decline. Meanwhile, Brazil will maintain its active foreign policy conduct, taking advantage of favorable conditions, internationally and domestically. These conditions have been presented in this thesis as critical for a better understanding of such a phenomenon. Economic growth and social policy audacity can be, perhaps, the recipe for the creation of a more autonomous state in the international level, when a government perceives the benefits of projecting a new, more assertive identity. Combining realism and constructivism to understand Brazil’s rise is necessary so that one can appreciate the profound impact of Brazil’s two-step strategy in the international community. While it remains to be seen that Brazil’s actions, particularly those pertaining to bilateralism and multilateralism, will be able to shift the global system towards a more just set of norms, its engagements point in that direction.

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