

UNIVERSIDADE DE SÃO PAULO

MASTER'S THESIS

**Brazil as an Emerging Power: Its Role in the Transition to a Multipolar Order and the
Consequences for Its Relations with the United States**

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ABSTRACT

This master's thesis examines the effects of Brazil's economic and political rise on the nation's ability to have shaped global order through soft balancing during the presidency of Luiz Inácio Lula da Silva and the consequent impact on Brazil's relations with the United States. In order to contextualize the effects of Brazil's soft balancing on international institutions and Brazilian-American relations, this text first reviews the relevant theoretical and empirical literature on the liberal peace (and, conversely, trade-based conflicts), the democratic peace, and the nature and evolution of global governance. In the context of both the liberal peace and global governance, the literature implies the potential either for Brazilian-American cooperation to have grown or for heightened conflict to have arisen from the countries' opposing interests and quests for influence in the transformation to a multipolar world. Meanwhile, the literature posits the potential for shared values to have promoted bilateral harmony but also points to shortcomings in Brazil's democratic consolidation that may have undermined the relevance of democracy as a catalyst for Brazilian-American relations during Lula's presidency.

The empirical analysis in this text, after briefly examining Brazil's past quest for power vis-à-vis the United States and Lula's limited expansion of Brazil's hard (military) power, focuses on Lula's use of soft power as a tool to balance American influence in South America and around the world. Lula pursued a classic middle-power soft-balancing strategy by building regional and global coalitions and leveraging international institutions. Although Lula's efforts at coalition-building had somewhat limited effects, Brazil's soft-balancing strategy nevertheless succeeded in making Brazil's positions more consequential to global governance and American policy. Lula's incremental progress in checking American influence and solidifying Brazil's status as a middle power generally led to friction between Brazil and the United States, although

the two countries were able to maintain constructive relations in areas of shared values and interests.

Keywords

Brazilian-American relations, soft balancing, coalition building, region formation, global governance

RESUMO

Esta dissertação de mestrado analisa os efeitos da ascensão econômica e política do Brasil sobre a capacidade do país em haver moldado a ordem global via *soft balancing* durante a presidência de Luiz Inácio Lula da Silva, bem como o consequente impacto dessa ascensão sobre as relações do Brasil com os Estados Unidos. A fim de contextualizar os efeitos do *soft balancing* brasileiro em instituições internacionais e nas relações brasileiro-americanas, este texto realiza, primeiramente, uma revisão da literatura teórica e empírica pertinente relativa a paz liberal (e, inversamente, conflitos relacionados ao comércio), a paz democrática e a natureza e evolução da governança global. No contexto tanto da paz liberal quanto da governança global, a literatura sugere o potencial ou de aumento da cooperação entre Brasil-Estados Unidos ou de intensificação do conflito decorrente de interesses divergentes dos países e da busca por influência na transformação para um mundo multipolar. Paralelamente, a literatura indica o potencial de que valores compartilhados tenham promovido harmonia bilateral, mas aponta ainda para as limitações da consolidação democrática do Brasil, cujos efeitos podem ter enfraquecido a importância da democracia como um catalisador das relações brasileiro-americanas durante a presidência de Lula.

A parte empírica deste texto, após uma breve análise da história de busca brasileira por poder vis-à-vis aos Estados Unidos e da limitada expansão do *hard power* (poder militar) brasileiro, foca-se no uso que Lula fez do *soft power* como forma de contra-balancear a influência americana na América do Sul e ao redor do mundo. Lula adotou uma estratégia clássica de *soft balancing* de potências intermediárias por meio da construção de coalizões regionais e globais, além da influência em instituições internacionais. Apesar dos limitados resultados dos esforços de Lula em formar coalizões, a estratégia brasileira de *soft balancing* foi,

no entanto, bem sucedida em tornar a posição brasileira mais relevante para a governança global e a política americana. Apesar dos dois países terem sido capazes de manter relações construtivas em áreas de interesse e valores comuns, o progresso crescente de Lula em limitar a influência americana e solidificar a posição brasileira de potência intermediária levou, de maneira geral, a atritos entre Brasil e Estados Unidos.

Palavras-chave

Relações Brasil-Estados Unidos, *soft balancing*, formação de coalizões, formação regional, governança global

INTRODUCTION

The theoretical writings of leading Latin American scholars such as Stephen Krasner, Robert Rosecrance, and Peter Smith form the intellectual underpinnings of this project's objectives and justification and give rise to the questions that this research addresses. Central among these theoretical foundations is the concept of a "community of democracies."¹ Has Brazil's growing economic and political strength among nations led the country to have a "natural harmony of interests"² with the United States and thereby strengthened global order and the global community of democracies? Or has Brazil's growing clout caused it to seek to become a counterweight and even an adversary to the United States? If so, has this necessarily impeded the further development of a stable global order, or has Brazil's resistance to align with the United States actually enhanced global order by making global governance more inclusive and effective?

These inquiries can be wrapped into the broader theoretical framework of international relations "regimes" as defined by Krasner, who considers a regime to be constituted of "implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations."³ Whereas relations between the U.S. and Latin America were defined by "fear of the communist threat"⁴ during the Cold War, there exists the possibility that a new regime in U.S.-Latin American relations has emerged as Brazil has grown in wealth and influence on the global stage. Such a regime would fall into the theoretical framework that Smith defines as being driven not by fear but by "convergence of

¹ Peter H. Smith, *Talons of the Eagle* (New York: Oxford University Press, 1996) 4.

² *Ibid* 3.

³ Stephen Krasner, "Structural Causes and Regime Consequences," *International Regimes* (Ithica, NY: Cornell University Press, 1983) 2.

⁴ Smith 4.

economic purpose.”⁵ Over the long term, this adjustment in regimes may have led to the kind of profound change in “subjective perceptions”⁶ between Brazil and the United States that could have underpinned a transition to an entirely new international relations “system” in the western hemisphere, for Smith’s theory of international relations indeed predicts that an adjustment in subjective perceptions ultimately can lead to a change in international systems within the framework of systems defined by Rosecrance.^{7,8}

Smith’s theory of international relations posits that any change in bilateral regimes will be bound by the players’ rationality. According to Smith, rationality, in turn, depends largely on a country’s collective weltanschauung, or worldview.⁹ Whether Brazil and the United States have achieved the “natural harmony of interests”¹⁰ that is necessary for a new regime to have arisen between the two countries therefore depend, among other factors, on the degree of malleability of Brazilian weltanschauung toward the United States. Has the United States’ record of compelling Brazilian governments in earlier decades to crush labor movements and maintain pro-U.S. foreign policies, for example, prejudiced Brazilian weltanschauung toward the United States to such a degree that has bound Brazil’s rationality and prevented the kind of breakthrough that would lead to the emergence of a cooperative, synergistic regime between Brazil and the United States? Reciprocally, has Brazil’s rise in wealth and power been enough to change American weltanschauung in a way that has caused the United States to view Brazil less as a quasi-colony to be controlled and more as a strategic partner – or rival?

⁵ *Ibid* 3.

⁶ *Ibid* 5.

⁷ Richard Rosecrance, *Action and Reaction in World Politics: International Systems in Perspective* (Boston: Little, Brown, 1963).

⁸ --, “A New Concert of Powers,” *Foreign Affairs* 71, No. 2 (Spring 1992): 64-82.

⁹ Smith 8.

¹⁰ *Ibid* 3.

The question of how Brazil's rising wealth and influence on the global stage has affected its relations with the United States can be examined through the lens of soft balancing. The notion of soft balancing refers to the efforts of emerging and middle powers to balance the weight of the "established great powers" through, for example, coalition-building and leverage and innovation within international institutions.¹¹ Crucially, and especially in the case of Brazil, maintaining a large measure of independence when entering into coalitions or engaging international institutions helps soft-balancing actors to be agile and effective.¹²

Brazil's ability to engage in soft balancing is best understood in the context of its increasing prominence on the global stage. Since emerging from the challenges of recurrent inflation and dictatorship and achieving a stable financial system and political regime, Brazil has gained international prominence as one of the BRIC countries (Brazil, Russia, India, and China)¹³ that are gaining influence in world affairs. Indeed, Brazil has been increasingly asserting the role of the BRIC countries in shaping international relations. Speaking about the exclusive gathering of developed countries known as the G-8, Celso Amorim, Brazil's former foreign minister, proclaimed that the G-8 "is over as a political decision group" and "represents nothing at all," adding that "you simply can't ignore emerging countries such as Brazil, China or India."¹⁴

The recent global economic crisis has highlighted Brazil's position in a certain sense as a leader among the BRIC nations. While Brazil already has recovered strongly from the crisis,¹⁵

¹¹ Daniel Flesmes, "O Brasil na iniciativa BRIC: soft balancing numa ordem global em mudança?" *Revista Brasileira de Política Internacional* 53, No. 1 (2010): 141-156.

¹² *Ibid.*

¹³ Jim O'Neill, "Dreaming with BRICs," Goldman Sachs Global Economics Group, Oct. 2003.

¹⁴ Peter Baker and Rachel Donadio, "Group of 8 Is Not Enough, Say Those Wanting In," *New York Times* 10 July 2009: A13.

¹⁵ Joshua Goodman and Iuri Dantas, "Brazil Output Expands for Fifth Straight Month in May," 2 July 2009 <<http://www.bloomberg.com/apps/news?pid=20601086&sid=aYHcoYbqIAaU>>.

Russia, for instance, continues to struggle mightily with contracting economic productivity due to its poorly diversified, oil-dependent economy in light of the global contraction in economic activity¹⁶, while its long-term prospects for growth appear increasingly dim due to its graft-ridden economy¹⁷ and aging population¹⁸ – a problem it shares, to a degree, with China, where centrally planned demographic policy has artificially limited the birth rate.¹⁹ The prospects of India and China achieving long-term greatness, meanwhile, are challenged by their respective systems of government. A slow, convoluted decision-making process in government holds back change in India,²⁰ while one-party totalitarianism in China limits the free exchange of ideas necessary for economic and political maturity and leaves open the prospect of revolution, which limits the country's attractiveness for investment due to the uncertainty of property rights over the long term.

Brazil, however, has managed to achieve a political system which, if at times mildly corrupt and inefficient, nevertheless is upheld in Latin America as a model of stability and progress.²¹ Relative to the situation in other BRIC nations, Brazil's political system, for instance, seems more enlightened and sustainable than the totalitarian system of China, which remains subject to unrest and revolution.²² Unlike Russia's democracy, which has been accused of creeping backwards toward a Soviet-style system of strongman rule,²³ Brazil's democracy is moving the country ever farther from its past experience of dictatorship. And while India's democracy is robust in the sense of openness and participation, it remains crippled by

¹⁶ Andrew Kramer, "Russia Facing Long Recession, World Bank Says," *New York Times* 25 June 2009: B4.

¹⁷ "Courting Disaster," *The Economist* 4 July 2009: 63.

¹⁸ "Country Report: Russia," United Nations Economic and Social Commission for Asia and the Pacific, 9 Oct. 2007.

¹⁹ Niall Ferguson, "Will an Aging Population Defang China?" *Los Angeles Times* 1 Oct. 2007.

²⁰ William Nobrega, "India Will Beat China – All in Its Own Good Time," *The Independent* 27 July 2008.

²¹ "Rice urges respect for democracy," 27 Apr. 2005 < <http://news.bbc.co.uk/2/hi/americas/4484215.stm>>.

²² Thomas Lum, "Social Unrest in China," Congressional Research Service, 8 May 2006.

²³ "Democracy à la Russe," *The Economist*, 19 Apr. 2007.

Goldbergian practices and processes and a sprawling array of institutions and parties that are difficult to coordinate in order to achieve progress.²⁴

Still, Brazil cannot credibly be called a major power, even among the BRIC nations. While it has bright prospects for the reasons cited above, it remains the smallest of the BRICS in terms of military spending and trade; it has the second-smallest population; and its GDP, although about one third greater than that of Russia or India, is dwarfed by the GDP of China (see Figures 1-3 and 7-8). Therefore, Brazil must be examined not as a great power but as an emerging country with a certain limited, if rising, potential to influence global order – that is, as a “middle power”²⁵ or an “intermediate state.”²⁶ The objective of this research is to examine the effects of Brazil’s economic and political rise on the nation’s ability to have shaped global order through soft balancing during the presidency of Luiz Inácio Lula da Silva from 2003 to 2010 and the consequent impact on Brazil’s relations with the United States.

²⁴ David Pilling, “India's messy democracy works rather well,” *Financial Times* 19 Mar. 2009.

²⁵ Daniel Flesmes, “Emerging Middle Powers’ Soft Balancing Strategy: State and Perspectives of the IBSA Dialogue Forum,” Working Paper No. 57 (August 2007).

²⁶ Maria Regina Soares de Lima and Mônica Hirst, “Brazil as an Intermediate State and Regional Power: Action, Choice and Responsibilities,” *International Affairs* 82, No. 1 (2006): 21-40.

LITERATURE REVIEW

This text begins with a bibliographic review of key scholarly works relevant to the question of the impact Brazil's emerging power had on both global order and Brazil's relations with the United States through the end of President Lula's term in office. The literature review starts by examining the literature relevant to the liberal peace, which holds that increasing trade reinforces peaceful relations between countries. There also exists an important corollary literature that posits, conversely, that trade-based conflicts undermine relations between nations. While Brazil's trade with the United States rose during Lula's presidency (see Figure 9), conflicts between Brazil and the United States over trade issues also grew. Therefore, an examination of literature relevant to the liberal peace and trade-based conflicts is appropriate for an analysis of the evolution of Brazilian-American relations during President Lula's term in office, especially insofar as such conflicts were tools for Brazil's efforts at soft balancing.

This literature review also examines notable scholarship on global governance in order to contextualize the effects of Brazil's soft balancing on global issues and within international institutions. As with the liberal peace, the literature raises two possible scenarios: the prospect for enhanced Brazilian-American cooperation or the potential for conflict as the countries' respective interests and quests for global influence clashed. The literature, for instance, raises the possibility that Brazil's increasingly prominent and consequential role in international forums and organizations might have facilitated dialogue with the United States in a way that has reinforced constructive bilateral relations. However, the literature also points to the potential for Brazil's rising power to have thrust Brazil into a role of undermining American power, especially through Brazil's embrace of soft balancing aimed at instigating a transformation to a more multipolar world and flattening the deformed distribution of power among nations.

Implications of Brazilian-American trade for bilateral relations

John Oneal et al., in “The Liberal Peace: Interdependence, Democracy, and International Conflict, 1950-85,” draw on concepts first formulated by Immanuel Kant to assert that democracy, economic interdependence, and international institutions – the three pillars of Kantian peace – may reinforce each other synergistically to reduce the likelihood of conflict. Oneal et al. begin with a historical overview that shows how trade was an important tool for the prevention of war as early as the seventeenth century in Europe. Kant, writing in the eighteenth century, broadened the notion of the liberal peace to include not only trade but also democracy. Oneal et al. neatly break down Kant’s argument. First, Kant proposed that republican institutions, with their decentralized arrangements of power that lead to checks and balances, “eliminate autocratic caprice in waging war” (12). Secondly, democracy creates the “moral foundation” (*ibid.*) for a liberal peace because respect for the rights of all citizens naturally leads to a system of values on which a sustainable system of international law can be built. Lastly, Oneal et al. cite the role of trade in creating “transnational ties that encourage accommodation rather than conflict,” with “material incentives” augmenting moral values to create international stability (*ibid.*) The analysis by Oneal et al. of Kant’s thesis supports, at a high level, the notion that the rise in Brazilian trade and democracy may have reinforced positive ties between Brazil and the United States.

Oneal et al. allow that there is not universal agreement on the liberal theory that trade enhances the prospects for peace. The authors cite neorealist views that hold that interdependence can lead as much to “suspicion and incompatibility” (13) as to accommodation, especially when there is an asymmetric trading relationship in which one party is subject to

dependency and exploitation. Such asymmetric arrangements are especially common, the authors point out, between colonies and colonial powers. Brazil historically has held a suspicious view of the United States insofar as the United States played a critical background role in installing and propping up Brazil's dictatorship. Although this level of control never rose to the level of literal colonialism, the actions of the United States in past decades nevertheless bore a certain resemblance to colonial dominance, especially considering the United States' close relationship with figures in the Castelo Branco and Collor regimes. Therefore, the possibility that neorealists raise and Oneal et al. acknowledge that interdependence may lead to suspicion instead of accommodation raises important questions for any examination of the effects that trade has had on relations between Brazil and the United States, especially since the United States is the second-largest importer of Brazilian goods (after China) and the largest supplier of Brazilian imports. In particular, this dissenting literature augurs against the validity of any claim that Brazil's generally increasing commercial engagement with the United States necessarily led to improved bilateral relations during the Lula presidency.

Empirical defenses of the liberal peace

Oneal et al. set out to test Kant's three theses empirically. Their contribution to previous studies on this topic is to employ both discrete and continuous measures of democracy and to control for economic interdependence when observing the effects of executive constraints and norms that arise from democracy. In terms of methodology, the authors evaluate dyad-years during the Cold War era from 1950 to 1985. Here, the authors arguably can be criticized for selecting an atypical time period in which decisions to go to war were substantially influenced by the looming threat of nuclear conflict between the two superpowers, the United States and the

Soviet Union. In other words, the decision to go to war during the Cold War era can reasonably be said to have involved extraordinary considerations that would not have been present in less extreme geopolitical circumstances in other periods that Oneal et al. could have analyzed.

Oneal et al. admirably admit other shortcomings in their methodology. They point out, for instance, that their measure of economic interdependence may not in all cases be completely accurate, especially when trade is comprised mostly of importing vital goods, like oil and food, that are critical to national security. The implications for scholars of Brazilian-American relations are significant, since oil, steel, and other mission-critical commodities like minerals and fuel either are among Brazil's primary current exports to the United States or represent potential major future exports. The authors' other dependent variables look not at economic interdependence but at democratic peace and measure both institutional constraints on executive fiat to declare war and the presence of nonviolent norms in society. Nonviolent norms are a vague concept, so the authors cleverly attempt to measure their existence using more the discreet variables of regime stability, domestic violent conflict, and political executions as proxies.

Crucially, Oneal et al. control for variables that could muddle their results. They focus on two factors, military power and economic growth, in order to eliminate the effects of exogenous factors on their study. In justifying their controls, Oneal et al. argue that an imbalance in the respective military strength of two nations in a dyad under observation could distort their propensity to go to war. The authors similarly cite economic growth as an exogenous mediator of violent propensity, given that countries that are growing robustly – as Brazil did during the Lula years – generally have less incentive to engage in war, which tends to disrupt economic activity. This observation supports the idea that Brazil's generally increasing commercial engagement with America may have contributed to stable, positive relations with the United States.

After carefully designing their regression analysis to control for exogenous factors, ONeal et al. leverage the Correlates of War database to estimate the coefficients associated with the Kantian factors they seek to measure. In order to avoid the nebulousness of what defines a war, the authors commendably set a bright-line threshold for the degree of violence necessary to constitute war for the purposes of their investigation. They find that economic interdependence indeed has a significant impact on pacificity between trading partners, especially among conflict-prone countries that share a border, and that democracy has a significant “pacifying effect” (24) on democratic dyads. The authors then proceed to ask whether these two variables – economic interdependence and democratic government – are synergistic. They find that economic interdependence and democracy interact in such a way as to further decrease the chances of violent conflict between democratic trading partners, both between countries that are geographically contiguous and between nations regarded as “great powers” (13). As Brazil has risen to become a powerful player on the world stage, with the potential as one of the oft-cited BRIC countries to grow one day into a “great power,” the empirical finding by ONeal et al. that economic interdependence between democratic “great powers” would seem to support the notion that growing economic interdependence may have helped advance peaceful, stable long-term economic and political relations between Brazil and the United States.

More controversially, ONeal et al. also cite their data in support of the notion that trade even in dependent relationships in which one country dominates and exploits the other leads not to strife but to a reduction in conflict. This finding, they assert, directly undermines dependency theory, which holds that trading relationships with gross imbalances of power are likely to lead to resentment and violence. This empirical finding, and the conclusion that ONeal et al. draw from it, forms the basis of criticism of their methods and interpretations from adherents of

dependency theory. In acknowledging their critics, Oneal et al. show admirable scholarly humility in allowing that contradictory findings and interpretations, such as Katherine Barbieri's (see below), "indicate that the influence of trade on international conflict must be investigated further" in order to "clarify the conditions under which interdependence is beneficial" (23). Nevertheless, Oneal et al. are firm in concluding that their data reinforce the notion of Kantian peace: "Kant and the other liberals were essentially correct about the benefits of democracy. Peace is more likely when societies have adopted nonviolent norms of conflict resolution, executive authority is constrained by a system of checks and balances, and intertwined commercial interests make conflict uneconomical" (24). Their conclusion that increased engagement in trade and strengthened democratic institutions bolster peaceful, constructive bilateral ties would seem to reinforce the hypothesis that Brazil's generally growing commercial engagement with the United States – along with its maturing democracy – should have boosted Brazilian-American relations during the Lula presidency.

The critical shortcoming of Oneal et al.'s work, as mentioned above, is the relatively brief time period in which the authors analyze data on democracy, economic interdependence, and violent conflict. Not only is this period short but it also is anomalous, as argued previously, insofar as the Cold War was an exceptional period in world history. Oneal, with his co-author Bruce Russett, therefore sets out to refine his work on Kantian peace by expanding the timeframe under analysis. In *Triangulating Peace*, Russett and Oneal examine dyads over more than a century and demonstrate that democracies dependably resist fighting each other. They find that a state's peaceability tends to be proportional to its membership in international organizations and that democratic peace is particularly pronounced between states with extensive and longstanding trade relationships. In light of the world's realist tendency toward anarchy and conflict,

Triangulating Peace usefully implies that commercial integration among democracies can reinforce international stability in the context of the world's naturally anarchic disposition. The implications for Brazilian-American relations are that Brazil's increasingly integrated and active presence in international organizations such as the International Monetary Fund (IMF), the World Trade Organization (WTO), and the United Nations (UN) and its ever-growing external trade, one may reasonably hypothesize, may have led to a new era in which Brazilian-American cooperation helped secure a stable and peaceful global order.

Figures from the Correlates of War database of international conflicts between 1885 and 1994 once again provide Russett and Oneal with the raw material for their analyses. While they find positive correlations between peacefulness and all three Kantian factors, they do not find that the three factors have an equal effect on creating and maintaining peace. As one might predict from economic theory, which asserts that economic self-interest is the critical driver of the behavior of rational individuals and institutions, the authors find that economic interdependence has the most impact on peace between states. This impact arises not only from the desire to preserve wealth-creating trade relationships but also through the bilateral dialogue that flows from the creation and maintenance of trade policies (as Bearce and Omori emphasize, below). Again, one might hypothesize that Brazil's increasingly prominent role in trade organizations such as the WTO may have had the potential to lead to greater dialogue between Brazil and the United States during Lula's presidency and therefore to have reinforced a lasting peaceful, cooperative relationship between the two nations.

In terms of the other two legs of the Kantian triangle, democracy itself and participation in formal global governance bodies also contribute to international peace. Democratic practices such as accountability, respect for checks and balances, and transparency, for example, all fortify

the values and institutional constraints that cause democratic regimes to avoid conflict, according to Russett and Oneal. Brazil's long-running record of corruption in government undermines accountability and transparency, and Brazil's relatively weak and inefficient judiciary stunts respect for checks and balances. Moreover, the literature indicates that Brazil lacks certain requisite conditions for successful democratic consolidation. The literature, from that produced by Russett and Oneal to that of authors like Encarnación and Perlman (see below), therefore undermines the viability of the hypothesis that Brazil's democracy may have helped reinforce American-Brazilian relations during the Lula administration.

In *The Myth of Civil Society: Social Capital and Democratic Consolidation in Spain and Brazil*, Omar Encarnación argues that Spain's relative advantage over Brazil in democratic consolidation lies in Spain's political elites' having engendered a sense of legitimacy that has created public trust in a way that Brazil's ineffective political elites failed to do, leaving Brazil "a veritable desert of social trust" (12). In Encarnación's view, the first wave of Brazil's civilian leadership – José Sarney and Fernando Collor de Mello, for example – exhibited an unwillingness to abandon Brazil's long pattern of closed, elitist governance that disenfranchised the populous to such a degree that deep cynicism became a lasting feature of Brazil's political landscape and social culture. These early democratic elites in Brazil therefore missed a critical opportunity to model the kind of reconciliation, trust, and cooperation that proved critical to nourishing Spain's developing social capital.

Conditions in Brazil, however, improved significantly since 2003, when Encarnación put forward his arguments and Lula assumed the presidency. The *Bolsa Família* program, for instance, gave Brazilians a sense that the political elite was responding creatively and effectively to certain basic social needs such as nutrition and education. Lula's enduring popularity,

moreover, showed a rising sense of satisfaction with political leadership, as did the election of Lula's deputy, Dilma Rousseff, to serve as Brazil's next president.

Still, more recent empirical works reinforce Encarnación's concerns about the robustness of Brazil's democracy and its progress toward consolidation. In "Institutional Confidence and Social Trust: Aggregate and Individual Relations," Kenneth Newton shows that Brazil, as of 2006, continued to rank last in the world in levels of social trust. Surveying the ordered data on social trust across many countries, Newtown describes Brazil's position at the bottom of the list: "We can see enormous cross-national variations in social trust, which range from Norway (65 percent) to Brazil (3 percent)" (83b). Mariano Torcal and José Ramón Montero, in their 2006 work entitled "Disaffected Citizens and the Changing Nature of Representative Democracies," reinforce the implication made by various authors – from Almond and Verba, Inglehart, and Putnam to Encarnación and Newton – that low levels of social trust bode ill for the prospects of emerging democracies, especially Brazil. "The lowest levels of social trust are found in countries such as Brazil," they write, "which of course display the highest levels of political disaffection."

Janice Perlman, in her 2010 work *Favela*, highlights the rise of violence fueled by drug trafficking and the state's failure to mount an effective response as factors that have seriously impeded the consolidation of Brazil's democratic institutions. Perlman points to such toxic effects as erosion of social trust and rising disenchantment and disengagement as the drivers of Brazil's underperformance in its democratic evolution. Insofar as Russett and Oneal are correct to emphasize the centrality of such democratic practices to the emergence of enduring Kantian peace between nations, the lack of maturity of Brazil's democratic institutions as presented in the literature sends a negative signal for the potential for the Kantian factor of democracy to have reinforced stable, constructive relations between Brazil and the United States.

Russett and Oneal also stress that the leaders of democratic governments are more likely to avoid war because of war's high cost in both financial and political terms. Because voters generally view tax levies to finance massive government expenditures unfavorably and look askance at leaders who lose wars, politicians in democracies are hesitant to engage in expensive and risky military actions. Here, Brazil's likelihood of having been a force for a peaceful world order improves, given that Brazilian voters have been able to hold politicians accountable in elections that were largely free of fraud and predictably timed. International institutions, the third leg of Kantian peace, provide forums for problem-solving before conflicts reach the level of war, according to Russett and Oneal. Given its rising power on the international stage, it is in this area that Brazil has the potential to have shone as an agent of democratic peace and therefore, one could hypothesize, as a partner with the United States in promoting a stable and peaceful world order during the Lula presidency.

International institutions and the liberal peace

Richard Steinberg helps elucidate the nature of these international forums in more detail, at least insofar as they apply to international trade. In his work entitled "In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO," Steinberg takes a critical look at the ways international trade bodies help facilitate the liberal peace. Steinberg points out that international organizations can be structured in three ways to make decisions. Majority decision-making gives each state an equal vote on matters of concern to the organization at hand, with the majority proving decisive. Weighted voting gives more votes to states entitled to hold more sway over the organization, due, for instance, to their outsized financial support of the organization. A third way that international institutions make decisions is

through consensus, or unanimity. Consensus-driven decision-making derives its legitimacy from the concept of sovereign equality, which holds that the interests of no state should be subordinated to the interests of another state since all states enjoy the right to self-determination inherent in notion of sovereignty. Steinberg chooses to focus on the consensus approach in his analysis of how international organizations function. He selects the World Trade Organization (WTO) as his case study, since it is a leading international organization of substantial consequence in contemporary international relations whose decision-making is driven, at least in theory, by the principle of sovereign equality. Steinberg's work is especially relevant to an inquiry into the dynamics of Brazilian-American relations since Brazil under Lula increased its influence at the WTO, where the United States already played a prominent role.

Steinberg begins by articulating the distinction between soft and hard international law. Soft law, according to Steinberg, represents the intentions of sovereign states to take certain actions but lacks teeth in terms of enforcement power. Hard law, on the other hand, has built-in enforcement mechanisms that allow countries to sanction those that deviate from prescribed behaviors. International organizations engage in creating both soft and hard law. The GATT/WTO structure that Steinberg analyzes produces enforceable, or hard, law that has binding consequences on its members.

In theory, the procedural mechanism in the WTO for creating hard law is consensus under the principle of sovereign equality. Steinberg points out that realism would not predict that powerful entities in the GATT/WTO framework, such as the United States and the European Union, would permit consensus-driven decision-making because such an approach would undermine their relative power. Considering all entities equal, in other words, does not align with the realist vision of the world in which some nations are more powerful than others and in turn

would be expected to leverage their power to control international law-making, especially when the creation of binding hard law is at stake. Steinberg seeks to analyze and deconstruct this curiosity of international law-making.

Steinberg closely examines the actual day-to-day workings of the GATT/WTO institutions to attempt to gain insight into why the major powers acquiesce to sovereign equality in the organization's production of hard law. Steinberg concludes that powerful entities in practice still dominate GATT/WTO outcomes because they control the process of setting the agenda. Furthermore, the procedures involved in consensus-based decision-making require that all parties register their preferences. This process allows powerful players to gain insight into what priorities are most critical to all parties involved in negotiation and what tradeoffs different states are willing to consider. The powerful states that set the agenda can leverage this information on preferences to formulate packages of hard law that contain enough concessions to individual states to win their approval of the overall legislative initiative, which in total is formulated to cater to the interests of the major powers. Steinberg concludes that such a notion of sovereign equality in practice amounts to little more than "organized hypocrisy" that serves simply as an "external display" to voters to allow WTO agreements to seem legitimate (342).

Although Steinberg attacks the premise that international organizations always serve an equitable, constructive function for all parties involved, he nevertheless stops well short of claiming that international organizations driven by "organized hypocrisy" (or worse)²⁷ leave participants dissatisfied to a degree that might stoke violent conflict. Steinberg's contribution, therefore, is to trigger critical thought about whether international organizations contribute to

²⁷ See, e.g., Damian Carrington, "WikiLeaks Cables Reveal How U.S. Manipulated Climate Accord," *The Guardian* 4 Dec. 2010: 6 (illustrating how powerful member nations with ulterior motives can manipulate and abuse international organizations for self-serving ends).

optimal outcomes, but his work does not go so far as to undermine a central premise of the liberal peace that international cooperation on trade lessens the likelihood of war. Russett and Oneal's defense of the Kantian triad, in other words, withstands Steinberg's critique of certain international institutions. Moreover, Steinberg's work raises the question of whether Brazil has been treated as a major power in terms of the WTO bargaining process. During Lula's presidency, did Brazil's growing economic clout and its increasingly visible role in WTO conflicts and negotiations lead it to have a genuine place at the table for WTO decision-making and policy-setting? If so, did the fact of Brazil's WTO participation turning consequential rankle the United States and strain Brazilian-American relations, or did an increase in dialogue between Brazil and the United States as a result of Brazil's increasing power at the WTO lead to the kind of dialogue-driven cooperation that Russett and Oneal would predict? Scholarship from David Bearce proves relevant to further unpacking this question.

Unlike Steinberg's critique of "organized hypocrisy" at the WTO, others, such as Bearce, take a more charitable view of the contributions that international commercial organizations make to the liberal peace. In fact, some scholars argue that commercial institutions play a more consequential role in maintaining peace than commerce itself does. Bearce is a leading proponent of the "commercial institutional peace." In "Grasping the Commercial Institutional Peace," Bearce endeavors to explain how international institutions designed to foster trade may undergird the liberal peace. Bearce starts from the assumption that low opportunity costs, lack of shared information, and impediments to mutual commitment all contribute to making war more likely. Using this logic, Bearce hypothesizes that international commercial institutions play an important role in increasing the opportunity costs of going to war by helping countries both to enter into mutually beneficial commitments and to maintain open communication that results in

valuable information-sharing and lessens the likelihood of misunderstandings. Heightened expectations of future commerce, facilitated by membership in international commercial bodies, raise the opportunity costs of conflict, according to Bearce. Increased information through enhanced communication, Bearce continues, stems from opportunities that commercial institutions provide for state leaders to interact and build trust. Bearce is able to provide concrete examples of international commercial institutions raising the opportunity costs of conflict and building open communications between neighboring states by examining both the Gulf Cooperation Council and the Economic Community of West African States.

While Bearce's argument about the primacy of commercial institutions over commerce itself in maintaining peace is novel, he unfortunately fails to provide examples outside of regionally clustered developing nations that might allow his theory to be more widely generalized. It is conceptually challenging, for instance, to apply Bearce's thesis to bodies like the WTO since the WTO includes both developed and developing nations and serves as a forum for more than just states clustered in the same region. For the purposes of this text, an interesting extension of Bearce's work, therefore, would be an investigation into whether his thesis holds on a global, rather than just a regional, level and whether the effect of commercial institutions on peace is robust for both developing and developed nations, especially since Brazil and the United States fall into these respective categories.

Nuances and limits of the liberal peace in practice

In his follow-up work with Sawa Omori entitled "How Do Commercial Institutions Promote Peace?" Bearce endeavors to test empirically his theory that international commercial institutions help reduce conflict. Whereas Bearce's previous work had hypothesized that raising

the opportunity cost of war by promoting trade was a critical function of international commercial institutions in preventing conflict, Bearce and Omori actually find no significant empirical support for this proposition. Instead, the authors identify communication among national leaders at international commercial forums as the key variable that checks interstate conflict. The authors interpret these results, which question the role of trade and highlight the importance of institutional forums, to underscore their view of the primacy of institutions over commerce in promoting peace among nations. They conclude, therefore, that the third component of the Kantian peace, international organizations, impacts the liberal peace much more than the second leg of the Kantian peace, international trade. Here, Bearce and Omori directly challenge one of the core findings of *Triangulating Peace*. Whereas Russett and Oneal claim empirical support for the dominance of international trade among the three legs of the Kantian peace, Bearce and Omori discard trade as a key driver of the Kantian peace and instead emphasize the role of international institutions in preserving peace. Regardless of whether Russett and Oneal's or Bearce and Omori's view prevails in practice, the likelihood that Brazilian-American cooperation reinforced the Kantian peace during the Lula administration is high, given both that Brazilian-American trade grew and that Brazil's role in international commercial forums increased.

Besides Bearce and Omori's strong challenge to its central holding about the indispensable, primary role of commerce per se in preventing conflict, *Triangulating Peace* leaves unresolved other important issues that are relevant to Brazilian-American relations. For instance, Russett and Oneal's work fails to examine some critical nuances, including the issue of whether trade between democracies reinforces peace at all levels of wealth. Assuming that trade does impact peace, is the effect the same for developing and developed democratic nations like

Brazil and America respectively? Oneal joins with Michael Mousseau and Harvard Hegre to tackle this question in “How the Wealth of Nations Conditions the Liberal Peace.” They set forth the hypothesis that the benefits of trade to democratic peace may be proportional to the wealth of the trading partners. To test this hypothesis, the authors look not only at levels of trade but also at levels of development in reviewing the same data on the correlates of war leveraged in *Triangulating Peace*. Oneal et al. discover in fact that the correlation between trade and peace between democratic pairs described in *Triangulating Peace* holds regardless of the absolute or relative wealth of the trading partners but that the presence of democracy itself only makes a dyad more pacific if both states have annual GDPs per capita of at least US\$1,400. The authors therefore assert that trade is even more universally potent than democracy in promoting peace, or, in other words, that the liberal peace may be even more robust than the democratic peace. Even so, with Brazil, at well over US\$8,000, having comfortably passed the threshold GDP per capita necessary for peace within a democratic dyad, there is a large probability that peaceful and constructive relations between Brazil and America, whether driven by trade or democracy, solidified during the Lula presidency.

Normative implications and unanswered questions

Taken as a whole, these complimentary works combine to make a plausible case that liberal trade policies driven by democratic politics contribute to a more peaceful world – or, in other words, that the liberal peace is a viable phenomenon. This observation has powerful prescriptive implications for advocates of peace. All too often, those who advocate peace at the same time criticize liberalism. These earnest protestors, such as demonstrators at the Seattle and Geneva World Trade Organization meetings and participants in the World Social Forum, rail

against military conflict and free trade in the same breath and seem to believe that peace and free trade cannot comfortably coexist. They believe instead that free trade increases inequality among nations and that such inequality leads to conflict, often resolved through military means, and ultimately to domination. Hostility to liberalism is especially marked in Brazil. Longstanding suspicion of liberalism, for instance, dominates critiques of the rightist Brazilian Social Democratic Party (PSDB) and is a common feature of dialogue from university campuses to legislative forums. In opposition to such views, the works reviewed herein thus far show such fears of globalization to be partially misguided, at least insofar as those who hold such fears believe that liberal trade undermines, rather than bolsters, prospects for peace. Nevertheless, these works do not provide a fully ironclad case for the argument that trade leads to a more tranquil world. *Triangulating Peace*, for instance, argues that commercial integration makes democratic dyads much less likely to engage in military conflict. Could it be, however, that more trade occurs in a peaceful world because peace promotes trade and not necessarily because trade promotes peace? Further research could help elucidate the causal relationship between trade and peace in democratic pairs, with important consequences for understanding the evolution of the dynamics of Brazilian-American relations. These shortcomings leave the notion of the liberal peace open to critique.

Challenges to the liberal peace

Certain scholars have found serious fault with arguments that equate trade with peace. In fact, some political scientists, led by Katherine Barbieri, argue that increased trade actually leads to more conflict. In *The Liberal Illusion: Does Trade Promote Peace?* Barbieri presents a compelling argument that addresses the extensive body of theory on the effects of trade and

peace and offers original empirical research to question the conventional assumption that trade promotes peace. The implication of Barbieri's critique is profound for both politics and economics, for if trade creates wealth that ultimately is destroyed through war, trade amounts to an activity that in economic terms is futile and in political terms is dangerous. The practical consequences for Brazil and the United States would have been an increase in the likelihood of political conflict as trade between the two nations grew during the Lula administration.

Barbieri begins her book by examining the range of arguments about the effects of trade on conflict as expounded not only by liberals but also by Marxists and neorealists. She looks at a range of classical liberals, from pioneers like Adam Smith, John Stuart Mill, and Montesquieu to more contemporary theorists, who all hold that economic interdependence among nations can reduce the likelihood of international conflict. The classic words of Mill, for Barbieri, sum up that liberal point of view that "commerce ... rapidly renders war obsolete by strengthening and multiplying the interests naturally opposed to conflict" (10). Marxists and neorealists, on the other hand, instinctively believe that trade has the potential to spark conflict, according to Barbieri. Marxists view international trade through the lens of exploitative capitalism, while neorealists understand trade among nations in part as compelled behavior driven by unequal positions of power between trading partners.

Given the contradictory premises found in theory about the effects of trade on conflict, Barbieri seeks to develop a novel empirical approach to analyze the ways that economic interdependence impacts the propensity for nations to go to war. Barbieri approaches this investigation at three levels: dyadic, monadic, and systemic. Her dyadic analysis examines incidents and severity of violent conflict between trading partners. She also investigates whether trading partners have generally been more successful at negotiating settlements to violent

disputes. To Barbieri's credit, she uses robust statistical methods like logit and ordered logit to analyze her data thoroughly. Moreover, Barbieri is to be commended for using data over a very long time period, from 1870 to 1992, in a bid to avoid criticism that she may have selectively chosen particular periods of time that might suit a predetermined quest to critique liberal theory.

Barbieri's strongest finding comes from her dyadic analysis and shows, contrary to liberal theory, that trade and conflict may actually be positively correlated. Her data indicate that the validity of the liberal peace depends strongly on the degree of dyadic symmetry between the trading pair. Barbieri explains this observation through the perspective of dependency theory. The dominant partner in an asymmetric dyad will have the ability to manipulate or even coerce the dependent partner. This imbalance of power, according to Barbieri, is inherently politically unstable and can lead to conflict. Here, Barbieri's view exemplifies Russett and Oneal's characterization of neorealist theory as holding that interdependence can lead to "suspicion and incompatibility" (13).

At first glance, Barbieri's work would lead to ominous predictions about the effects that growth in bilateral trade may have had on Brazilian-American relations, but her work is not wholly convincing. Despite her robust statistical approach and her careful reliance on long-term data, Barbieri's methods that lead to such a startling illiberal finding become somewhat suspect upon closer inspection. For instance, instead of using straightforward measures of interdependence such as the share of a country's trade with its dyadic counterpart as a percentage of that country's total trade or GDP, Barbieri takes such raw measures and transforms them into more nebulous independent variables such as salience, symmetry, and interdependence. These variables are the result of significant algebraic manipulation on Barbieri's part, and the process of deriving their values consequently muddles the interpretation – and credibility – of Barbieri's

results. Moreover, Barbieri's findings at times seem contradictory. For instance, after having shown that dyadic asymmetry can be a source of conflict, Barbieri produces a corollary finding that dyadic symmetry actually leads to more conflict as intradyadic salience, or dependence on trade, increases. In other words, Barbieri purports to find that trade promotes violent conflict in both asymmetric and symmetric dyads, a conclusion that is not logically impossible but surely is astonishing in its breadth and startling in its counterintuitiveness. Still, despite her methodological contortions and sweeping conclusions, Barbieri makes an important contribution to the understanding of the dynamic between trade and conflict by incorporating alternative perspectives drawn from Marxist and dependency theory to offer a more comprehensive theoretical view of the issue. She also adds valuable depth to the understanding of trade and conflict by noting that economic interdependence generally leads to negotiated settlements instead of prolonged conflict.

Barbieri is not alone in criticizing the widely held notion of the liberal peace. Hyung Min Kim and David Rousseau call the classical liberal consensus only "half right." Kim and Rousseau argue that there is empirical support for the democratic peace but not for the liberal peace. In "The Classical Liberals Were Half Right (or Half Wrong): New Tests of the 'Liberal Peace,' 1960-88," Kim and Rousseau set out an empirical case that validates the notion that democracies fight less while undermining the liberal consensus that trade reduces conflict. They aim their argument squarely at Russett and Oneal's articulation of the liberal peace, claiming that failure to correct for simultaneity fatally voids Russett and Oneal's conclusions. In other words, Kim and Rousseau claim that the liberal consensus fails to clarify directional causation. Does economic interdependence reduce conflict, or does conflict reduce interdependence? Herein, according to Kim and Rousseau, lies the simultaneity problem on which their critique of the

liberal peace rests. More formally, the conventional framing of the issue of trade and conflict relies, according to the authors, on using an endogenous factor as an explanatory variable in attempting to model the relationship between economic interdependence and the use of force. Such an approach to empirical analysis, Kim and Rousseau argue, will produce inaccurate coefficients from standard regression models. The authors therefore endeavor to avoid the simultaneity problem in a two-step process by specifying the interrelationship between military conflict and economic interdependence through a secondary equation that treats economic interdependence as a dependent variable and then provides input into a master equation in which use of force is the independent variable.

Kim and Rousseau also adopt other crucial methodological innovations to test the liberal-peace hypothesis. Instead of considering only conflicts that have resulted in wars, the authors examine all disputes between trading partners, including those that involved armed forces but did not actually degenerate into violent conflict. Secondly, they point out the important differentiation between conflict initiation and conflict involvement. Being drawn into a conflict, especially as a victim, is conceptually so distinct from starting a conflict that Kim and Rousseau, unlike previous researchers of the liberal peace, choose to focus only on conflict initiation in analyzing the relationship between trade and conflict. Admirably, the authors, in order to ensure the relevance of their findings, limit their methodological innovations by committing themselves to using the same measure of economic interdependence – imports plus exports divided by GDP – that most benchmark studies of the liberal peace have employed. The result is that, despite the study's extensive methodological departure from previous empirical research on the relationship between trade and conflict, the data that Kim and Rousseau produce can be compared neatly to

the results of other works, such as those by Russett and Oneal, that use the same formula to quantify economic interdependence.

When using a classic logit approach, Kim and Rousseau produce the same result that classical liberals like Russett and Oneal have also reached – i.e., that economic interdependence and conflict are negatively correlated. However, when Kim and Rousseau move to a dual-stage probit least-squares approach in order to correct for simultaneity, they find that the relationship between trade and conflict is reduced to statistical insignificance. They conclude therefore that economic interdependence does not reduce conflict once the reciprocal relationship between the two variables is controlled for through two-stage analysis. On the other hand, the authors find no such simultaneity problem in the relationship between democracy and conflict. Indeed, like past researchers, they find robust empirical support for the notion of the democratic peace. By implication, insofar as Kim and Rousseau's results are valid, whether Brazil's democracy successfully consolidated (a topic treated above) should have had a major impact on whether Brazil and the United States were able to partner to promote the democratic peace as a foundation for a stable world order during the Lula presidency. Furthermore, Kim and Rousseau's findings, if valid, serve as a reminder to the United States that a stable and constructive relationship with Brazil depends as much, if not more, on the long-term success of Brazil's fledgling democracy as on bilateral trade. The prescriptive effect is that that United States, far from undermining Brazilian democracy as it once did during Brazil's dictatorship, must play a supportive role in helping Brazil's democracy succeed if the United States desires stable, constructive long-term relations with Brazil.

Both Barbieri and Kim and Rousseau go to great lengths to employ complex statistical methods to ensure the robustness of their results. These authors' clever efforts at methodological

innovation are commendable. However, while complexity and innovation can be an asset, there is an inherent risk that methodological complexity can detract from the credibility of research findings. Procedural elegance breeds robustness, for simple approaches leave little room for error. On the other hand, just as complex machines carry many more risks of mechanical error than do more simply designed devices, complex methods expose researchers to more procedural risks that make their findings less robust. Herein lies the differentiating factor between classical liberal analyses of the liberal peace and the more complex technical critiques of its detractors. Whereas liberals like Russett and Oneal rely on relatively unsophisticated, time-proven methods of empirical analysis that are robust in their simplicity, critics of the liberal peace resort to more strained statistical methodology to defend their positions empirically.

Moreover, backers of the liberal peace find support in an expansive array of theoretical literature that underscores the common-sense notion that countries with mutually wealth-enhancing commercial relationships will hesitate to enter into violent conflicts that might prove costly to their trade commitments. Critics of the liberal peace, such as Barbieri and Kim and Rousseau, are forced to turn to more marginal theoretical approaches, rooted for example in Marxism, to find theoretical support for the arguments they put forward and for the results their models produce. On the whole, therefore, the theory of the liberal peace, based on widely accepted classical economic and political theory and supported by elegant, robust models, seems a more accurate representation of reality than critiques driven by complex, strained statistical approaches that are grounded in alternative theories. As a result, both the liberal peace and the democratic peace are likely during the Lula presidency to have affected Brazilian-American relations and, by extension, the sustainability of a peaceful world order.

Regardless of methodological debates and unresolved questions, the debate on whether economic interdependence reduces conflict and therefore transforms the democratic peace into a broader liberal peace is a worthwhile one in an increasingly globalized world in which trade between nations is ever growing. With trade certain to influence the evolution of global governance in an increasingly globalized economy, the debate over the existence of the liberal peace is a timely one. Ultimately, the intellectual conflict between classical liberals who cheer the liberal peace and critics who question its existence will be resolved in practice as increasing economic interdependence creates a large-scale experiment on the effects of trade on international relations and international peace. Given its emerging democracy and its small but growing share of international trade, Brazil has the potential to join the United States in the set of key actors who will prove or disprove the validity of the liberal peace and define its nuances and limitations.

The effects of cooperation beyond trade and democracy

While various authors point to the potential for trade within a pluralist structure of sovereign states to undergird a peaceful world order, others focus on pluralism's inherent limitations in addressing issues of transnational concern. In an increasingly complex and interconnected world, what Andrew Hurrell describes as a minimal, pluralist structure of government – that is, a disjointed network of individual national governments and a limited international society – may fall short of addressing the many issues that cut across national boundaries. As David Held explains, “[I]ssues that concern large swathes of the world’s population ... can only be adequately resolved by increased coordination and cooperation across borders” (364). How to achieve such coordination, and indeed whether it is even possible, is the

locus of much contemporary debate in the field of international relations and global governance. The literature bears on the question of whether Brazilian-American relations served to address pressing global issues in ways that shaped the global order constructively and justly during the Lula administration.

Is there still potential for global order and justice in an increasingly complex and globalized world? This is the question that Andrew Hurrell tackles in “Order and Justice in International Relations.” Hurrell addresses realist critiques convincingly. Surveying the traditional view of the world as a “limited and fragile society” in which “preservation of the society of states” and “maintenance of the independence of individual states” drive the behavior of governments, Hurrell asks whether the world indeed must be “condemned to minimalism” in terms of global order by “constraints on effective and sustained cooperation” due to the inward, survivalist focus of individual nations in such an anarchical world (25-27). Similarly, Hurrell ponders whether pluralism limits the potential for global order and justice to coexist. Pluralism, according to Hurrell, is both the phenomenon of a people’s right to self-determination and the notion that justice must be bounded by borders because “it is only identification with a national community that can foster meaningful citizenship and provide a secure basis for both grounding and implementing conceptions of social justice” (30). Under pluralism, there is little possibility of cooperative global justice because there is no uniform global identity or moral purpose that can be leveraged to define notions of justice. Like the minimalist perspective, the pluralist worldview therefore leads to the belief that the “law of the jungle” in which cooperation ends at national boundaries defines the “limits of actual consensus” (*ibid.*) In addition to minimalism and pluralism, Hurrell cites sovereignty as a third impediment to global justice: “[C]laims for justice ... are still overwhelmingly made in terms of respect for non-intervention and state

sovereignty” (31). The questions Hurrell raises, although seemingly theoretical, have real implications for hypotheses on the effects of Brazil’s emergence as a middle power on the global stage. Did the growing power that Brazil and other BRIC countries exercised from 2003 to 2010 (the period that is the scope of this text) undermine the hegemony of the United States in a way that threatened global stability and therefore led to a rush to “maintain the independence of individual states”? Or did the reduction of American hegemony, driven in part by the growth of Brazil’s influence, and the rise of multipolarism have the opposite effect by broadening notions of global citizenship at the expense of the pluralist paradigm as the global distribution of power widened?

Hurrell sets out to challenge the paradigm in which “a pluralist and limited international society is viewed by many major states as the only acceptable framework for understanding order and justice” (*ibid.*) Proceeding with his critique in a logical, coherent way, Hurrell begins by laying out his understanding of the concepts of order and justice on a global scale. To Hurrell, justice need not be confined to the “narrow conception” that arises from a “limited power-political order built around the sovereign state” (32). Instead, he calls for a “more far-reaching, maximalist, or solidarist conception of order” that invokes notions of “transnational governance” (*ibid.*) Hurrell argues, in other words, for a global, rather than a national, conception of order and justice. Here, Brazil’s growing influence as a counter to American hegemony through soft balancing may potentially have helped trigger the process of fragmentation of global power that logically may have resulted in a more maximalist and solidarist global order as global power became more equally distributed, in support of a hypothesis that Brazil’s rising power during the Lula presidency contributed to more a effective and sustainable global governance regime.

To justify his argument that global order and justice are inevitable and indeed are inherently intertwined, Hurrell points to the fruits of globalization. Whereas Raymond Aron in the 1960s conceived of a world in which the aim of order was to provide conditions in which people could live “reasonably well” by obtaining “the minimum conditions for coexistence” (25), Hurrell believes that the world has evolved morally and materially over the intervening half-century well beyond the pursuit of mere survival. Citing Rawls, Hurrell proposes, in other words, that, because of the world’s rapid material and moral development, the focus of global order now encompasses much more than just “the essential purposes of human life” (36). “[A] wide range of social, political, economic, and technological forces” have conspired to “undermine earlier efforts to ... base international order on a limited pluralist state-based arrangement” (48). Surely, Brazil’s rapid growth, along with similar growth in other BRIC countries, contributed to the realization of Hurrell’s assessment of the current world order as gradually moving beyond a focus on survival. Consequently, Brazil’s growth in terms of economic and political strength by extension eroded the relevance of pluralism in global order. In such circumstances of increasing material wellbeing around the world, Hurrell argues, “a retreat to pluralism is impossible” (32) because globalization has resulted in “a denser and more integrated network of shared institutions and practices within which social expectations of global justice ... have become more securely established” (48). Hurrell’s observation further supports a hypothesis that Brazil’s rising power contributed to improved global governance.

One might be forgiven for believing, therefore, that Hurrell reaches a hopeful conclusion about the prospects for global justice to triumph over pluralism. On the contrary, he admirably tempers optimism with realism. Without disclaiming the theoretical potential for global justice in a globalized world, Hurrell laments that “density and deformity” impede the quest to put this

potential for global justice into practice. The unbalanced concentration of resources among states leads to a “deformed political order” with “extreme disparities in power” (*ibid.*) The increasing density, or integration, of international institutions serves, in Hurrell’s view, to magnify this distorted distribution of influence, with powerful players having ever greater control over global order and justice as the international institutions they control increasingly draw more countries into their machinations. In spite of the potential for global order and justice to flourish in a highly morally and materially developed world, density and deformity, Hurrell concludes, give pluralism the lifeline it needs to continue to dominate international society.

It remains to be answered whether Brazil’s growing power on the world stage during the Lula presidency served as a force to flatten the distribution of power among nations. Brazil under Lula certainly showed signs of a willingness to lead such a pursuit. Speaking about the exclusive gathering of developed countries known as the G-8, Celso Amorim, Brazil’s foreign minister, proclaimed that the G-8 was “over as a political decision group” and “represented nothing at all,” adding that “you simply can’t ignore emerging countries such as Brazil, China or India.”²⁸ Brazil under Lula also seemed prepared to advocate for the interests of other developing nations beyond the BRIC group. Brazil, for instance, emerged among the G-20 nations as a leading force for reform of the world trade system, particularly in regard to free trade in agricultural goods, to the benefit of some of the world’s poorest countries at the expense of some of the world’s richest ones. The consequences for Brazilian-American relations are clear: Brazil’s efforts to help lift agrarian countries out of poverty may have diminished the relative wealth and influence of the United States in the world and therefore may have strained U.S.-Brazilian relations.

²⁸ Peter Baker and Rachel Donadio, “Group of 8 Is Not Enough, Say Those Wanting In,” *New York Times* 10 July 2009: A13.

Conclusions and questions from the literature

Existing literature paints a mixed picture for the prospects for Brazil's rising power to have enhanced its relations with the United States. On the one hand, despite certain academics' dissent from the viewpoint that trade and peace are symbiotic, the literature on the whole supports the hypothesis that increased commercial engagement between Brazil and the United States, along with Brazil's increasingly consequential participation in international organizations, may have strengthened bilateral Brazilian-American relations and reinforced the liberal peace. As a result, Brazilian-American cooperation in terms of both trade and international law-making should have led to strong and fruitful relations between the two nations.

On the other hand, the literature presents certain pitfalls for the Brazilian-American relationship due to Brazil's rising power. Although cooperation on issues that transcend national boundaries may have given Brazil and the United States many opportunities to unite in common cause according to the literature, the evolution of global governance also may have led to strain on Brazilian-American ties as Brazil under Lula sought a prominent role in reshaping and smoothing, to the detriment of the United States, the deformed distribution of power in the global order. The literature also highlights the ambiguity of Brazil's progress during Lula's presidency toward democratic consolidation and therefore leads to doubts about the ability of Brazil and the United States to have strengthened their relations through the fruits of the democratic peace.

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EMPIRICAL ANALYSIS

The academic literature raises crucial questions about America's role in an increasingly globalized world in which power is more widely distributed. After the post-Cold War "unipolar moment"²⁹ in which the United States dominated the international system, a more diffuse distribution of power is on the make. With the United States widely thought to be in relative decline, a range of developing countries, including Brazil, have positioned themselves for greater influence. The talk is now of an epoch marking the end of American exceptionalism and hegemony in the face of the rise of new middle powers like Brazil.³⁰

Brazil has fortified its international stature over the past decade after a series of political and macroeconomic troubles. After struggling with incessant financial upheaval, including inflation and debt, Brazil turned to a leftist presidential candidate, Luiz Inácio Lula da Silva, sparking fears of further economic chaos for the country. However, Lula, who served from 2003 to 2010, earned widespread acclaim for his economic and social policies. Building on the programs of his predecessor as president, Fernando Henrique Cardoso, Lula leveraged the success of Brazil's democratic consolidation and macroeconomic policies to forge a more assertive international presence. Under Lula, Brazil became more engaged at the United Nations, even seeking a permanent seat on the Security Council, and enthusiastically promoted forums like Brazil, Russia, India, and China (BRIC) and India, Brazil, and South Africa (IBSA) as new loci of global power. Brazil built partnerships for economic and technical cooperation with major countries like Russia, China, and France and, closer to home, urged South American integration through new regional institutions like the Union of South American Nations (UNASUR) in the economic sphere and the South American Defense Council (CSD) in the military sphere. With

²⁹ Charles Krauthammer, "The Unipolar Moment Revisited," *National Interest*, Vol. 70, Winter 2002, 17.

³⁰ Andrew Bacevich, *The Limits of Power: The End of American Exceptionalism* (New York: Macmillan, 2008).

Brazilian politicians increasingly feeling that the country has finally taken its rightful place on the global stage, Lula proclaimed that Brazil would become a great power in this century. Defense Minister Nelson Jobim echoed this sentiment when in 2009 he declared, “Brazil must think big.... This is the time when we must be bold in order to move forward assertively.... On the international stage, Brazil can no longer be cowed into supporting positions that are opposed to its own interests.”³¹

Still, Brazil’s ambitions must be evaluated soberly. If considered in light of its size and economic capacity alone, Brazil may indeed exert significant influence on regional and global affairs in this century. Given its shortcomings in military power, education, economic liberalization, and clean government, however, Brazil has not achieved, and may not achieve in the foreseeable future, the economic or military heft to match other great powers like the United States, the European Union, and China. In order to exert systemic impact – that is, to shape the global order in significant ways akin to those described by theorists like Andrew Hurrell – Brazil, at least in the short and medium term, will have to rely on creative alliances with other states rather than its own geopolitical strength in order to deploy soft, rather than hard, balancing. This paper analyzes Lula’s soft-balancing strategy towards America and considers the effects of this strategy on the international system and Brazilian-American relations.

Lula’s Brazil pursued a multi-pronged strategy that relied on peaceful gradualism to influence the shape of the international order. This strategy was founded on the belief that, while Brazil has benefited from the Pax Americana in certain ways, such as predictable and stable hemispheric security, the global order dominated by U.S. military and economic hegemony has been prejudicial to the economic and social development and diplomatic influence of Brazil. The

³¹ “Brazil Must Think Big, Says Jobim,” *Latin American Regional Report: Brazil & Southern Cone*, July 2009.

overriding theme of Brazil's foreign-policy strategy under Lula therefore was to hasten the transition from American dominance to multipolar distribution of power so that global institutions would be more aligned with Brazil's interests.

Given Brazil's relative deficit in terms of economic and military power (see Figures 1-3), Lula was forced to turn to a middle-power strategy that leveraged multilateral coalitions to exert systemic influence. Through this strategy, Lula's government sought to reinforce international norms and organizations in order to check American power through soft balancing. Overlapping bilateral and multilateral partnerships were conceived to diversify Brazil's trade relations, expand its strategic flexibility, and boost its leverage in international negotiations. Much to the chagrin of America, and at times of Brazilian elite as well,³² building these partnerships sometimes entailed reaching out to countries of questionable repute such as Iran, Cuba, and Venezuela that are profoundly hostile to American interests. In order to further expand Brazil's power base, Lula, acting regionally instead of globally, attempted to position Brazil as the leader of a more unified South America, with the goal of reinforcing Brazil's global ambitions by leveraging the geopolitical pull of the continent.

This paper proceeds in four parts. The first offers brief historical background to Brazil's often frustrated quest for ascent on the global stage in the decades before Lula. The second analyzes Lula's worldview and lays out the military and diplomatic aspects of Brazil's foreign policy strategy under Lula's administration, with a special focus on soft balancing. The third evaluates the effects of this strategy on shaping global order as well as the strategy's shortcomings. The last section reviews the implications of Lula's strategy for relations between Brazil and the United States.

³² Clóvis Rossi, "Sangue no verde-e-amarelo," *Folha de São Paulo*, Apr. 15, 2010.

Brazil's historic search for a voice

When in 2003 Lula announced that Brazil was prepared to “assume its greatness,”³³ he expressed a longtime aspect of Brazil’s strategic culture and national ideology. A range of attributes like Brazil’s sheer geographic size, its relative protection from territorial threats, and its abundant natural resources has underscored an ongoing belief that Brazil should take its place among the global elite. The military governments that ruled Brazil for two decades after a coup against João Goulart in 1964 justified their repressive regimes in part by asserting the need to pursue Brazil’s rightful greatness. *O Brasil Grande* (Greater Brazil) was a development project that expressed the military rulers’ lofty, ambitious vision of Brazil’s potential in the 1970s, a vision the dictatorship often cited to justify authoritarian rule. Projection of national power was at the center of this vision. Brazil “possess[es] all the conditions,” asserted Carlos de Meira Mattos, deputy chief of Brazil’s army in the 1970s, “to aspire to a place among the world’s great powers.”³⁴ Foreign Minister Antônio Azeredo da Silveira similarly observed in 1975 that Brazil deserves and therefore must seek “an outstanding position in the world,” by which he meant liberation from “the hegemonic construction of the past.”³⁵ Ironically, however, authoritarian rule on the whole ended up eroding Brazil’s credibility abroad, leaving Brazil a pariah on the global stage due to its human rights abuses and its refusal to renounce nuclear ambitions. A series of economic crises, driven by high levels of debt and hyperinflation in the 1980s and 1990s, further undermined Brazil’s potential to become a global player of significance.

³³ Paulo Sotero, “Brazil’s Rising Ambition in a Shifting Global Balance of Power,” *Politics*, Vol. 30, 2010, 76.

³⁴ Ronald Schneider, *Brazil: Culture and Politics in a New Industrial Powerhouse* (Boulder, CO: Westview Press, 1996), 215.

³⁵ Speech by Antônio Azeredo da Silveira, Mar. 4, 1975, cited in Hal Brands, *Latin America’s Cold War* (Cambridge: Harvard University Press, 2010), 143.

Nevertheless, under democracy, Brazil has gradually strengthened its international reputation over the past twenty years, especially during Lula's presidency from 2003 to 2010. As Brazil became more open, especially in regard to trade in the last two decades of the twentieth century, it became necessary for Brazil to engage with institutions like the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) in order to protect and advance its national interests. Consequently, Brazil gradually became more involved in forming the norms, rules, and institutions that shaped global commerce and international relations – for instance, by leading the formation of Mercosur and even by participating in several United Nations peacekeeping missions. The approach of “autonomy through distance” advocated by the military dictatorships was gradually replaced by “autonomy through participation” due to “a changing international reality.”³⁶

In comparison to past decades, Brazil's relative success with recent political and economic development has helped sustain its global initiatives. With multiparty democracy having taken root, Brazil's leaders have greater credibility in a world in which democracy has become much more of the global norm over the past few decades.³⁷ Similarly, Brazil's relative macroeconomic stability and the steps Brazil has taken to begin addressing poverty effectively with conditional cash transfers like the *Bolsa Família* have given Brazil a stronger and more credible voice in global forums related to development. Much of Lula's strength on the international scene grew out of Brazil's domestic successes on his watch, with Marco Aurélio Garcia, one of Lula's key advisers on international matters, acknowledging that “without the

³⁶ Fernando Henrique Cardoso, *A Arte da Política: A História que Vivi* (Rio de Janeiro: Civilização Brasileira, 2006), 604.

³⁷ Arch Puddington, “Freedom in the World 2011,” Freedom House.

successes of his [domestic] social policy, President Lula would not [have been] as respected internationally.”³⁸

In fact, Brazil’s domestic political and economic success has allowed the country to enter into the ranks of the world’s ten largest economies, with its GDP at purchasing-power parity (PPP) roughly the same as the PPP-adjusted GDPs of France and the United Kingdom.³⁹ Already ranked seventh in nominal GDP,⁴⁰ Brazil is predicted to become the world’s fifth-largest economy by the middle of this century.⁴¹ Massive offshore oil fields discovered near the end of Lula’s second term and prodigious ethanol production have made Brazil energy-independent and have given the country increased leverage in international bargaining, especially amidst concerns about limited global petroleum supplies and the unsavory nature of many petroleum-exporting regimes. These resources have served to compliment the success of democracy and development at home in justifying assertions that the time has come for Brazil to assert itself on the international stage, with Lula having declared, “Brazil is ready, Brazil is mature, and Brazil is aware of the game that has to be played.”⁴² How Brazil chose to play the game of international engagement under Lula’s leadership is the topic of the section that follows.

Lula’s weltanschauung and Brazil’s approach to international affairs

Ambiguity was the hallmark of Brazil’s approach to international affairs, and to the United States in particular, under President Lula. On one hand, Brazil benefited enormously from the positive effects of the end of the Cold War and the Pax Americana that followed. With

³⁸ Jens Glüsing, “Brazil Flexes Muscles over Honduras Crisis,” *Der Spiegel*, Oct. 9, 2009.

³⁹ World Development Indicators Database, World Bank, 2011.

⁴⁰ Gross Domestic Product Ranking Table, World Bank, 2010.

⁴¹ Roopa Puroshothaman, “Dreaming with BRICs: The Path to 2050,” Goldman Sachs Economic Paper No. 99, Oct. 2003.

⁴² Lecture by Luiz Inácio Lula da Silva, Council on Foreign Relations, Sep. 25, 2003.

American defense protection making the western hemisphere relatively free and stable, Brazil was free to venture outside its borders and pursue trade with few costs and risks. It was unnecessary, for instance, for Brazil to incur the expense, in terms of both time and money, of building a naval fleet to protect its overseas shipping ventures. In addition to the free flow of goods, the free flow of capital that has underpinned globalization also brought net benefits to Brazil as the country further opened itself to outside investment under President Lula.⁴³

On the other hand, Lula made it clear that the global order remained, in Brazil's eyes, fundamentally unbalanced. While American hegemony had benefited Brazil, it also made Brazil feel unsettled. Referring to the United States, Lula's minister for strategic affairs, Roberto Mangabeira, described living with American hegemony as "living in a world in which intimidation threatens to trample common sense underfoot."⁴⁴ Criticizing the exclusive nature of the United Nations Security Council, with its five permanent members controlling all decisions, Lula himself remarked acerbically, "The geography of 2009 is different from the geography of 1948 when the United Nations was founded."⁴⁵

Similarly, although Brazil had benefited from the international flow of goods and capital, its experience with globalization, as expressed by Lula, was not universally positive during Lula's presidency. Rich countries' domination of global institutions like the World Trade Organization, the International Monetary Fund, and the World Bank left Lula and his ministers frequently calling the policies of these organizations biased against the interests of developing nations. Lula singled out agricultural subsidies, common in the United States and Europe, for special scorn, calling them "oppressive shackles that hold back progress and doom poor

⁴³ See, e.g., Michael Mandelbaum, *The Case for Goliath: How America Works as the World's Government in the Twenty-First Century*, New York: Public Affairs, 2006.

⁴⁴ "Taking Advantage of the 4th Fleet Syndrome," *Security and Strategic Review*, Aug. 2008.

⁴⁵ "Brazilian President Seeks More Clout for Countries like His," CNN.com, Mar. 25, 2009.

countries to backwardness.”⁴⁶ In fact, Brazil under President Lula repeatedly blocked progress on the Doha round of trade talks in order to draw attention to what Brazil considered unjust agricultural subsidies and, especially, U.S. import tariffs on ethanol.⁴⁷ Lula’s discord with the prevailing international economic system reached fever pitch when he blamed the world financial crisis on “white people with blue eyes”⁴⁸ and his foreign minister, Celso Amorim, likened U.S. trade negotiators to Nazi propagandists.⁴⁹

Brazil’s approach to international affairs under President Lula was therefore marked by competing senses of opportunity and threat. Lula, however, did not see the threat of domination by developed countries, and the United States in particular, as an eternal matter of fact but rather as a temporary phenomenon to be endured, not with patience but with a sense of urgency to speed the demise of the hegemon and rebalance global power. The goal of Lula’s foreign policy, it seems, was to create an opening for developing nations, especially Brazil, to secure greater influence over global order in the midst of American decline. From the start of his presidency, Lula envisioned the twenty-first century as the century of the “so-called emerging countries” like Brazil, China, India, Mexico, Russia, and South Africa, “hitherto considered second-class nations.”⁵⁰ Brazil’s foreign policy as defined by Lula became an “assertive” one, not a “subaltern” one that would simply “accept the guidelines set by the big power blocs, the U.S., and Europe.”⁵¹ Foreign Minister Amorim went farther, calling the object of Brazil’s foreign policy under Lula no less than a “reconfiguration of the world’s commercial and diplomatic

⁴⁶ Speech by Luiz Inácio Lula da Silva at the 61st United Nations General Assembly, Sep. 19, 2006.

⁴⁷ Peter J. Meyer, “Brazil-U.S. Relations,” Congressional Research Service, Nov. 22, 2011.

⁴⁸ Gary Duffy, “Brazil’s Lula Raps ‘White’ Crisis,” BBC News, Mar. 27, 2009.

⁴⁹ Jamil Chade, “Amorim diz que ricos mentem como Goebbels,” *O Estado de São Paulo*, July 20, 2008.

⁵⁰ “Brazil’s Foreign Policy under Lula,” *Latin American Special Report*, Latin American Newsletters, May 2004.

⁵¹ “Assertive Bid to Change Power Balance,” *Security and Strategic Review*, Oct. 2003.

geography.”⁵² Shortly after taking office in 2003, Lula summed up his aggressive embrace of geopolitical rebalancing:

*We can no longer tolerate taking part in global politics as if we were South American wretches, a backwards country of no stature, a worthless nation with children who are homeless, an insignificant country whose citizens only know soccer and samba . . . No one respects someone who hangs his head and acts inferior.*⁵³

As president, Lula embraced a multifaceted approach to asserting Brazilian power. The section that follows explores the ways in which Lula leveraged Brazilian power to pursue the rebalancing of global order.

Hard power: Military expansion

One element – albeit not the primary one – of Brazil’s rebalancing strategy under Lula involved building Brazil’s hard-power capabilities. As president, Lula increased the priority Brazil placed on military investment, with military spending nearly tripling, from US\$9 billion to US\$24 billion, between 2003 and 2009.⁵⁴ In addition to a large stock of short-range missiles, Brazil acquired Russian and French attack helicopters, European combat jets and transport planes, and even four French submarines⁵⁵ and made further plans to develop a nuclear-powered submarine jointly with France.⁵⁶ Brazil also launched a series of satellites ostensibly to monitor deforestation in the Amazon region but also capable of monitoring parts of Bolivia, Colombia, Guyana, Suriname, and Venezuela.⁵⁷

⁵² Speech by Celso Amorim at the London School of Economics, Mar. 17, 2004.

⁵³ Speech by Luiz Inácio Lula da Silva at the Rio Branco Institute, Sep. 18, 2003.

⁵⁴ “Brazil Must Think Big, Says Jobim,” *supra*.

⁵⁵ “France’s Sarkozy in Brazil,” *Latin American Regional Report*, Jan. 2009.

⁵⁶ “Brazil’s Pursuit of a Nuclear Submarine Raises Proliferation Concerns,” *WMD Insights*, Monterey Institute of International Studies, Mar. 2008.

⁵⁷ Peter Wittkopf, “Brazil’s SIVAM: Surveillance against Crime and Terrorism,” *International Journal of Intelligence and Counterintelligence*, Vol. 16, No. 4, Oct. 2003, 543-60.

In addition to acquiring hardware, Brazil also began seeking out raw military technology to empower it to develop its own military-industrial production capacity in order to reduce its dependence on foreign suppliers. Foreign minister Jobim characterized Brazil's expenditures as not simply a "shopping festival ... but a festival of national technical improvement based on the transfer of technology."⁵⁸ The practical effect of this approach to securing military capabilities was for Brazil to encourage, and even to demand, joint partnerships between Brazilian firms and their foreign counterparts in order to ensure that technology transfer occurred.⁵⁹

The objective of Brazil's military expansion during Lula's presidency seems to have been twofold: protecting Brazil's unique resources and gaining international leverage. Brazil has a long-running, and perhaps paranoid and exaggerated, fear that foreign countries, and the United States in particular, covet Brazil's natural resources, especially those in the Amazon region. In fact, it is not uncommon to hear Brazilians educated in public schools voice just such a belief. In a similar manner, defense planners in the Lula administration considered providing military protection to Brazil's vast offshore petroleum deposits.⁶⁰ In terms of international leverage, Brazil's military buildup seems to have been linked to its drive for greater autonomy and wider influence. The quest for autonomy and influence was clear in comments by the chief of staff of Brazil's navy: "Those who have nuclear submarines sit on the United Nations Security Council. All permanent members have the technology, which none of them give up. We have to develop our own."⁶¹ In further bids for relevance and influence on the international stage, Brazil under Lula's leadership joined several United Nations peacekeeping operations, even taking command

⁵⁸ "Arms Transfers as Instruments of Foreign Policy," *Security and Strategic Review*, Oct. 2009.

⁵⁹ See, e.g., Irma Argüello, "Brazil and Argentina's Nuclear Cooperation," *Proliferation Analysis*, Carnegie Endowment for International Peace, Jan. 8, 2009; see also Luiz Inácio Lula da Silva and Vladimir V. Putin, "Brazil-Russia Joint Declaration," Oct. 18, 2005.

⁶⁰ Paul Taylor, "Why Does Brazil Need Nuclear Submarines?" *Proceedings*, Vol. 136, No. 6, June 2009.

⁶¹ Sarah Diehl and Eduardo Fujii, "Brazil's New National Defense Strategy Calls for Strategic Nuclear Developments," *Nuclear Threat Initiative Report*, Monterey Institute of International Studies, Oct. 30, 2009.

of the 2004 mission in Haiti. “What we want,” foreign minister Jobim declared in 2008, “is to have a voice and a vote in the international arena, and these only go to countries that have a defense structure to deter and to express national power.”⁶²

Even with Brazil’s military expansion, its total defense spending as a percentage of GDP still falls behind that of many Latin American countries and is far less than that of other middle powers (see Figures 1 and 4). It seems futile for Brazil to aspire to compete militarily with the world’s great powers in the near or intermediate term, and there is little indication that Brazil wants to do so. Therefore, Lula’s strategy to counter American power depended more on soft balancing than hard military power.

Soft balancing: Appeal to international institutions

Robert Keohane defines middle powers as states that find themselves on the periphery of the global elite.⁶³ Such nations often aspire to become global powers but do not yet possess the means to challenge dominant nations or significantly shape the international system themselves. Middle powers must therefore form alliances, often with other emerging nations, to amplify their voices and have impact at the global level. Establishing themselves as regional leaders and turning to international institutions to restrain the behavior of hegemonic powers are other classic approaches that middle powers embrace. Middle powers “cannot act alone effectively,” according to Keohane’s formulation, “but may be able to have a systemic impact in a small group or through an international institution.”⁶⁴ In other words, a middle power strategy is generally one that depends on soft balancing.

⁶² “Brazil: Reviving the Idea of a Sub-Regional Defense Council,” *Security and Strategic Review*, March 2008.

⁶³ Robert Keohane, “Lilliputians’ Dilemmas: Small States in International Politics,” *International Organization* Vol. 23, No. 2, Spring 1969, 291-310.

⁶⁴ *Ibid.* at 268.

The actions of Lula's administration made it clear that Lula perceived Brazil as fitting squarely within Keohane's understanding of what constitutes a middle power and therefore aligned Brazil's international strategy accordingly. Samuel Pinheiro Guimarães, Lula's chief of Itamaraty, Brazil's ministry of foreign affairs, declared, "Brazil has to articulate political, economic, and technological alliances with peripheral states of the international system to defend and protect its interests."⁶⁵ Lula's dedication to actively pursuing such engagement was clear when he dramatically expanded the number of Itamaraty diplomats in 2006. To further advance Brazil's diplomacy, Lula also deployed his own considerable charisma, which, coupled with Lula's credibility in reducing poverty, helped Brazil build tighter ties with other developing nations.

Brazilian diplomacy under President Lula was marked by three defining characteristics of a middle-power strategy. Reinforcing international norms and institutions to check American power was the first of the pillars of Lula's strategy. Aware that American bargaining power is eroded when America has to negotiate through international forums rather than bilateral discussions, Brazil, for instance, pushed to broaden world trade and financial negotiations. Lula called for the G-20, a group that includes emerging countries like Brazil, China, India, and Mexico, to take preeminence over the G-8.⁶⁶ Lula's administration also leveraged WTO rules and procedures to challenge what it called unfair trade practices by the United States and other major powers. Brazil organized opposition to American and European agricultural subsidies during the Doha round of trade negotiations, for example, by using the WTO framework. Brazil's use of the WTO also took the form of positive action, as when Brazilian representatives

⁶⁵ Tullo Vigevani, "Lula's Foreign Policy and the Quest for Autonomy Through Diversification," *Third World Quarterly*, Vol. 28, No. 7, 2007.

⁶⁶ "Em Paris, Lula critica G8 e defende G20," *O Estado de São Paulo*, July 5, 2009.

led the campaign for concessions on the licensing of HIV medications. As foreign minister Amorim stated in 2007, “Strengthening the multilateral trading system is essential to those with less political and economic leverage.”⁶⁷

Appealing to international institutions continued to mark Lula’s middle-power strategy in his quest to restrain the use of American military power. Brazilian officials serving in Lula’s government consistently sought to deny international legitimacy to unilateral American military forays. Near the beginning of his first term, Lula strongly and vocally opposed the American invasion of Iraq, claiming it “disrespect[ed] the United Nations” and “[didn’t] take into account what the rest of the world thinks.”⁶⁸ Under Lula’s leadership, Brazilian diplomacy reliably continued to oppose unilateral aggression, which Brazil asserted was justified only when undertaken with the endorsement of international bodies like the United Nations Security Council. “Brazil rejects the view of an international order which favors the use of force and regards multilateralism as just one among many options on the menu, to be selected when it suits the objectives of the powerful,” declared minister Amorim.⁶⁹ Brazil added consistency and credibility to its position by supporting Security Council-sponsored peacekeeping missions in East Timor and Haiti while steadfastly opposing the invasion of Iraq. Multilateral communiqués developed by Brazil calling for revitalization of the Council’s collective security functions also reinforced Brazil’s message that offensive actions are only legitimate when collective.⁷⁰ Brazil’s attempting to raise the diplomatic costs for unilateral American military action represented a classic soft-balancing approach to international relations.

⁶⁷ Speech by Celso Amorim at the G-33 ministerial meeting in Jakarta, Mar. 21, 2007.

⁶⁸ “Brazil: Iraq, U.S. Guilty of ‘Disrespect,’” *Newsmax Wires*, Mar. 20, 2003.

⁶⁹ Lecture by Celso Amorim at the London School of Economics, Mar. 17, 2004.

⁷⁰ See, e.g., Cape Town Ministerial Communiqué, India-Brazil-South Africa Dialogue Forum, Mar. 11, 2005.

Lula's bid to secure a permanent seat for Brazil on the United Nations Security Council furthered his diplomatic strategy. This approach derived primarily from calculations of national influence and prestige, with a permanent seat indicating that Brazil had taken its rightful position on the global stage and permitting Brazil to shape debates on international issues, especially when they involve the use of force. Despite Lula's quest to advance Brazil's interests with a Security Council seat, he ostensibly, and cleverly, framed this pursuit as part of a broader altruistic campaign to make the international order more representative and consensus-driven. Near the end of his presidency, Lula called for "a new international order that is sustainable, multilateral, and less asymmetric, free of hegemonies and ruled by democratic institutions."⁷¹ To this end, Brazil took on a central role in coordinating the G-4, a multilateral arrangement in which Brazil, Germany, Japan, and India agreed to support each other's bids for permanent Security Council seats.⁷²

Soft balancing: Global coalition-building

Lula's reliance on the G-4 to advance his Security Council aspirations revealed the second element of his middle-power approach: building coalitions to partially remedy the diplomatic and economic asymmetries of a unipolar order and to amplify Brazilian influence. In order to advance this project, Lula developed strategic partnerships with a range of nations, both developing countries and developed middle powers like France and Russia. The most prominent focus of Lula's coalition-building was the expansion of "South-South" cooperation between developing nations. Samuel Pinheiro Guimarães, before he became secretary-general of Brazil's foreign ministry under Lula, had already pointed out that Brazil had nothing to lose from

⁷¹ Speech by Luiz Inácio Lula da Silva at the United Nations, Sep. 23, 2009.

⁷² Fletes, *supra*, at 12.

partnerships with major “Southern” players because of Brazil’s geographic isolation: “Despite any differences between Brazil and other large peripheral states that share common characteristics and interests, since they are far away, they do not have direct competitive interests with Brazil and are therefore able to join in common political projects.”⁷³ In giving impetus to such projects, Brazil under Lula sought to increase its geopolitical leverage and become the voice of emerging nations in dealing with the rich world in order to strengthen Brazil’s hand in soft balancing.

“South-South” cooperation under Lula led to a variety of bilateral and multilateral projects. Lula, for instance, was highly attentive to the potential gains to be had from cooperation with China. Brazil’s trade with China grew more than tenfold during Lula’s presidency, with China, consuming around 15% of Brazil’s exports, surpassing the United States to become Brazil’s largest trading partner and with Brazil poised to become a major oil supplier for Beijing when Brazil’s pre-salt fields enter production (see Figure 5).⁷⁴ Military and technical cooperation between the two countries also enhanced their partnership during Lula’s administration and complemented similar projects that Lula launched with France and Russia. Meanwhile, while Brazil was running record trade surpluses with China during the latter years of Lula’s presidency, Brazil’s balance of trade with the United States turned sharply negative, further reinforcing China’s relative attractiveness to Brazil (see Figure 6).

Lula’s support for Iran’s government proved a controversial part of his South-South project. After inviting President Mahmoud Ahmadinejad to Brazil shortly after Iran’s allegedly fraudulent 2009 election, Lula refused to support United Nations sanctions against Iran or, much

⁷³ *Quinhentos Anos de Periferia*, Rio Grande do Sul: Contraponto Editora, 1999, 141.

⁷⁴ Renato Baumann, “Some Recent Features of Brazil-China Economic Relations,” Economic Commission for Latin America and the Caribbean, Apr. 2009.

to the chagrin of the United States, even publicly condemn Iran's nuclear program. Lula partnered with Turkey in 2010 to forge an agreement for Iran to ship part of its uranium out of the country to be enriched. This move was widely interpreted as an attempt to prevent a new set of Security Council sanctions from being imposed on Iran. Despite the criticism this decision invited, Lula seemed to regard close relations with Iran as a perfect fit with a middle-power strategy by asserting Brazilian autonomy from Washington, making Brazil a party to Middle Eastern politics, and potentially allowing Brazil to serve as a mediator between Iran and the West. Foreign Minister Amorim even went so far as to call Iran "the new geographic partner in our country's policy."⁷⁵

The multilateral prong of Lula's South-South diplomacy first took shape early in his presidency during the 2003 Doha Round of WTO talks in Cancún. Lula, for instance, organized developing nations in strong opposition to the so-called Singapore package. This measure included proposals related not only to trade but also such sensitive topics as domestic competition rules and government transparency. The European Union and the United States were strongly pushing developing third-world countries to assent to the measures, but Lula successfully rallied over twenty developing countries to stake out a position that required acceptance of the Singapore Package to be conditional upon an end to rich-world agricultural subsidies. As a result, the talks ground to a halt, and the stalemate caused the meeting to lead to no new agreement, either on the Singapore measures or on agricultural subsidies in the United States and Europe.⁷⁶ Brazil under Lula had proved its ability to be a leading force in using soft power to balance the interests and demands of heavyweight rich-world nations, and Brazil's

⁷⁵ Sean Goforth, "Brazil in 2010: Preparing for the Dawn of a New Era," *Lusophone Countries Bulletin: 2010 Review*. Portuguese Institute of International Relations and Security.

⁷⁶ Ian F. Fergusson, "World Trade Organization Negotiations: The Doha Development Agenda," Congressional Research Service, July 10, 2006.

actions in 2003 foreshadowed the direction of Brazilian foreign policy – specifically its focus on soft balancing – to come in later years under Lula’s administration. The stalemate did little to benefit either Brazil or any other developing nation in economic terms, but it did heighten Lula’s global prominence and helped him stake out a role as a spokesperson and organizer for developing countries. Foreign Minister Amorim referred to it as a defining moment when “the world saw that Brazil was capable of saying no, not irrationally, as an obstructionist, but justifiably.”⁷⁷ More importantly, the meeting was the moment when the G-20 came into being, largely as a result of Brazil’s resolute leadership.

To reinforce Lula’s soft-balancing policy, Brazil pursued multiple simultaneous approaches to solidify South-South cooperation after the fateful Cancún gathering in 2003. According to Lula and Minister Amorim, the BRIC nations, for instance, represented a potential trade bloc that could eventually challenge the system of global trade dominated by the European Union and the United States. Indeed, commerce between Brazil and the other BRIC countries rose substantially during Lula’s presidency.⁷⁸ In order to formalize the BRIC grouping as an enduring partnership, and to attempt to enhance its internal cohesion and therefore amplify its voice and geopolitical heft, Brazil led the push for regular ministerial conferences among BRIC nations.⁷⁹

An even more significant element of Brazil’s efforts to consolidate South-South relations, and therefore to advance Brazil’s efforts at soft balancing, was the creation of the India-Brazil-South Africa (IBSA) Dialogue Forum at the beginning of Lula’s presidency. Launched by Brazilian initiative in 2003, IBSA, according to its founding communiqué, was an attempt to

⁷⁷ Speech by Celso Amorim in Brasília, Feb. 25, 2010.

⁷⁸ “Trade Flows and Agenda for Transport Services,” National Confederation of Industry (CNI), 2008.

⁷⁹ “Geopolitical Diary: The Birth of BRIC,” Stratfor, June 16, 2009.

“strengthen coordination on international issues” in order to “amplify the collective voice of the South.” Notably, the same statement also highlighted IBSA’s intent to advocate for a “balanced and development-oriented conclusion of the Doha Round,” which had been Lula’s priority in 2003 in Cancún.⁸⁰

At least statistically, the IBSA coalition carries significant weight. It includes three of developing world’s most populous democracies, with an aggregate population of nearly 1.5 billion (1.2 billion in India alone) and a combined GDP of more than US\$4 trillion. In order to further enhance the group’s influence, IBSA has set a target to boost trade among member nations to \$25 billion by 2015. There are also around twenty IBSA working groups covering mutual concerns ranging from trade and direct investment to the environment, women’s rights, and air travel.⁸¹ In 2008, IBSA nations even held a joint naval exercise, highlighting the potential for an eventual IBSA military alliance. IBSA members have also committed to back each another’s bids for seats on the United Nations Security Council and have achieved common positions on issues like nuclear nonproliferation.⁸² Lula’s administration left it clear that IBSA was created to advance Brazil’s interests and to serve as an alternative axis of power in the global order to counter-balance American hegemony. Minister Amorim called the formation IBSA a measure to “improve our negotiating capacity and help build a multi-polar world.”⁸³

Soft balancing: Region formation

⁸⁰ “Sixth Trilateral Commission Meeting Ministerial Communiqué,” IBSA Dialogue Forum, Sep. 1, 2009.

⁸¹ *Ibid.* See also Mohit Joshi, “IBSA Leaders Agree to Form Coordinating Mechanism to Deal with Global Financial Crisis,” TopNews India, Oct. 15, 2008.

⁸² Francis Kornegay, “The Geopolitics of IBSA: The South African dimension,” International Policy Centre for Inclusive Growth.

⁸³ Speech by Celso Amorim at the Ministerial Commission of the IBSA Forum, July 17, 2007.

Another crucial leg of Lula's soft-balancing strategy was regional rather than global in scope. According to the notion of "region formation" in international relations, middle powers can increase their influence by defining a distinct geopolitical region and gradually achieving a position of leadership within that region. The result is that the regional leader gains a voice of consequence in global forums and therefore enjoys greater authority and leverage in global negotiations.⁸⁴ Marco Aurélio Garcia, one of the faces of foreign policy in the Lula administration, highlighted Lula's focus on regional leadership as a component of Brazil's strategy to check American hegemony. "We are marching toward a multipolar world," Garcia declared, "and South America will be one of those poles."⁸⁵

During Lula's presidency, Brazil faced a challenge from Venezuela in assuming the mantle of regional leader. Venezuelan president Hugo Chávez mounted projects like the Bolivarian Alliance for the Americas (ALBA) and PetroCaribe and distributed generous financial assistance to populist leaders in other South American countries. In terms of harder power, Chávez secured advanced weapons from Russia. Rather than openly confront Chávez in a battle for regional leadership, Lula adopted a largely neutral stance toward Venezuela in public. For instance, Brazil served as mediator between Venezuela and Columbia, which were often in diplomatic conflict during Lula's presidency. Lula maintained friendly personal relations with Chávez, at least in public. At the same time, Lula also took steps to advance Brazil's role as regional leader in order to counter the Venezuelan challenge for regional dominance. Lula built a closer partnership with Argentina, a longtime regional rival.⁸⁶ Brazil also provided Bolivia with

⁸⁴ Thomas Pederson, "Cooperative Hegemony: Power, Ideas, and Institutions in Regional Integration," *Review of International Studies*, Vol. 28, No. 4, Fall 2002, 677-96. *See also* Daniel Flemer and Thorsten Wojczekwski, "Contested Leadership in International Relations: Power Politics in South America, South Asia and Sub-Saharan Africa," German Institute of Global and Area Studies, Feb. 2010.

⁸⁵ "Assertive Bid to Change Power Balance," *Security and Strategic Review*, Oct. 2003.

⁸⁶ Bill Faries, "Lula Calls for Closer Ties Between Brazil, Argentina," Reuters, Aug. 4, 2008.

aid to fight drug trafficking; gave disused aircraft to Ecuador, Paraguay, and Bolivia; and leveraged its SIVAM surveillance system to help Peru in a 2003 hostage crisis. Lula also supported an effort to establish a gas pipeline from Bolivia to Brazil, even eventually accepted the nationalization of Brazilian assets in the gas market there, and further showed goodwill by vocally supporting President Morales' proposed constitutional reforms.⁸⁷

Lula's bid for regional dominance, pursued by building goodwill rather than by creating confrontation, is characteristic of "consensual hegemony."⁸⁸ Such a friendly approach was driven largely by Lula's desire to avoid driving South American neighbors into the orbit not only of Venezuela but also of the United States. After attempting to establish itself as non-threatening, Brazil pursued greater regional integration to cement its role as the leader of a geopolitical region of consequence in order to increase Brazil's weight in global affairs and thereby achieve more effective soft balancing of the United States. Near the beginning of his first term, Lula declared that regional integration was "a strategic option to strengthen the insertion of our countries in the world, increasing their negotiating capacity."⁸⁹ Specifically, Lula made strengthening Mercosur a top foreign-policy goal. In practice, this meant expanding Mercosur's membership and its areas of involvement. As a result of Brazilian leadership, Mercosur added Bolivia, Chile, Colombia, Ecuador, and Peru as associate members and Mexico as an observer; established working groups addressing security issues like terrorism and organized crime and terrorism; and invited Venezuela to become a full member (in a further bid to neutralize Venezuela's efforts to set up alternative alliances that would challenge Brazil's efforts at consensual hegemony). At the same time that Brazil was pushing for greater Mercosur integration, Lula was also pursuing other

⁸⁷ "Brazil's Lula Backs Bolivia's Morales Ahead of Referendum," *Latin American Herald Tribune*.

⁸⁸ Sean Burges, "Consensual Hegemony: Theorizing Brazilian Foreign Policy after the Cold War," *International Relations*, Vol. 22, No. 1, Apr. 2008.

⁸⁹ "Brazil's Foreign Policy under Lula," *Latin American Special Report*, Latin American Newsletters, May 2004.

regional alliances, such as the Integration of Regional Infrastructure in South America (IIRSA), an integrated transportation and energy network; the Union of South American Nations (UNASUR), a trade bloc with eventual aspirations for closer political union; and the South American Defense Council (CDS), intended to be a starting point for an eventual regional military alliance.⁹⁰

Effects and limitations of Brazil's soft-balancing strategy

Although Lula's efforts to boost Brazil's favorable image and strengthen regional integration did advance Brazil's role as a regional leader, they were not unmitigated successes and therefore had a somewhat limited impact on Brazil's soft-balancing strategy to manage American influence. First, bilateral disputes in the region undermined Brazil's friendly image and therefore its pursuit of consensual hegemony. Argentina and Columbia opposed Lula's efforts to secure a permanent seat on the United Nations Security Council, with Argentina even calling Brazil's pursuit of the seat "elitist and not very democratic."⁹¹ The Itaipú dam led to ongoing tensions with Paraguay, while Brazilian investments in Bolivia and Ecuador were also occasional sources of strife. Overall, Lula's attempts to establish Brazil as a regional leader led to both support and hostility and therefore had only a limited impact on advancing Brazil's soft-balancing strategy.

The limitations of Brazil's region-building under Lula were also due to Brazil's occasional hesitance to spend, whether directly or indirectly, to advance its leadership ambitions. The Lula administration provided much less foreign aid and preferential trade

⁹⁰ "Reviving the Idea of a Subregional Defense Council," *Security and Strategic Review*, Mar. 2008.

⁹¹ "Strategic Realignment Redefined," *Security and Strategic Review*, May 2005.

arrangements to regional neighbors than Venezuela did during the same period.⁹² Brazil pressured Bolivia and Paraguay to keep the price Brazil paid for energy from those countries (from gas and hydroelectric power, respectively) below market prices, leading to simmering resentment against Brazilian dominance. Lula's administration also was unwilling to face down the interests of Brazilian industrialists who insisted on maintaining Brazil's import tariffs even within Mercosur. Likewise, Brazil failed during Lula's presidency to assent to the establishment of robust arbitration mechanisms with supranational authority, which Paraguay and Uruguay had insisted were indispensable for a just distribution of economic gains from trade.⁹³ A compensatory project within Mercosur called the Fund for Structural Convergence and Institutional Reinforcement (FOCEM), established to help fund development projects within Mercosur, was widely criticized as inadequate.⁹⁴ Overall, Brazil's unwillingness under Lula to incur significant expenses in the name of regional integration held back Brazil's emergence as a regional leader and restrained the country's influence as a middle power.⁹⁵ Argentine President Nestor Kirchner gave voice to this concern in dramatic fashion when he stormed out of a Brazilian-led summit in 2005 while "complaining loudly about Brazil's unwillingness to shoulder the costs of leading."⁹⁶ Brazil's equivocal approach to Mercosur may have been due to the failure of talks with the United States regarding the Free Trade Area of the Americas (FTAA) in 2005. Up until that point, Brazil had maintained an interest in Mercosur's cohesion and strength to boost Brazil's bargaining position with the United States in FTAA discussions.⁹⁷

⁹² Javier Corrales, "Using Social Power to Balance Soft Power: Venezuela's Foreign Policy," *The Washington Quarterly*, Vol. 32, No. 4, 2009.

⁹³ "Mercosur Reform," *Latin American Regional Report: Brazil and Southern Cone*, June 2009.

⁹⁴ G. Calfat, R. G. Flores, M. F. Granato, and A. Rivas, "Dealing with Mercosur Asymmetries: Criteria for Allocating Regional Fund Resources," InterAmerican Development Bank, Sep. 30, 2009.

⁹⁵ See, e.g., "Brazil: The Global Power Looking for a Backyard," *SAIS Review*, Vol. 29, No. 2, Summer-Fall 2009.

⁹⁶ Burges, *supra*, at 75.

⁹⁷ Mario Carranza, "Mercosur, the Global Economic Crisis, and the New Architecture of Regionalism in the Americas," Latin American Trade Network, Working Paper No. 125, July 2010, p. 20.

One casualty of Brazil's hesitation to approach regional projects more determinedly and open-handedly was Mercosur's institutional development. Argentina and Uruguay, for example, had to turn to the International Court of Justice to resolve an economic disagreement,⁹⁸ and Uruguay openly raised the option of abandoning Mercosur to join a free trade agreement with the United States.⁹⁹ The fragility and vacuousness, in certain respects, of Mercosur's institutions therefore served to undermine Brazil's ambitions to solidify its position as a middle power by being the face of a powerful and effective regional bloc. The relative lack of trade within Mercosur similarly undermined Brazil's ambition to lead an economically cohesive bloc. Whereas 65% of exports from European Union countries go to fellow European Union members, for example, only 16% of exports from Mercosur countries go to fellow Mercosur members.¹⁰⁰

Given the underwhelming progress toward substantial regional political and economic that flowed from Brazil's attempts at regional leadership, some countries in the region came to view Brazil's region-building efforts as less of a project with real benefits for all nations concerned and more of a hollow, self-serving exercise in self-promotion by Brazil. For example, Álvaro García Linera, vice president of Bolivia, said at the time that it was Brasília, not Washington, that represented the most significant threat to Bolivia's ambitions and wellbeing.¹⁰¹ Simulated war exercises intended to flaunt Brazil's military superiority over Paraguay during negotiations over output from the Itaipú dam also reinforced Brazil's reputation as a regional bully.¹⁰²

During Lula's presidency, Brazil's inability to fully achieve consensual hegemony in South America led to openings for rivals. Bolivia and Ecuador, for instance, signed on to become

⁹⁸ International Court of Justice docket: *Pulp Mills on the River Uruguay (Argentina v. Uruguay)*.

⁹⁹ "Despite Internal Opposition, Vázquez Signs the TIFA," *Informe Latinoamericano*, Feb. 2, 2007.

¹⁰⁰ "International Trade Statistics 2011," World Trade Organization.

¹⁰¹ "Brazil Finds a Role for the Mercosur [sic]," *Latin American Regional Report: Brazil & Southern Cone*, August 2009.

¹⁰² "Paraguay, Brazil: At an Impasse over Itaipu Output," Stratfor, Mar. 27, 2009.

members of ALBA, strengthening Venezuela's regional clout. Hugo Chávez meanwhile purchased billions of dollars of sovereign debt from Argentina, earning him a degree of influence there. Chile, Colombia, Mexico, and Peru joined together to form a trade alliance called the Pacific Arc, in part to serve as a buffer against Brazilian influence. Both Uruguay and Columbia pursued bilateral trade agreements – TIFA and CTPA respectively – with the United States. In short, Brazil's bid for regional hegemony met with only limited success during Lula's presidency, thereby hindering Brazil's bid to secure global influence and to deploy soft balancing to check American power.

Likewise, Brazil's efforts to build global, as opposed to regional, alliances met with only partial success and therefore had only limited impact on Brazil's plan to become a leading middle power. Although Brazil found support for its pursuit of a permanent Security Council seat from Brazil-inspired alliances like the G-4 and IBSA, major Latin American countries like Argentina, Colombia, and Mexico firmly opposed Brazil's bid, thereby undermining the G-4 and ISBA's relevance. Russia and China likewise were not enthusiastic about Brazil's quest for a permanent seat,¹⁰³ and China stood openly hostile to the G-4, due to historic Chinese-Japanese rivalry and China's more recent rivalry with India.

These divisions between Brazil, Russia, and China in turn brought into question the cohesiveness of the BRIC group, casting doubt on the assumption that rising powers would be natural allies against American hegemony. In practice, many disagreements among the BRIC nations arose during the Lula administration. Chinese goods, for instance, were the targets of new import restrictions in Brazil, and China's artificially depressed currency was a source of

¹⁰³ Oleg Shchedrov, "Russia's Medvedev in Brazil, Aims to Double Trade," *Reuters*, Nov. 25, 2008.

friction in bilateral trade relations. Such concerns significantly hindered the cohesiveness of the BRIC project.¹⁰⁴

As with the BRIC group, rhetoric did not match reality in terms of internal cohesion and concrete accomplishments within IBSA. The prospect of the IBSA members achieving permanent seats on the Security Council generated strong pushback not only from Argentina and Colombia but also from Nigeria and Pakistan.¹⁰⁵ Despite soaring trade between IBSA members during Lula's terms in office,¹⁰⁶ major barriers remained to further economic integration, most notably the long physical distances between IBSA members. Moreover, despite Minister Amorim's assertion that IBSA "speaks with one voice" on economic matters,¹⁰⁷ Brazil and India often found themselves at loggerheads over key economic issues like agricultural policy, with the two countries taking opposing positions at the Doha Round trade talks in 2008. The cracks in IBSA solidarity during the trade talks indicated a willingness among IBSA states to take independent positions in international negotiations at the expense of the alliance's unity. India's engagement with the United States on nuclear issues further brought into question the relevance of IBSA as a counterweight to American influence and a tool in Brazil's soft-balancing strategy.

The impact of Brazil's soft-balancing strategy on relations with the United States

Given that Brazil under Lula was only partly successful in leveraging regional and global alliances to launch Brazil's ambitions to become an influential middle power capable of engaging in soft balancing, it is worth analyzing the effects of Lula's foreign policy on Brazilian-

¹⁰⁴ Sebastian Mallaby, "Brazil's China Headache," *Washington Post*, Dec. 14, 2009. See also Seth Kugel, "China-Brazil Economic Alliance May Be Exaggerated," *Global Post*, May 27, 2009.

¹⁰⁵ Ruchita Beri and Prasanta Kumar Pradhan, "IBSA Dialogue Forum: Problems and Prospects," *Institute for Defense Studies and Analyses*, Oct. 15, 2008.

¹⁰⁶ "Trade Flows and Agenda for Transport Services," *National Confederation of Industry (CNI)*, 2008.

¹⁰⁷ Speech by Celso Amorim at the Ministerial Commission of the IBSA Forum in New Delhi, July 17, 2007.

American relations, especially relative to historical context. For much of the last century, Brazilian-American relations have generally been marked by a mixture of conflict and pragmatic partnership. President Getúlio Vargas, for example, sent Brazilian troops to fight in Italy in World War II to aid the Allies, although he did so reservedly, only after securing a pledge of economic assistance from the United States as a condition for getting involved in the Allied effort. Later, in the 1960s and 1970s, Brazil's stridently anti-communism military governments, such as the one led by Emilio Garrastazu Médici, focused rigorously on preventing Latin America from drifting into the hands of radical leftists. This approach aligned with American interests at the time, as President Richard Nixon revealed when he expressed admiringly of Médici, "I wish he were running the whole continent."¹⁰⁸ Still, Brazilian leaders did not wish to be viewed as pawns of the United States, so they took steps to distance themselves from America. They objected to American attempts to interfere in domestic politics, chafing at criticism of Brazil's military governments, and resented the United States' attempts to slow the diffusion of global power after the Second World War. Brazil, for instance, resisted Jimmy Carter's pressure on human rights and declined to sign the Nuclear Nonproliferation Treaty, an American priority, throughout the 1980s and much of the 1990s.¹⁰⁹

Brazilian-American relations under President Lula were marked by similar ambivalence. At a high level, both countries seemed to have largely convergent interests, with a desire for stability both in Latin America and around the globe. To the surprise of some, Lula, known before his election as a leftist, embraced a liberal economic order, even if he differed with American convention on the precise form liberal economics should take. Containing authoritarian populism, especially in the form of Hugo Chávez, was a shared goal of Brazil and

¹⁰⁸ Hal Brands, *Latin America's Cold War*, Cambridge, MA: Harvard University Press, 2010, p. 158.

¹⁰⁹ See, e.g., Matias Spektor, *Kissinger e o Brasil*, Rio de Janeiro: Zahar, 2009.

the United States, even if Lula at the same time had ostensibly warm relations with Chávez.¹¹⁰ Both Brazil and the United States, moreover, have democratic political systems, with Brazil's democracy having consolidated during Lula's presidency thanks to the enduring popularity of Lula himself and many of his domestic programs.

These common values and interests led to Brazilian-American cooperation on a range of significant issues during Lula's presidency. Christopher McMullen, former Deputy Assistant Secretary of State, called Lula's government "a model for countries in the region" and even called Brazil a "natural regional leader and global partner."¹¹¹ One example of Brazilian-American cooperation was an agreement forged in 2007 to develop a regional biofuel infrastructure in order to diminish Chávez's oil-driven influence, mirroring Lula's overall efforts to undermine some of the most radical proposals for Latin America embraced by Chávez and his allies. Lula also helped craft a compromise between the United States' position and those of countries like Venezuela and Honduras in advance of a regional summit in 2009.¹¹² At the same time, Lula pressed for American concessions in exchange for his help. He pushed for an end to America's embargo against Cuba in the run-up to the 2009 regional summit, for instance, and generally did not hesitate to criticize U.S. policy in Latin America. Still, the overall result of Lula's engagement with the United States on Latin American issues was a strengthening of Brazilian-American relations, personified through the warm relationships Lula built with both

¹¹⁰ See, e.g., Tim Padgett, "Brazil's Lula: A Bridge to Latin America's Left?" *Time*, Mar. 14, 2009.

¹¹¹ Christopher McMullen, "U.S.-Brazil Relations: Forging a Strategic Partnership," United States Department of State, Oct. 17, 2007.

¹¹² "OAS Summit Debates Five Proposals on the Cuban Issue," *MercoPress*, June 3, 2009.

George W. Bush and Barack Obama.¹¹³ American officials generally went to great lengths to point out the strength of America's relationship with Brazil during Lula's term in office.¹¹⁴

Nevertheless, there was substantial Brazilian-American conflict inherent in Lula's approach to foreign affairs and Brazil's growing power during his presidency. Lula's need to maintain the loyalty of more left-wing elements in his Workers' Party occasionally led anti-American, anti-imperialist themes to crop up in his speeches.¹¹⁵ Lula's top lieutenants often echoed these sentiments. In 2008, Antonio Patriota, Lula's ambassador to the United States, bluntly declared, "The days of the Monroe Doctrine," an American policy launched in the 1800s to counter European colonial influence in Latin America, "are over."¹¹⁶ Lula's strident opposition to the FTAA was an outgrowth of his administration's hostility toward American involvement in Latin America, and his embrace of Manuel Zelaya in Honduras, who had been ejected from office in a coup, showed that Lula intended for Brazil to replace the United States as the region's power broker. Likewise, Lula used his opposition to America's invasion of Iraq to rally other nations to his anti-imperialist stance.

Lula's promotion of institutions like CSD and UNASUR similarly reflected his desire to erode the United States' influence in South America and to make Brasília, instead of Washington, the center of power in the region for trade and defense. Lula therefore adopted a hostile posture toward American military assets in the region, criticizing, for example, Columbia's decision to permit the United States to build more military bases there. Lula wryly declared in a speech aimed at his "dear friend Obama" that Latin America "does not need U.S.

¹¹³ See, e.g., "Obama: I love this guy [Lula]," BBC News, Apr. 2, 2009.

¹¹⁴ See, e.g., Clare Ribando Seelke and Alessandra Durand, "Brazil-U.S. Relations," Congressional Research Service, Sept. 18, 2008.

¹¹⁵ "Uma política externa engajada: a diplomacia do governo Lula," *Revista Brasileira de Política Internacional*, Vol. 47, No. 1, June 2004, pp. 162-84.

¹¹⁶ Speech by Antonio Patriota at the Watson Institute, Feb. 15, 2008.

bases in Colombia to fight drug trafficking. We can take care of fighting drug trafficking within our borders.” America, Lula added sarcastically, should focus on “taking care of its drug users” instead.¹¹⁷ Lula also viewed the presence of the Fourth Fleet of the American navy as a threat because he speculated that the United States coveted Brazil’s deep-sea oil deposits. As a result, Brazil pursued a deal with France to secure nuclear submarines to protect its petroleum reserves.¹¹⁸

Perhaps the most pointed example of tension in Brazilian-American relations during Lula’s presidency stemmed from the countries’ respective postures toward Iran. After Lula publicly opposed American-led sanctions on Iran for its nuclear program and even brokered a deal with Iran meant to preempt the sanctions, a leading American congressman called Lula’s actions “a gross error” and “a terrible mistake [that] makes you wonder if Brazil is really ready for the new era of global relations it envisions.”¹¹⁹ Even though Lula’s attempt to circumvent the United States in securing a deal on the Iranian issue was ill-fated, his actions did establish Brazil as unambiguously willing to challenge the United States head-on and marked perhaps the most pronounced moment in his efforts to undermine American power through soft balancing.

Conclusion

The disagreements between Brazil and America during Lula’s presidency symbolized the inherent contradictions that characterized Brazilian-American relations during that period. Although Brazil and the United States have common interests, these shared values and goals did not always translate into common cause between the two nations. On the contrary, Brazil’s rise

¹¹⁷ “UNASUR Agrees to Condition Foreign Military Presence,” *Security and Strategic Review*, Nov. 2009.

¹¹⁸ “New Fleet May Mean U.S. Covets Brazil’s Oil: Lula,” Reuters, Sep. 18, 2008.

¹¹⁹ John Lyons, “Brazil’s New Standing Threatened by Ahmadinejad Visit,” *Wall Street Journal*, Nov. 23, 2009.

as a middle power, and its subsequent ability to deploy soft balancing to check American power, led to constant, if relatively innocuous, friction between the two nations. Such discord never approached the point where military conflict was even considered, but diplomatic hostility was real, ongoing, and significant.

Therefore, it cannot be said that Brazil and the United States achieved a “harmony of interests,” in the words of Smith (*supra*), during Lula’s presidency. Although Oneal et al. hold that trade helps prevent armed conflict, the natural inference – that increasing trade also promotes improved relations – does not seem to have held true in the case of Brazil and the United States. Rather, a certain “suspicion and incompatibility” persisted in Brazilian-American relations as a result of trade-based conflicts between the two nations, largely in line with Barbeiri’s theory (*supra*). Similarly, Brazil’s increasingly active role in international organizations under Lula’s leadership did not always lead to improved relations with the United States, despite the predictions of scholars like Oneal and Russett and Bearce and Omori, who cite the role of bilateral dialogue facilitated by international forums as a driver of more harmonious relations. On the contrary, Brazil’s involvement with international organizations often led to heightened conflict, as Brazil leveraged those organizations to challenge American hegemony and the “density and deformity” (Hurrell, *supra*) of the distribution of power in the global order. As Steinberg (*supra*) illustrates, power imbalances within international organizations can lead to resentment and conflict, which seems often to have been the case for Brazilian-American relations in a way that undermined the realization of a harmony of interests between the two countries.

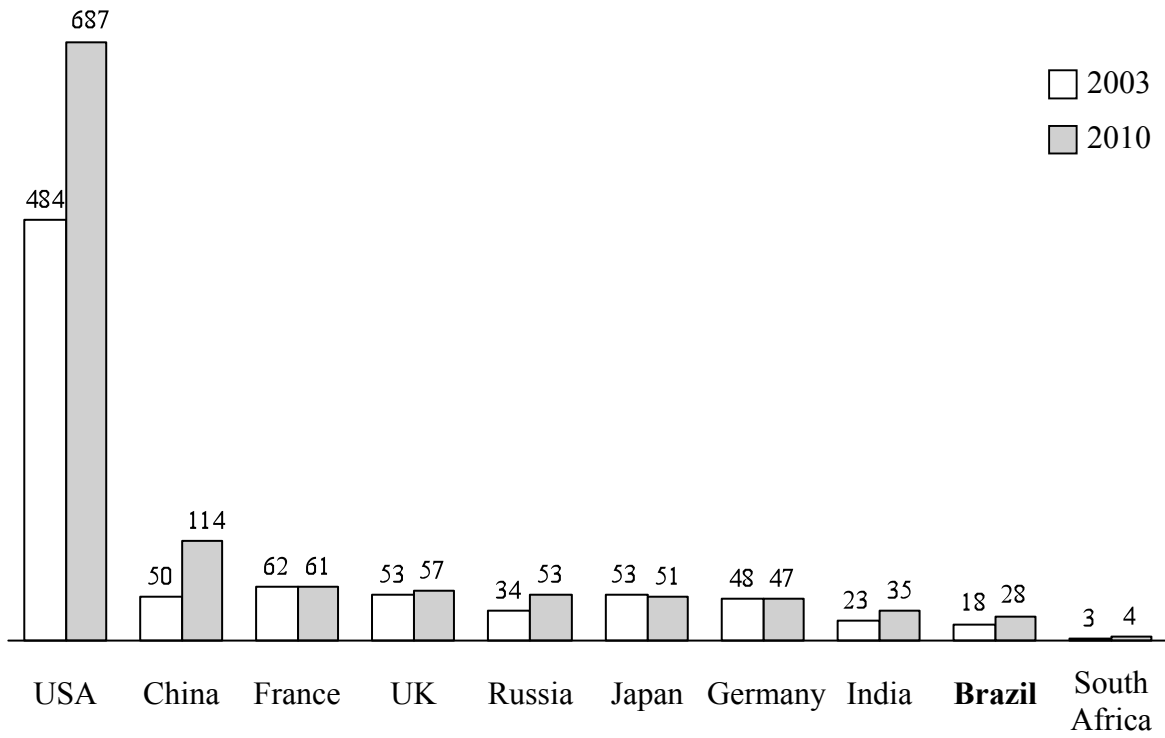
Still, the ability of Brazil and the United States to have maintained relations that, on the whole, were cordial served as a testament to the enduring power of shared values, like

democracy, and common threats, like Hugo Chavez, and pointed to the ability of exceptionally charismatic leaders, like Lula, Bush, and Obama, to smooth over acute diplomatic disagreements. Nevertheless, Brazil's assertive soft balancing under Lula positioned Brazil as an aspiring challenger to, at least as much as a partner to, the United States. The fact remains, though, that Brazil and the United States must rely on each other to accomplish their respective major foreign policy goals. Brazil will need America's support for, or at least its acquiescence to, Brazil's bid for a permanent seat on the United Nations Security Council. Likewise, America's cooperation will be crucial if Brazil is to lead an overhaul of the global trading system that, in Brazil's mind, must become fairer to developing nations. The United States, for its part, will need cooperation from Brazil to help secure the transition to a multipolar world with institutions that support American values.

In short, Lula's soft-balancing approach toward relations with the United States, although of limited effect in some dimensions, succeeded to a certain degree in making Brazil and its positions more material to American policy. By extension, Brazil under Lula's leadership therefore succeeded in incrementally solidifying the country's status as a rising middle power of increasing geopolitical consequence in the transition to a multipolar world.

Figure 1

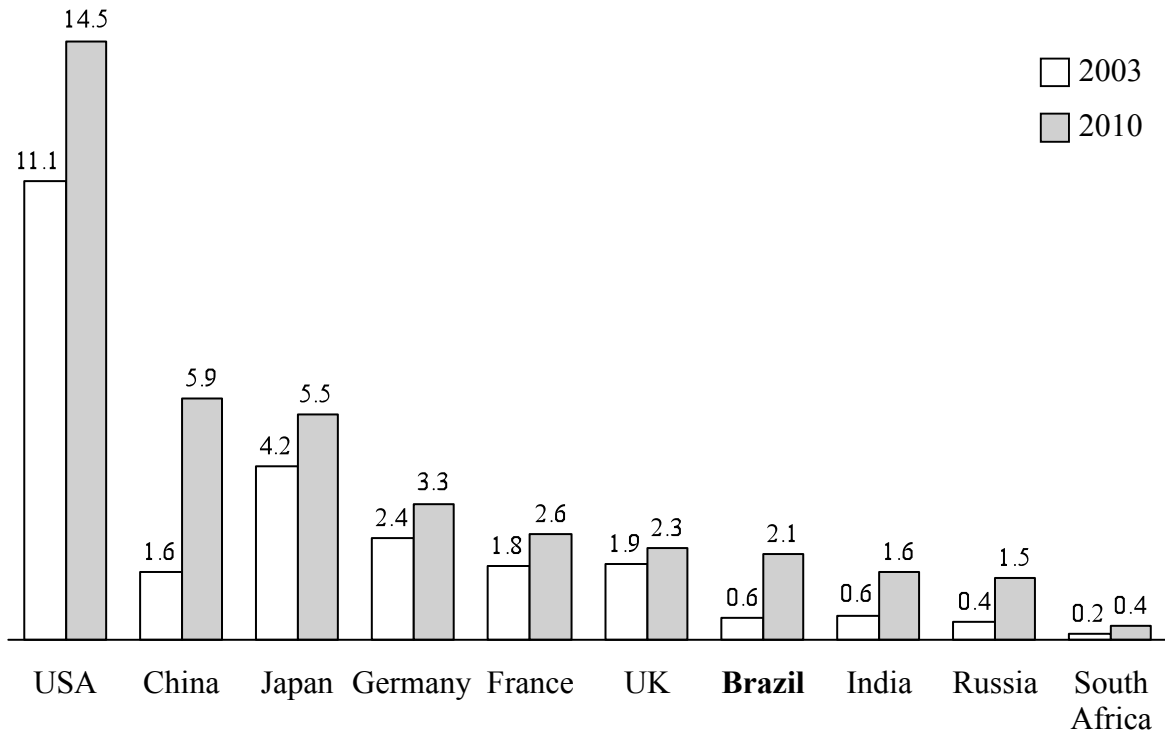
Military spending
(2009 U.S. dollars, billions)



Source: Stockholm International Peace Research Institute

Figure 2

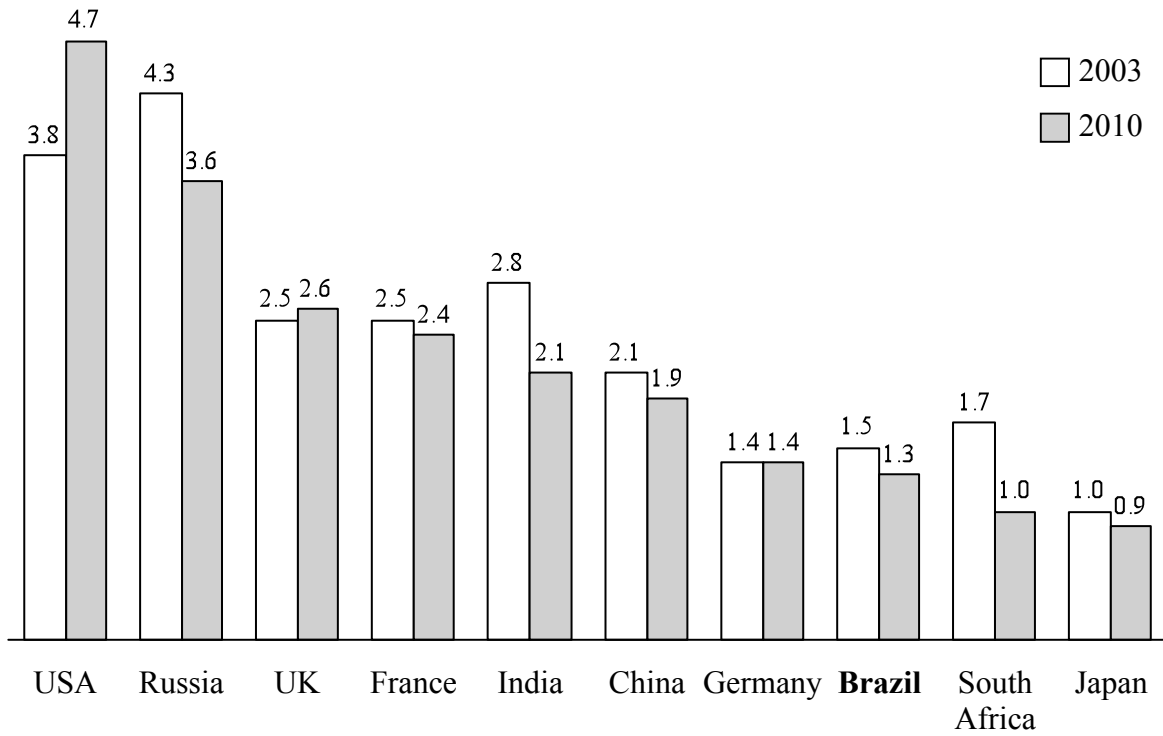
Nominal GDP
(U.S. dollars, trillions)



Source: International Monetary Fund, World Bank

Figure 3

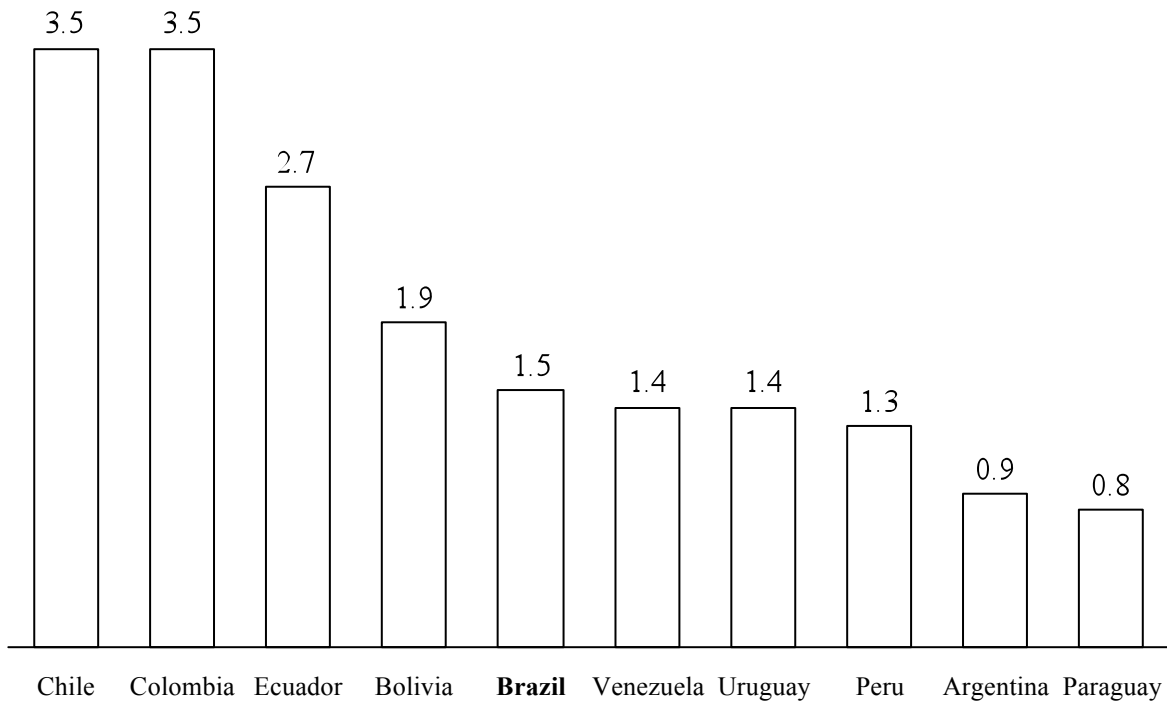
Military spending as a share of nominal GDP
(%)



Source: International Monetary Fund, Stockholm International Peace Research Institute

Figure 4

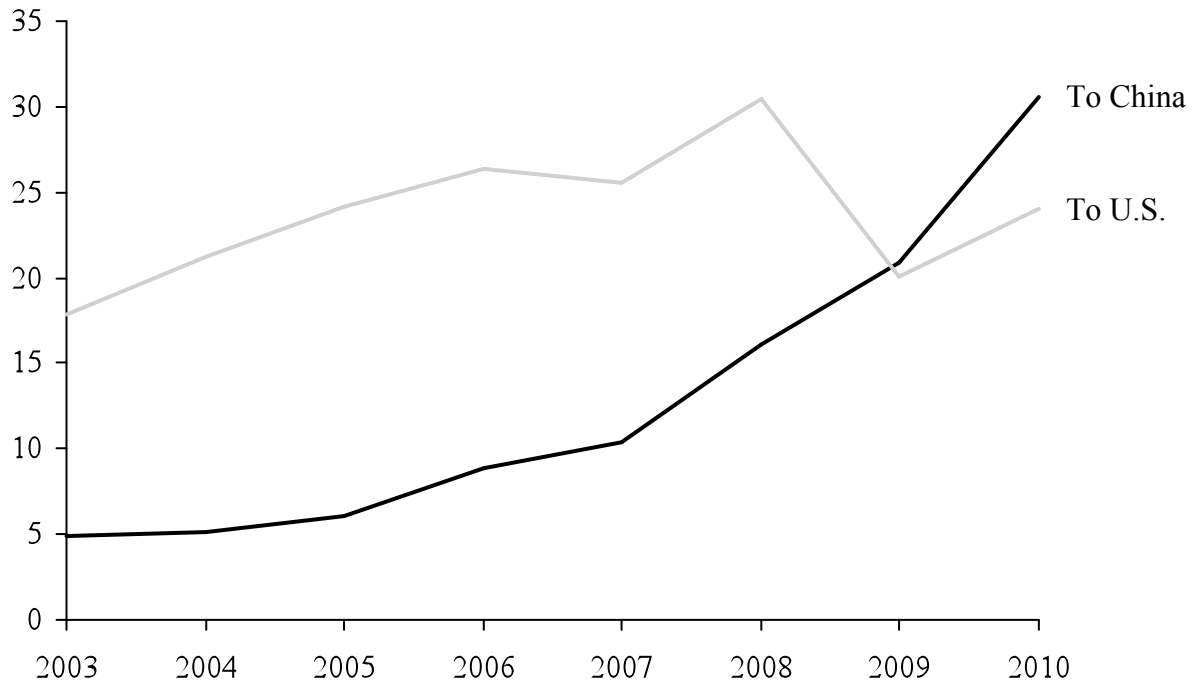
Military spending as a percentage of nominal GDP
(2003-2010 average, %)



Source: International Monetary Fund, Stockholm International Peace Research Institute

Figure 5

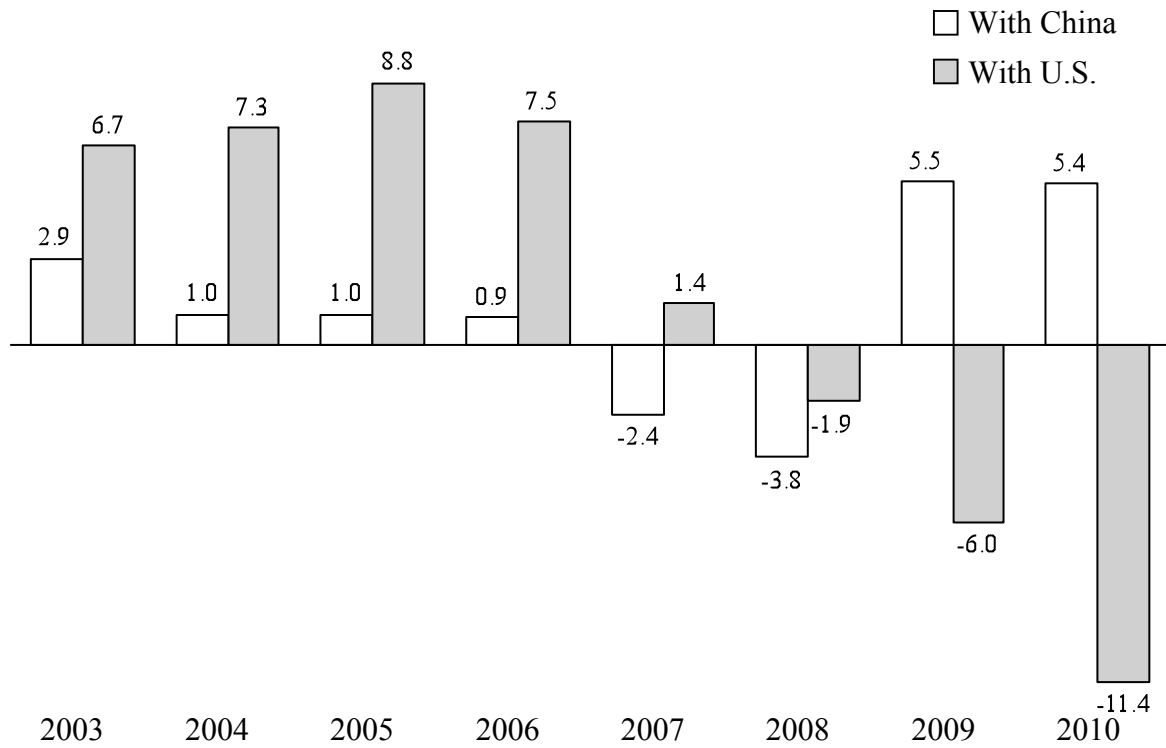
Brazilian exports
(U.S. dollars, billions)



Source: Brazilian Ministry of Development, Industry, and Trade (MDIC), U.S. Census Bureau

Figure 6

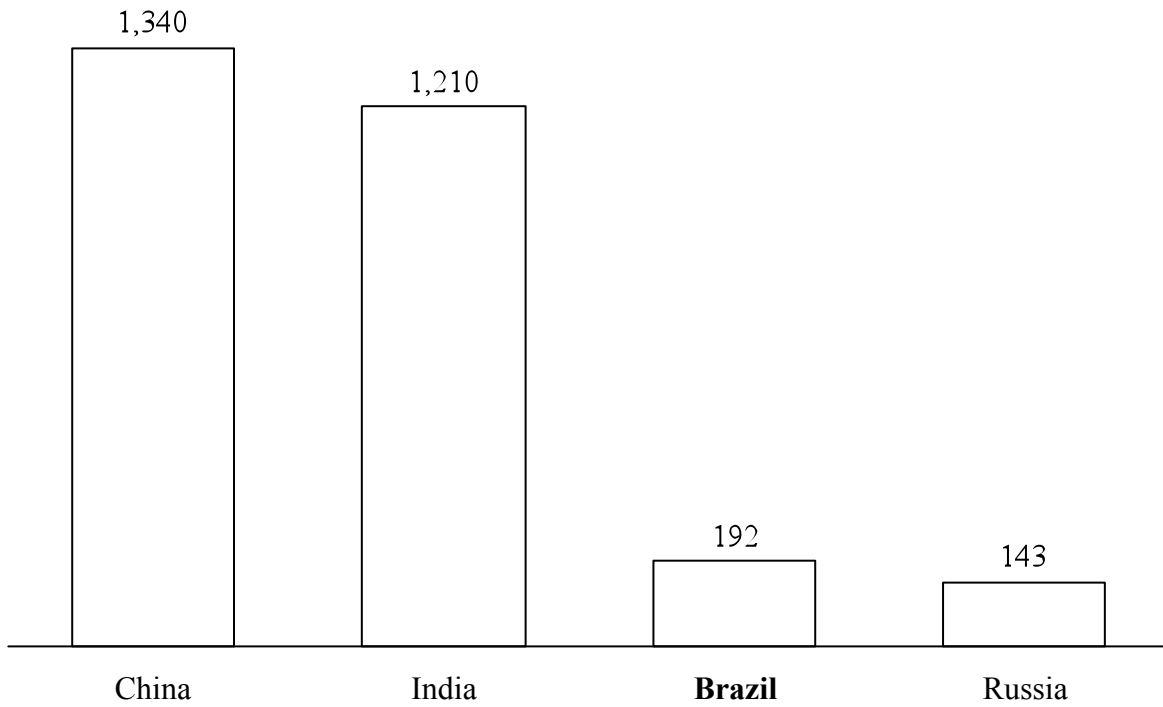
Brazil's balance of trade
(U.S. dollars, billions)



Source: Brazilian Ministry of Development, Industry, and Trade (MDIC), U.S. Census Bureau

Figure 7

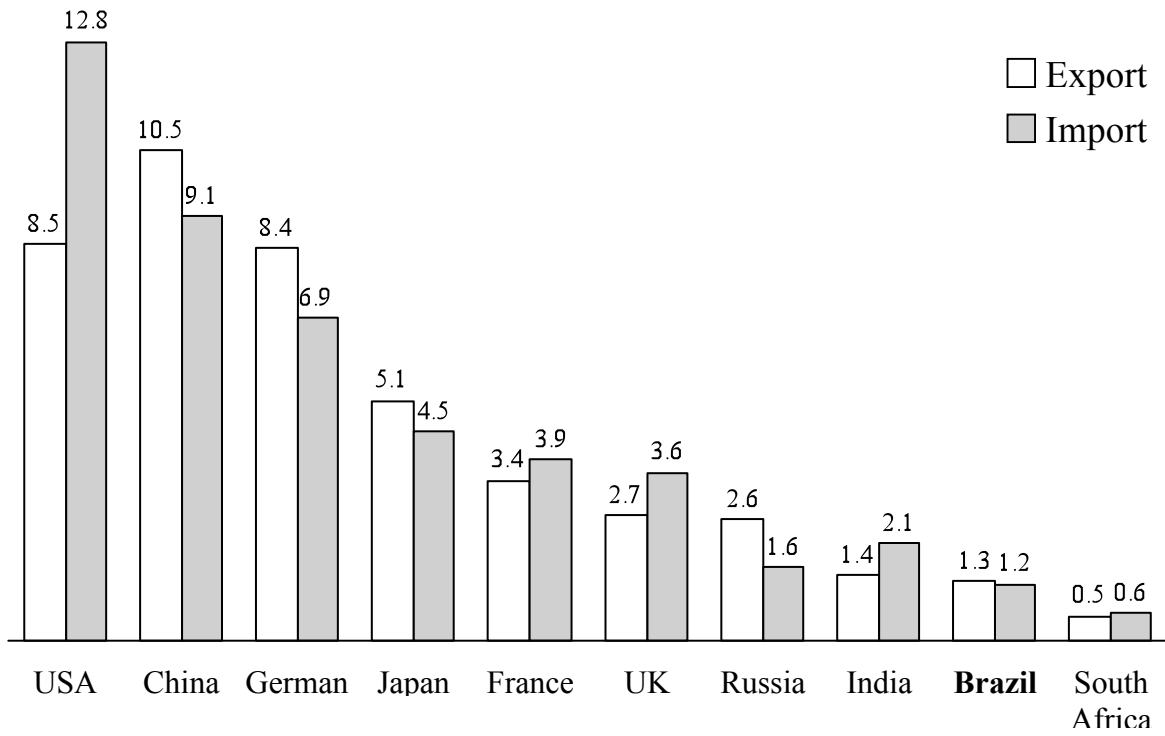
Population
(2011, millions)



Source: Brazilian Geographic and Statistical Institute (IBGE), Census of India, U.S. Census Bureau, National Bureau of Statistics of China, Russian Federation Federal State Statistics Service

Figure 8

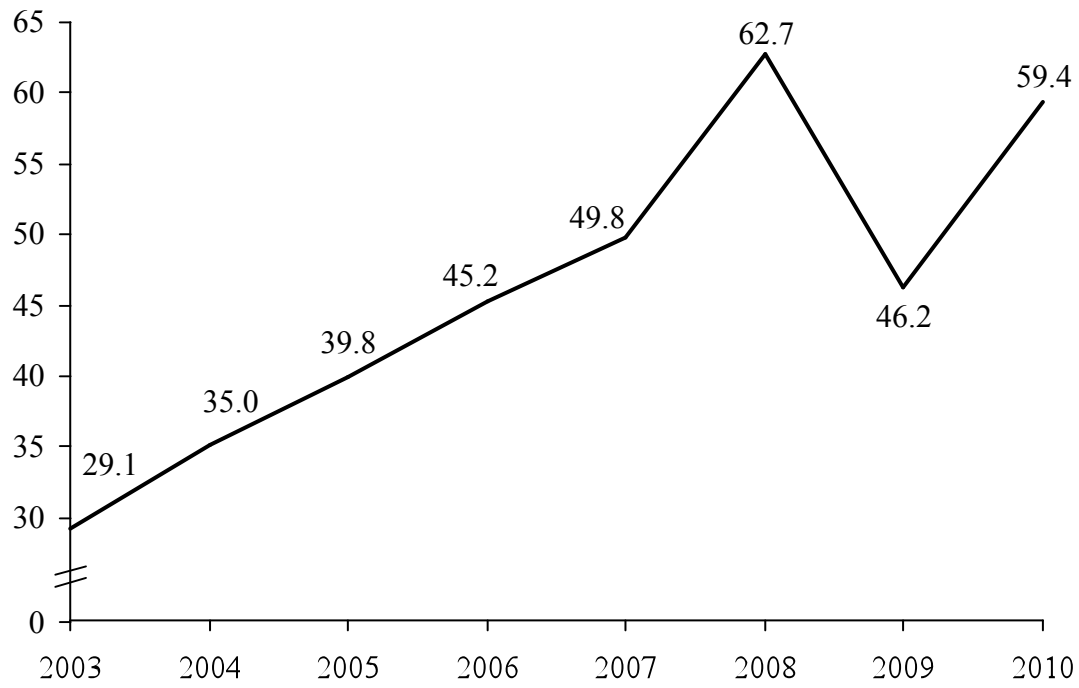
Share of global exports and imports
(2010, %)



Source: World Trade Organization

Figure 9

Total trade between Brazil and the United States
(U.S. dollars, billions)



Source: U.S. Census Bureau