

**“ECONOMIC ROLE OF BRAZIL IN A GLOBALIZED WORLD:
PROSPECTS AND CHALLENGES”**

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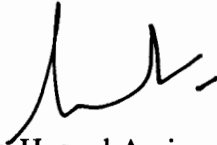
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DEDICATION

This work is dedicated to my late maternal grandparents. Their affection and love were always there for me when they were around. Their advice and encouragement have always been a beacon of light when the goings in life have been tough, and their lives have always remained a source of inspiration for me.

I and the rest of my family still appreciate their mentorship.

May ALLAH (SW) bless their souls and keep them in eternal peace. Ameen!

Abstract

Becoming an economic giant is no child's play and an attempt by Brazil to join the wagon of economic and political global players will definitely require both implicit and explicit clouts. Brazil's new role at both regional and global level is explicable for the characterization of this country. The country occupies the largest landside and the most populous nation in Latin America. Brazil's further strength lies in being the largest Portuguese speaking country in the world, outmatching Portugal its former colonial master and a highly Catholic populated nation.

Brazil's economic growth can be tied to the availability of abundant natural endowments. The Amazon basin is not just a water source for the country, but a catalyst for agricultural and energy development. The primary, secondary and the tertiary sectors are being optimally harnessed by the government upon which Brazil's economic development depends. The economy is increasingly reckonable and thus explains the BRIC membership of Brazil. Brazil's economic growth has in fact boosted its political and diplomatic sway within and beyond the region.

Having a well off political and economic stability does not altogether immune Brazil from challenges. The existential truth is that Brazil will have to tidy up its neighbourhood properly before it can command full respect of the international community as part of the global players. How well can Brazil handles these challenges whether at domestic, regional and ultimately at the global level will be determined by the continuity of proactive policies of ex-President Lula that set the pace for the regional and global recognition of Brazil.

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Research is a tedious task. Besides understanding of the subject and research skill, it requires a certain temperament and consistency. All thanks to Allah who gave me strength, skills and knowledge to complete this research. It was a herculean task for a person like me who requires consistent stimuli to keep on working. I am in debt to several teachers, my parents, siblings' colleagues and friends who helped me accomplish this task in time.

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Abbreviations/Acronyms

ABC	Argentina, Brazil and Chile
ALBA	<i>Alianza Bolivariana para los Pueblos de Nuestra America /</i> Bolivarian Alternative for the Americas
BASIC	Brazil, South Africa, India and China
BRIC	Brazil, Russia, India and China
CAMDE	Women's Campaign for Democracy
CEBs	Ecclesiastical Base Communities
CFTA	Colombian Free Trade Agreement
DEA	United States Drug Enforcement Administration
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FARC	Fuerzas Armadas Revolucionarias de Colombia / Revolutionary Armed Forces of Colombia
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
G6	Group of 6
G7	Group of 7
G8	Group of 8
G20	Group of 20
G-22	Group of 22
G-33	Group of 33
HAMAS	Harakat al-Muqāwamat al-Islāmiyyah / Islamic Resistance Movement
IBSA	India-Brazil-South Africa Dialogue Forum

IMF	International Monitoring Agency
INPE	Instituto Nacional de Pesquisas Espaciais / Brazilian National Institute for Space Research
Mercosur	Mercado Común del Sur (Spanish), Mercado Comum do Sul (Portuguese), Southern Common Market (English)
Minustah	United Nations Stabilisation Mission in Haiti
MNCs	Multinational Corporations
OAS	Organization of America States
Petrobras	Petróleo Brasileiro / Petroleum Company of Brazil.
PPP	Purchasing Power Parity
PTB	<i>Partido Trabalhista Brasileiro</i> / Brazilian Labor Party
TMF	Templeton Management Fund
UCF	Movement of Feminine Civil Union
UNASUR	<i>Unión de Naciones Suramericanas</i> / Union of South American Nations
UNSC	United Nations Security Council
WTO	World Trade Organization



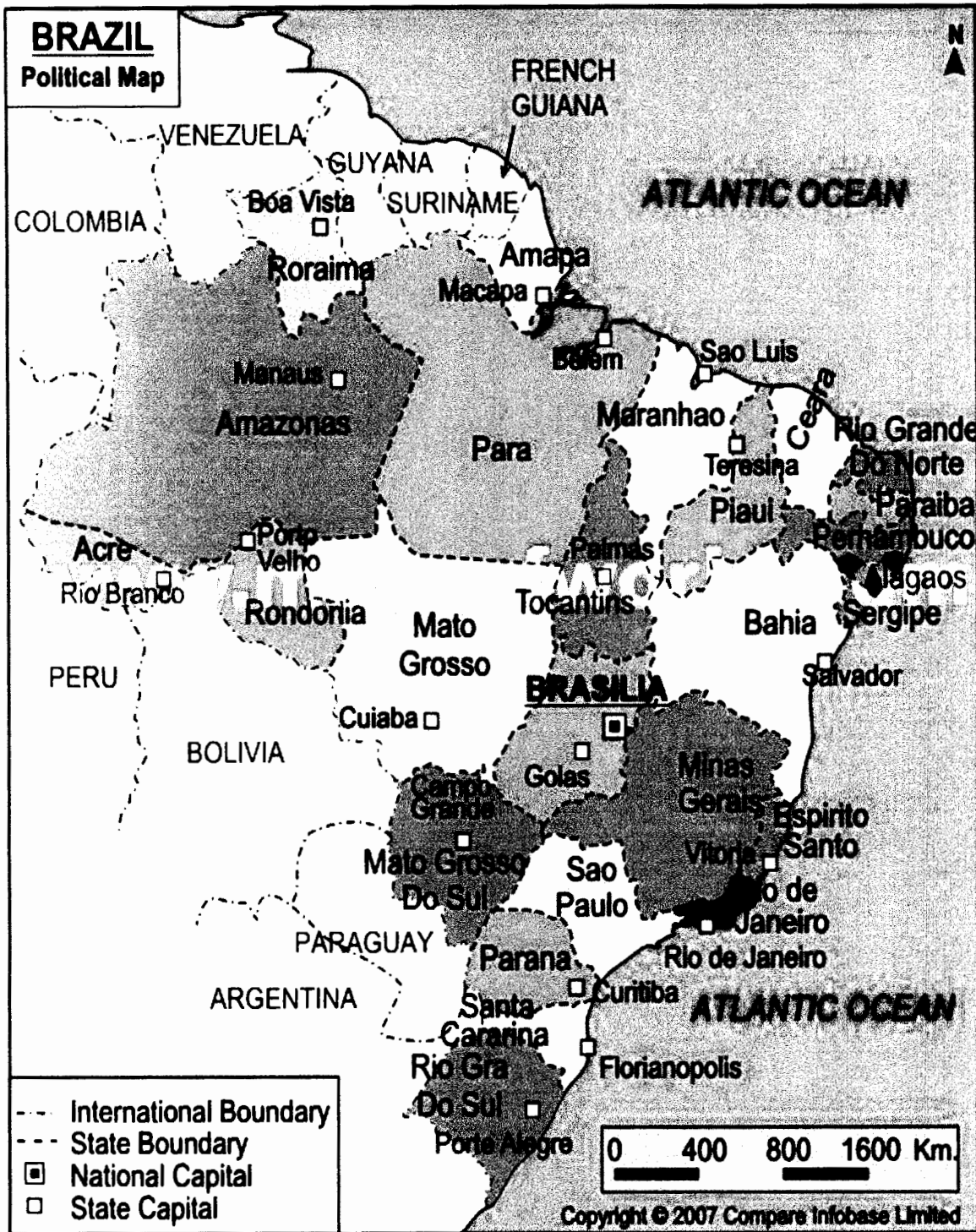


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CHAPTER 1

INTRODUCTION

1.1 Background

The modern Brazil emerged out of social, political and economic crisis that hit the South American countries in late 1970s. Brazil being the fifth largest country in the world with relatively large population in the region is a significant player in the regional politics. Brazilians have always aspired to become one of the great powers in the world. But the prevailing economic problems, drugs and other social issues always hindered its way in achieving such ambitious goals. Since President Cardoso took power, Brazil's aspirations to achieve the objective of becoming world power became more obvious.¹ Despite Cardoso and his successor's efforts, Brazil still faces several challenges to emerge as a global power. These challenges are both internal and external in nature.

The importance of Brazil at regional and global level may not be undermined. Its large size, population, and resources make it a potential player. Brazil currently holds the non-permanent seat of UN Security Council. Despite the recent global recession Brazil still maintains the momentum of economic growth. This growth facilitated Brazil's membership of the G-20². Brazil was very instrumental in the formation of UNASUR³, a regional bloc and of a prototype of the EU that has contributed to regional integration and

¹ Cardoso, Fernando Henrique. *The Accidental President of Brazil: A Memoir* (NY: Public Affairs Books, 2006), p. 255.

² The G20 was established in 1999, in the wake of the 1997 Asian Financial Crisis, to bring together major advanced and emerging economies to stabilize the global financial market. <http://www.g20.org/index.aspx>

³ The UNASUR Constitutive Treaty was signed on May 23, 2008, at the Third Summit of Heads of State, held in Brasília, Brazil.

changed the impression of the region as fragmented and disintegrated region lacking sense of unity.

Brazil on the global front has taken the initiative of greenhouse industrial production reducing dependence on oil energy, a sources to global warming. The growing economic strength of Brazil continues to extend its impact beyond its shore particularly to Europe and the Middle East. On diplomatic front, Brazil is playing a significant role in mitigating the torrid nature of the Middle East conflict. Undoubtedly, this South American giant rolls out its influence within the region and beyond. It is also willing to play a greater role to become a player in global politics.

1.2 Statement of the Problem

Brazil like every other second country of the region had experience of protracted authoritarian system. During this period, the level of development was relatively low. Decision to make authoritarian a tale of the past brought Brazil to the threshold of a new dawn. This dawn is characterized by the acceptance of democracy as a norm, which in fact increasingly becoming international norm.

Brazil today is one of the largest democracy, having a fairly stable and envious good governance in the region. Both of these traits accounts for the emergence of Brazil as a regional and global power. Its therefore calls our attention to this giant of Latin America and comparative politics, as to how democratic norms can spur political and economic power. The success story of Brazil has down played the contention that not only alone natural resources, wealth or international aid are sufficient to bring a country to regional and global recognition but democracy and good governance as well.

Brazil is undoubtedly playing a significant global role. It has been able to widen the scope of its foreign policy such that its influence is felt within Latin America and beyond. Brazil is an important part of G 20. It has joined the powerful Club (G-20) by its credentials size, population, a reformed and vibrant economy, improved governance and its identity as the world's most populous Catholic country. It is a leading political, economic and possibly cultural-religious actor in the Latin American region.

In fact, Brazil has an opportunity and potential to maintain a place in global political club.

1.3 Objective of the Study

This study would analyze the potential role of Brazil as an emerging global power. It will bring forth the various challenges faced by Brazil in enhancing its role as a global power. It is argued that these challenges are both internal and external. On the internal front it still has to deal with economic, social and security issues. President Cardoso is of the voice that only by overcoming the economic hurdles Brazil would be able to become a powerful and influential country.⁴

This research will analyze the Brazil's potential to match up with international players who are extending their influence in their respective region.

It is also the aim of this research to analyze Brazil's domination in the region in comparison with Argentina, Colombia and Venezuela and the new trend of socialist governments which are on the rise regionally.

⁴ Cardoso, Fernando Henrique. *The Accidental President of Brazil: A Memoir* (NY: Public Affairs Books, 2006), p. 267.

The research also aims to identify areas which Brazil can exploit to become important regional and global player. Thus the research shall concentrate on the endowments of Brazil as a country and role of these endowments in influencing global trend.

Upon identifying areas of influence, the research will then critically analyse the prospects and challenges possibly to emanate as Brazil navigates its way towards regional and global player.

1.4 Research Methodology

This research was conducted drawing from qualitative method, by using quantitative data and reviewing past literature. A thorough library research was conducted at the initial stage. This was followed by document analysis. A number of Journals and newspapers were consulted which brought forward significant themes.

The research was also complemented by preview of surveys conducted by various organizations about Brazil's influence and image in regional and world level. Similarly the various surveys conducted in Brazil were also scrutinized to pin point the internal challenges faced by Brazilians.

1.5 Research Hypothesis

Brazil is potentially able to play key role in global economy upon its undisputable credentials of size, population as well as land mass, a reformed and vibrant economy in Latin America and world over. Not only natural resources, wealth and international aid are the factors to make a country as regional or global player but democracy combined

with good governance is the leading factor in the emergence of Brazil as a regional and global player. These natural resources, wealth and international aid even existed before in the country.

1.6 Research Questions

- Would democracy and good governance be leading factors to make Brazil as regional and global power?
- Would the energy reserve and environmental endowments help to place Brazil as a global power?
- Would there be any socio-political and economic prospects for Brazil to strengthen its position regionally and globally?
- What are the challenges for Brazil to become a regional and global power?
- What are the contributing factors for Brazilian existing regional influence?

1.7 Literature Review

There is a lot of literature available on the history of Brazil and the current development unfolding in the country. But there is yet to be a comprehensive and composite work done to put together all contributing factors that inform the new dawn of Brazil. Hence the research will be taking into account the materials analyzing the developments with the aim of creating a single whole.

Making an impact within the region and on global level has been an integral part of Brazilian foreign policy. President Cardoso's government was quite instrumental in

making substantial headway in regional integration and multilateralism, a process that has been followed by subsequent Brazilian leadership.⁵

President Lula da Silva was dubbed most popular politician in the world by President Obama during the last Organization of American States (OAS) meeting held in the region.⁶ It is quite clear that President Lula got such approval not because he was good looking rather the achievements of Brazil in the region and beyond its shore.

International relations is now being understood and seen from multi-perspective lens. Sport is also becoming an integral window with which international relations can be explained. Thus, the Brazilians' run-up for the forthcoming Olympic Games in 2016 is simply not seen as a game but a way for the Brazilians to showcase themselves to the world as part of its role in global politics and more importantly geared at boosting Brazil's economy.⁷

Eduardo's article gives a perspective on the emerging role of Brazil. According to him emerging role of Brazil is expressed by the influence of the Brazilian society since the last two decades and extent to which it reproduces influence in global politics. The article sees the increasing interests in climate issues, deforestations of Amazon forests and global energy issue.⁸

The energy vantage point of Brazil as a way of playing global role is further supported by Ken in his research article. There is a deep interest of Brazil in global

⁵ Fernando Henrique Cardoso, *The Accidental President of Brazil: A Memoir* (NY: Public Affairs Books, 2006), p. 267.

⁶ "Obama Says Most Popular Title Belongs to Lula", *AP News*, London April 2, 2009

⁷ Barrionuevo, Alexei, Galanternick, "For Brazil, Olympic Candidacy Is About Role as Global Player," *New York Times*, (September 28, 2009)

⁸ Viola, Eduardo *The Evolving Role of Brazil in the Global Politics of Climate, 1996-2008*, Conference Papers -- International Studies Association; 2008 Annual Meeting, p1-15, 15p and Viola, Eduardo, *Brazil in South American Integration and Global and Regional Politics of Climate*. Conference Papers -- International Studies Association; 2009 Annual Meeting, p1, 25p

environmental issues geared at challenging climate change issues in the United Nations. Brazil holds that many of the economic, energy and social predisposition lying in the Amazon area can help the world solve its problems.⁹ More recently, the world was expecting to have a new global treaty in the United Nations' conference at Copenhagen,

December 2009 aimed at containing environmental problem and containing the increasing threat of global warming. The role of Brazil at the conference could not be underestimated as Brazil saw the protection of the Amazon forest as pertinent for solving global warming.¹⁰

Owing to various natural resources and international economic treaties, the Brazilian economy has established itself as a major force within the region. Particularly it has negotiated with Argentina and Venezuela to increase regional trade. It took the initiative for the creation of South American Union. The role of Brazil in WTO Free Trade Area of the Americas (FTAA), economic relations as the new India-Brazil-South Africa Dialogue Forum (IBSA) and BRIC are indication of Brazil's progressing global role.¹¹

In a similar spirit, Oliveira looks at the prospect of a US-Brazil economic relation in the post WTO era owing to the fact that both are great democracies in the region and both have undisputable large economies. The hypothetical relations indicate the strength accorded to the two nations in influencing world affairs. Oliveira looks at the asymmetries and convergences among the two countries. He analyses those multifaceted

⁹ Johnson, Ken, Brazil and the Politics of the Climate Change Negotiations, Journal of Environment & Development; Jun2001, Vol. 10 Issue 2, p178, 29p

¹⁰ Wrobel, Paulo, Global Positioning, World Today; May2009, Vol. 65 Issue 5, p10-12, 3p

¹¹ Schmalz, Stefan, Brazil in the Global Trade System "Towards a New Axis of the South", Conference Papers -- International Studies Association; 2009 Annual Meeting, p1, 32p

relations where the tensions between the asymmetries and the convergences are always present.¹²

Scherer et-al, article shows the undisputable influence of the Brazilian economy on both regional and global level during the last financial meltdown. Brazil being the eighth largest economy devaluated its currency and it obviously had a ripple effect on other economies in the region. Many countries followed the path of devaluating their currencies. With the devaluation trend it became hard for U.S exporters to have field day in the Latin American market.¹³

Cardoso argues that a multilateral economic framework will better place global financial, economic, and socio-cultural issues in the right perspective. Taking a view from the financial crisis emanating from the U.S. and its spillover effect on world market indicates that global finance must cease to be in one hand, instead with multilateralism like Brazil, China and India cooperation could better manage global crisis.¹⁴

According to a public opinion poll, the image of Brazil as an emerging global power is associated with events surrounding Brazil. But these events provide an understanding of the challenges for that Brazil must prepare as an emerging power.¹⁵

¹² Ivan, Oliveira, Diplomacy, Trade and Globalization: The USA-Brazil Economic Relations within the Context of the Post-WTO Global Interdependence, Conference Papers -- International Studies Association; 2008 Annual Meeting, p1-2, 2p

¹³ Scherer, Ron, Epstein, Jack, *Global markets grip seats, eyeing Brazil*, Christian Science Monitor, 08827729, , 1/15/99, Vol. 91, Issue 35

¹⁴ Cardoso, Fernando Henrique, Economic Weight of Brazil, China and India Can Mitigate Global Crisis. *New Perspectives Quarterly*; Spring2009, Vol. 26 Issue 2, p58-60, 3p

¹⁵ http://www.worldpublicopinion.org/pipa/articles/views_on_countriesregions_bt/588.php?nid=&id=&pnt=588

1.8 Organization of Chapters

Chapter One

In chapter one background, statement of the problem, objective of the study, significance of the study, research methodology, research questions, and review of the literature are taken into account.

Chapter Two

Emergence of Modern Brazil

In this chapter history of modern Brazil is briefly highlighted. An effort is also made to describe the Brazilian political system and status of Brazil in the current century.

Chapter Three

Emergence of Brazil as a Global Power

Various events that show the role of Brazil as an emerging global power are discussed in this chapter. The challenges faced by Brazil today which are hurdles in becoming a global power are also taken into account. At the same time, opportunities available to Brazil for achieving its dream of becoming a global power are also discussed.

Chapter Four

Brazil's Prospects for Becoming a Global Player are discussed in chapter four.

Chapter Five

This chapter presents an Analysis, Conclusion and Recommendations.

CHAPTER 2

HISTORICAL BACKGROUND

2.1 Historical Background

Brazil, the largest country of South America, is housing the largest population and is leading economy of the region. It is also the single largest Portuguese-speaking country in the Americas and the world over. Having the enormous resources and size, Brazil is the world's fifth largest country. The map of the region shows that Brazil is bordered by many countries. It borders Venezuela, Guyana, Suriname and French Guiana, a French suzerainty on its north, while on the northwest Colombia. The Bolivia and Peru are on its west, Argentina and Paraguay on the southwest while Uruguay occupies its south. Atlantic Ocean, a source of its naval power, is on the east of Brazil. Like many other countries in the region Brazil had no immunity against external interference and occupation. Brazil was not spared from the 16th century colonialism championed by Portugal and Spain.

2.2 Pre Independence

Pedro Álvares Cabral was the first Portuguese to discover Brazil on April 22, 1500 and Brazil remained under Portuguese rule from the 16th to 19th century. The long stay of the Portuguese on this spacious Amazon region cannot be disconnected from its vast resources, a major attraction for the establishment of the Portuguese colonists in Brazil. Although Brazil is constitution of different races but the fact is that the lineage of the white Portuguese remains more dominant in the country's affairs. Being the only Portuguese occupied region in Latin America, Brazil formerly became an integral of the Portuguese colonies in 1534 before it got liberation in 1822 as an independent country.

The arrival of the Portuguese on the Brazilian soil restructured the existing local system in such a manner that Brazil was transformed into twelve ruling lineage under a captain.¹⁶ For convenience sake, certain tribes were incorporated into the new structure and others were relegated to the status of slave, though the slavery was further complemented as innocent Africans were enslaved and shipped to Brazil for sugar plantation, a major international crop at the time.¹⁷

The presence of the Portuguese in Brazil could be better explained by the development in Europe at that time. As Napoleon expands his hegemony beyond Europe into the Iberian Peninsula, Brazil which was an integral part of Iberia Empire was attacked by Napoleon's force in 1808.

The Iberian royal family thus found a haven in Brazil. On the fall of Napoleon, the monarch went back to Portugal except Dom Pedro I, who was shouldered the responsibility of Brazil. Due to his familiarity and acculturation, Pedro took side of the locals against Portugal, when privileges given to Brazil were withdrawn upon the departure of the monarch. Pedro's rebellion pushed Brazil to the shore of emancipation from the colonial claw of Portugal and Brazil was declared an independent country under Pedro's tutelage in 1822.

2.3 Post independence

By 1889, Brazil had become a full fledged republic with lot of structural changes. Several old customs such as slave trade, emancipation of slave and former abolishment of the inhumane practices were reviewed. Brazil got rid from slavery as part of the growing

¹⁶ Charles Ralph Boxer, *The golden age of Brazil, 1695-1750: growing pains of a colonial society*, (Berkeley: University of California Press, 1962)

¹⁷ Ibid

trend of the time, as slavery turned out to be outlawed by all powers, although consequential to the economy. Besides the economic restructuring, the political rearrangement was made characterized by the weakening of the empire and emperor's power, as military and agricultural elites sought lesser state autonomy but a stronger central government. The motive behind such trend was rooted in the slogan of the day "order and progress" and remained as the emblem of Brazil's coat of arm till date. As time passed by, the empire experienced another wave of change championed by the civilian elites from Brazil's wealthiest, strongest and largest states. Their demands were opposed to the military and agricultural elites. They in fact demanded for a decentralized federalism, challenged the former and took control of the new republic with a framed federalist constitution. The new order despite its aim to change the cause of things was faced with huge challenges from many political opponents, the military and agricultural elites. The tussle among the oligarchic elites became a hurdle for the republic and the problem was further complicated by the grievances of the masses, whose expectation were not met. The scenario became anarchic and thus contributed to the 1930 revolution.

The revolution was fueled by the decline in the coffee economy, labour protests shaped by mob, global economic depression, and the impatience of young army officers. All of these culminated to the overthrow of President Washington Luís and the coup that installed Getulio Vargas as the new Brazilian president. Getulio Vargas's presidency was shaped by the new policies. He strengthened the central government by giving more autonomy to the bureaucracy and in 1937 upon the threaten of the communists he announced elections to save his regime. Thus, a new democratic dispensation came forth till around 1945. With the restoration of democracy the numbers of voters also increased

which led a broad competition and participation in the election but still the voters from the lower working class were not allowed to vote.

In the 1950s and 1960s, democracy was reestablished and several political parties were formed at regional and national level. Brazil started witnessing prosperity with the building of infrastructures, building of new auto plants in Sao Paulo and shift of the capital to Brasilia. The new political landscape brought forth new things in Brazil. In 1960s, parties increased in the Chamber of Deputies mostly dominated by peasants belonging to populist Brazilian Labor Party of PTB and other leftist party that challenged the hegemony of the elites. The challenge was to reduce the over stay of the elites in the corridor of power as it has been the case for years. In 1964, due to the high inflation and stagnated economy, Brazilian President Goular supported mutiny of group against sailors, navel officers and the Brazilian military considered the civilian politicians not competent enough to handle the demand of the economy as their actions believed to be detrimental to the country. Military believed that intervention into politics is the only way to save the country from civil war. With the military intervention, centralized economic policies were put in place to tackle inflation, attracted foreign investment and boosted the economy and strengthened the executive with exclusive powers.

During the military rule a number repressions against labours and student movements were seen in 1967. Lot of people were put in detention, exiled and killed. Meanwhile, the military government continued the election process but the governors and lieutenant governors were elected in indirect elections while the mayors of the state capitals were appointed by the governors. Nonetheless, elections were scheduled for other mayors, local councils, and for the national and state legislators. By and large, the

military was not entirely anti-democracy rather set the pace for further democratic dispensation which finally culminated in the shape of reappearance of democracy in 1980s.

Political liberalization, considerable free elections, freedom of speech and free press and media can be seen in 1974 during General Ernesto Geisel regime, who showed soft line and eased the military rule. Political liberalization was not only in the country but also transpired within the military establishment. During this time economic growth increased and opposition came into power in the house of deputies and senate as testimony to the degree of liberalization in the country. Other than this the opposition also got representation in some states, which was unprecedented.

In 1974, with the political opening and electoral reforms, civil society emerged in the country and dislike for military administration rose. The new trend crept on till 1985; the hate level was instrumental in taking power away from the military to the civilian. This was all due to the influence of civil society and ideas like freedom of press, movement of lawyers and other political groups. Brazil was lucky that the process of power change from authoritarian to democratic rule was peaceful, exhibiting the maturity played by both the military and the civilians. The peaceful transition then brought Jose Sarney to power, who was directly elected as a president.

In the last years of military rule, many military officers having sympathy for democracy and having been frustrated by high inflation and unemployment left the military. The new law of 1988 banished many old laws of military rule and in 1989 new laws were passed which guaranteed many political and social rights for Brazilians. It was a landmark as Brazilians voted directly for their president for the very first time after the

1961 restriction. Brazilians considered this year as the year of change to democratic regime and a new beginning for the country.

2.4 Political System

According to the Brazilian law, everyone is eligible to vote and be voted for, but the ground reality in the Brazilian political theatre has been the domination of the elites. They consider leadership as their sole right. Such domination has placed the ordinary Brazilians at the mercy of the elite. However there exist multiple views that explain the Brazil's politics. One view holds that Brazil by its history and late industrialization favours authoritarian rule over democracy. The other view challenges this position that Brazil has been a pluralist society therefore more prone to pluralism associated with democracy than military rule. However this is also a fact that Brazilian military is relatively moderate and liberal as compared to other military establishment in the region.

Abdulsattar notes in his work that Brazilian,

Military government was responsible for only 333 deaths from 1964 to 1968, as per capita death toll 100 times lower than that of neighboring Argentina and 50 times lower than that of Chile. The regime also displayed leniency: at the height of the repression (1969-1973), military courts acquitted 45 percent of the cases brought before them, and for the entire period from 1965 to 1977, 68 percent. Only about 500 politicians lost their political right to hold office, as compared with 15,000 in Uruguay.¹⁸

Between 1945 and 1964, the Brazilian society witnessed lesser conflicts compared with neighboring countries like Argentina and Chile and even the conflicts among the parties were also not as severe as compared to the neighboring countries.

¹⁸ Husham Hikmat Abdulsattar "Federative Brazil: From Authoritarianism to Democracy," *Iraqi Centre for Federal Studies*

www.iraqcf.org/downloads/research_doc01_english.doc

During this period, Brazil was characterized as Statist country, as state machineries were actively operational. The trend brought Brazil to the junction where the left sees change through the process of democratization, while the right considered intervention of state in societal affairs and restricting.

The emergence of the civil society in Brazil brought drastic change that shows integration of the Brazilian people regardless of their color and status. The civil society helped to stem frustration among people against military rule. These sentiments provided ultimately throughout the country laying the foundation of a new democratic political culture.

Brazil is the world's largest community of Catholic religion but Church is not playing a pivotal role in Brazilian society. It has little impact on the educational or religious system of the country unlike many other Latin American countries. Though Church had an elite orientation before 1964 but in spite of its all tendencies towards elites, it did not fracture Brazilian society instead played a neutral role. But after 1964, the Catholic Church of Brazil earned a positive reputation from the society and at that time it was the world's most progressive institution. The Church renounced its apolitical status and played a pivotal role against the authoritarian rule of military government. Church was providing shelters to the victims of the authoritarian rules and their families in late 1970s. The Catholic Church was active in organizing labour movements at the crucial times and it did not just participated in the Worker's Party but also supported its candidates.¹⁹ Even today this tradition is still alive as Church is still supporting the poor in the society and organizing social movements for their rights.²⁰

¹⁹ Natan Zeichner, "Representing the Vanguard," *Brown Journal of History*, spring 2007, p 8

Liberal theology encouraged political actions and in 1970s theological actions received a widespread popularity not only in Brazil but in many other countries of Latin America. Liberal theology did more emphasis on social justice and promoted it in the society. Many liberal theologians were supporting some forms of socialism as well. Church arranged some groups in the society like Ecclesiastical Base Communities (CEBs) who were weekly attending Church or even twice a week and pledged to reflect their life according to the teaching of the Gospel. Church received full advantage of its prestige at that time in the society as 80 of the Brazil's 350 priests were very regularly sermonizing people creating religious awareness in the society. The CEBs transformed and changed the image of the Catholic Church much more by providing leadership to its members.

CEB members like Azuleika Sampaio, a woman who rose through active participation in her grass-root church group to become president of the citywide federation of neighborhood association of Nova Iguacu, (a working-class city with 1.5 million inhabitants), gained from their participation in these local church groups the personal confidence and leadership skills. They were necessary to their broadened participation in community and women's movements, eventually politics.²¹

Some social scientists have written on the role of the Church and related organizations such as CEBs. The Church has created movements and galvanized people to become active in the public and to seek for their rights without fear. The effort of the Catholic Church was challenged by other sects like Umbanda and Candomble having root in African religions and the efforts of the Protestant Church was also noteworthy. The

<http://students.brown.edu/history/issue1/issue1.pdf>

²⁰ Gay Seidman, "Brazil's 'pro-poor' strategies: what South Africa could learn," in *Transformation: Critical Perspectives on Southern Africa*, Baltimore, Number 72/73, 2010, P 93

²¹ Gabriel Almond et al, *Comparative Politics Today: A World View*, 8th edition, (New Delhi: Pearson Education, 2009) p 537

declined number of Catholics from 90 to 75 percent was an indication of the departure from the traditional Catholicism of Brazilian society. Protestants are growing in population, far ahead of only 4 percent in 1950 but by 1996 this figure has rose to 15 percent. This transformation has been noted by scholars. "Brazil has thus become a "pioneer: the first traditionally Catholic country in the world with a large Protestant electoral and parliamentary presence."²² As far as women of Latin American countries are concerned, they are considered equivalent to their male counterparts, although Brazilian women are not exceptional from the tradition of the region before the dawn of real democracy in the country.

Almond notes that "in Latin American country, Brazil has not been immune from the cultural influence of machismo – which familiarly refers to an aggressive and virile from the masculinity – and marianismo, its feminine counterpart, which views Latin American women as morally superior to men – the force that holds together the family and brings up the children." They had no right to vote and rightist parties and military exploited them for their personal benefits but when they got right of casting votes, they participated in elections more than men by casting votes. As in 1964 they played very important role against political subversion, communism, and were part of the movement that brought down the government of Joao Goulart. This was done from two different platforms, Women's Campaign for Democracy (CAMDE), and the Movement of Feminine Civil Union (UCF).²³

²² Kenneth P. Serbin, "The Catholic Church, Religious Pluralism, and Democracy in Brazil," Working Paper No 63 February 1999

www.nd.edu/~kellogg/publications/workingpapers/WPS/263.pdf

²³ Maria Lygia Quartim de Moraes, "Women's Movements and Human Rights in Brazil," *UNICAMP*, www.ifch.unicamp.br/pagu/sites/www.ifch.unicamp.br.../MLygia3.pdf

Henceforth, various developments in women's status took place during military rules in 1950s and further developed in 1970s. The first and the most important was the change in the traditional image of women in the society regarding their education, occupations and their participation in politics. The result of these reforms was that in 1980 women were almost half of the total graduates of secondary schools in Brazil. This proportion remains incomparable with statistics of total graduates in two decades before that, as women proportion stands at 9 percent in 1950 and 25 percent in 1970. 40 percent of these graduates were in the field of Biology and other health related programmes. 18 percent were of science and technology related programmes, and other 48 percent were graduates in social sciences and humanities.²⁴

The second was economic impact of authoritarianism on the poor women. Women found themselves struggling with low wages and conservative society, both contributed to the difficulties challenging women and their family. But with the political liberalization of the society in 1970s, Brazilian women organized political organizations and labour organizations. This increased their status and importance in the society. During 1970s and 1980s almost 400 Brazilian movements were working for women's rights which were high as compare to any other Latin American country. Most of these movements were focusing on common issues related to women like violence against women, sexual harassment, divorce and abortion and some issues were even

²⁴ Sonia E. Alvarez, *Engendering democracy in Brazil: women's movements in transition politics*, (New Jersey: Princeton University Press, 1990)

contradictory to the Catholic Church. So, women became more active in Brazilian politics and social affairs because of these movements.²⁵

2.5 Type of Government System

Brazil's modern history was characterized by monarchy which prevailed until the revolution of November 15, 1889. Thereafter the country moved towards a republic. The new establishment was milestone because it was responsible for the decentralization of the highly unitary system to a federal scheme. The modern Brazil which inherited the federal system now operates on two houses, bicameral congress. First is the Chamber of Deputies and the second is Senate. The members of Chamber of Deputies are directly elected by the votes of people of a constituency. Each constituency does not contain more than 70,000 voters. Deputies are elected from all 20 states including 4 members from the federal capital for three years. After three years they can be reelected which is a common practice in Brazil since the establishment of the first republican congress. These Deputies make a federal union. In the case of Senate, 63 members are elected as the member of Senate and one third of them leave Senate after three years. Each state elects 3 members and 3 members from the federal capital.

The Senate in Brazil does not enjoy powers like the Senate in U.S. While the deputies of the Brazilian congress enjoy more power compared to the senate. The senators approve many important appointments of the president and judges, and act as a judge in the impeachment case against president and ministers. As far as the distribution of power among states and centre is concerned, the relation of Brazilian states and centre

²⁵ Sonia E. Alvarez, "Women's Participation in the Brazilian "People's Church": a Critical Appraisal," *Feminist Studies*, Vol. 16, 1990

is not different from the governmental system of the United States where states strengthen its centre by sharing their powers. Brazilian constitution itself declares, "The states shall have power to exercise in general any and every power or right not detained them by express provision of the constitution or contained by implication in such express provision." This shows that the Constitution assigns some exclusive powers to the national government and denies to the state government just like U.S. federal system. The exclusive powers means the power of taxation, foreign relations, to decide war, international trade and business, the right to coin money, neutralization, and many others related privileges. This shows that the Brazilian federal government enjoys all those powers which are enjoyed by the government of United States.

There are some extra powers which Brazilian republic has but the US federal government does not enjoy i.e. legislating the civil, commercial and criminal law of the republic. This is one of the most significant and prominent power with the federal government of Brazil granted by the constitution. This is also true for the Argentine and German federal government but not true for U.S. constitution. It is deplored due to the contradiction in the basic laws such as commercial, marriage and divorce of its 48 different jurisdictions.²⁶

Apart from this some extra powers that federal government enjoys over the states are intervention of Central government in states' affairs and the declaration of state of siege that is quite different in its nature. The Chapter VI Article 34 of the constitution of Brazil says: "The federal government may not intervene in the affairs peculiar to the states, except: (1) To repel foreign invasion or that of one state in another; (2) To

²⁶ Herman G. James, *Brazil After a Century of Independence*, (New York: The Macmillan Company, 2007)

maintain the federal republican form; (3) To reestablish order and tranquility in states, upon requisition of their respective governments; (4) To assure the execution of federal laws and judgments.”²⁷ The practice to declare the state of siege in the United States can be done only in the situation if rebellion group is creating anarchy in the state but this practice has been performed more than once in Brazil.²⁸

Moreover, there are several other small miscellaneous powers which federal government has over state governments like to formulate the laws of agriculture, commerce, industry and immigration. In the case of a conflict between state and centre or within states the federal court will decide the case between federal and state governments, while state judiciary will solve the problem among the states. Such procedure is delineation of similar trend in both the Brazilian and U.S. constitution by respecting the judiciary.

Brazilian judiciary enjoys extraordinary powers as compare to any other country of the region that power provides more chances to the judges to exercise this power. But the judicial system of Brazil is complex as *estado* or municipal courts are dealing with ordinary criminal and civil matters. Among the courts Brazil has Federal Supreme Court, regional courts of appeal and some parallel courts as military courts and some that deals in labor and electoral laws. Among all these the Federal Court is most powerful which comprises of eleven justices that are appointed by the president.²⁹

²⁷ Brazil Constitution,
http://www.servat.unibe.ch/icl/br00000_.html

²⁸ Herman G. James, *Brazil After a Century of Independence*, (New York: The Macmillan Company, 2007)p 185

²⁹ Lowell Barrington, et al, *Comparative Politics: Structures and Choices*, Boston: Cengage Learning, 2009) 288, 291

The constitution of 1988 has provided some extra powers to the Brazilian judiciary as it can have an effective check on executive. Its examples can be taken from the case of 1992 and 1994 when some high profile politicians faced court trials. It is said the matter in Brazil is not whether judiciary in Brazil is independent or not rather how much extra independence it has. The situation of Brazilian judiciary is totally different from other countries of the region. The challenge in Brazil is the accountability of judiciary because its extra independence has rendered difficulty in its reform. Independence to judiciary was granted in the first term period of President Luiz Inacio Lula da Silva whose agenda comprised of overhauling of judicial system in Brazil.³⁰

The national government in Brazil is very powerful. It can even amend the constitution. Though it can amend the constitution but in practice a single amendment never happened since the constitution came into being five decades ago. In comparison with the constitution of U.S., where federal and states legislatures can unitely amend the constitutions with the help of three-fourth of states' approval, while in Germany 14 votes in the federal council or Bundesrath can reject a proposed amendment. Similarly in Swiss Federation no amendment can take place until majority of people in majority of cantons or states approve it.³¹

Naturally the question arises in mind that after all what powers are left behind for states in Brazil? There are certain powers in the Brazilian constitution principally for the states. First the states can formulate its own constitution by respecting the constitution of

³⁰ Siri Gloppen, et al, *Democratization and the Judiciary: The Accountability Function of Courts in New Democracies*, (London: Frank Cass, 2004), pp 162-4

³¹ Frances Kendall, "The Swiss Cantonal System: A Model Democracy," *International Society for Individual Liberty*, March 2000.
<http://www.isil.org/resources/lit/swiss-canton-system.html>

the Union and organize their government. Organizing their own governments means all 20 states can manage the issues of their municipalities according to their own problems.

Second, the Brazilian states might though be having restrictive but important legislative powers. The legislative powers are not as much obvious as the states in the U.S. but Brazil's state can only legislate the law in the domain of civil, commercial and criminal laws. It means states have authority over administrative laws. This administrative law means the power of police to ensure the safety of public and also the laws of health in the domain of state administration.

Apart from this, states have many other miscellaneous powers such as to impose taxes on its own manufactured goods, stamps, railroads, powers to formulate laws on education, health, commerce and immigration. But due to the wide difference in population, environment and size, the Brazilian states are not equally binding the laws of their own states so in this case federal government overlaps. The bottom-line is that Brazil's geography, size and environment differences gives the Brazilian federal government much powers over states as compare to the United States. The overarching federal government power is becoming envied by economic viable states like Sao Paulo, Minas Geraes and Rio Grande do Sul.

In making the federal laws each Brazilian state has a shared representation in the lower house of its Congress. According to the constitution, every state can be represented by at least four deputies in the House of Deputies without discrimination of its population, geography or size.

Similarly, each state sends three Senators to the federal government to ensure its representation in Upper House but in U.S. two Senators represent each state. As far as the

Federal District of Brazil is concerned, its status is not different from Brazilian states as a deputy represents Federal District in the Lower House or House of Deputies and three Senators in the Senate. Executive is appointed by the president of the country and its fundamental laws are enacted by the national congress. Rio de Janeiro in the times of unification became the Federal District of Brazil in 1889 due to its distinctive nature as compared to other subdivisions of the imperial court. But later when the modern constitution of Brazil was formed, the capital or the Federal District was shifted from Rio de Janeiro to Brasilia in 1960. The reason to shift the capital from Rio de Janeiro to Brasilia was that Rio de Janeiro was at one side of the country but Brasilia is in the centre-west where it is easy to access whole country, a feature Rio de Janeiro lacks. Second, due to Brazil's large population and geography the centre was feasible for capital to check the security, military safety, political and economic stability.³²

³² Robert M. Levine, *The History of Brazil*, (New York: Palgrave Macmillan, 2003) p 6

CHAPTER 3

BRAZIL AS AN EMERGING GLOBAL POWER

3.1 Brazil as an Emerging Global Power

It is being recognized that Brazil is an emerging global political player. Brazil has been able to translate its regional strength into global influence. Assuming a regional and global visibility has more to do with the inherent characteristic of Brazil as a nation. It is essential to note that Brazil stands out as the largest country in the region both in terms of landmass and population of 203,429,773³³. The latter makes Brazil the fifth largest in the world.³⁴ Being the only Portuguese nation in the region, Brazil can equally be credited as the largest Portuguese speaking country in the world, outpacing Portugal even as the largest Catholic country.³⁵

Emerging as a great or global power is not always a magic rather a transitional and evolutionary process from which a country has to pass through. The Dutch and the Portuguese supremacy at a point of global history was never a coincidence, neither the hegemonic influence of the British in the 19th and 20th centuries was accidental. This will also be true for the emergence of the American power that became prominent after the 2nd World War. Taking the world under their rule and exercising considerable influence has to do with factors like resources, technology, visionary administration and a committed longing for development.³⁶

³³ CIA World Fact book (2011)

³⁴ IBGE: Instituto Brasileiro de Geografia e Estatística, Brazil's Population, 2009, (Retrieved 18 September 2010)
<http://www.ibge.gov.br/english/>

³⁵ Central Intelligence Agency, "Brazil,"

<https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>

³⁶ Peter Daniels, *Human Geography: Issues for the 21st Century*, ed, (New Delhi: Pearson Education, 2003)

The way the British saw India, it could be argued that Portugal considered Brazil in the same manner. It was one of its resourceful overseas territory with sizeable colonists residing in Brazil and maintaining almost an equal monarchical authority as in Portugal.³⁷ India was resourceful for the British in population and natural resources so was Brazil for Portugal. After declaring its independence through one of the Portuguese monarchical authority, Brazil came to exercise freedom and exploit the best out of the country.

3.2 Resources

The availability and functional utility of a nation's resources will be the determinant factors for the measurement and rating of its economy. Brazil's huge size is not new information but it is important because it helps in understanding the availability of natural and human resources the country is endowed with.

Brazil's numerous natural resources have been the force behind its economic development and capacity to have a significant share in the world gross domestic product. Understanding this significance and putting it in proper perspective will be enhanced upon the comprehension of Brazil's geography and climatic conditions. It is a country surrounded by many other countries, but most importantly Brazil is covered by numerous oceanic islands. The topography of this South American country is diverse, maintaining different levels of land i.e. highlands, plain, hills and mountains.

Coupled with this, is the abundant water level Brazil is proud of. It is a country having numerous and complex water sources, the rivers erodes into the Amazon Basin,

³⁷ William G. Clarence-Smith, *The third Portuguese empire, 1825-1975: a study in economic imperialism*, (Manchester: Manchester University Press, 1985) p7

the Orinoco river system and finally into the Atlantic.³⁸ The usefulness of water to Brazil's economy and development goes well with the dictum that there will be no Egypt without the river Nile and Brazil is believed to be having the second largest river in the world accounting for its productivity. All of these define the nature of Brazil's plentiful resources.

This brief geographical description justifies why Brazil counts itself as one of the most resourceful countries in the world. By and large the position, the country holds in international politics and economy does not shun the fact that the government has been able to optimally utilize these resources for the country's benefit. Brazil is documented to be enriched in valuable natural resources which include Iron ore, manganese, bauxite, nickel, granite, limestone, clay, sand, tin, gold, platinum, uranium, petroleum, phosphates, timber and hydroelectric power.³⁹

These abundant natural endowments explain the scope and nature of Brazil's industrial setting, and why the economy can boast of a brighter future. Taking into account of its natural endowments, the Brazilian government places these resources in the market for export. It is no surprise that the emerging industrial capability of Brazil rests on these natural resources. Hence, an observer, reader or visitor of Brazil will better grasp why Brazil is proud of having a buoyant industries.

The fact about Brazil is that its primary sector is not limited to resources sitting beneath the earth, but also having a healthy agricultural sector. The latter sector is among the other reasons for which Brazil is known across the world. Its agricultural products

³⁸ World Bank, *Brazil: equitable, competitive, sustainable: contributions for debate*, (New York: World Bank Publications, 2004)

³⁹ *MapofWorld*, "Brazil Natural Resources," <http://www.mapsofworld.com/brazil/information/natural-resources.html>

include sugarcane, corn, potatoes, cocoa, peanuts, cassava, rice, beef, cattle, pork, soybeans, oranges, wheat, dry beans, coffee, cotton, tomatoes.⁴⁰

It is important to note that the natural resources like coal, gas and crude petroleum and agricultural products like corn, cassava and sugarcane have contributed to the energy capability of Brazil. This is an indication that Brazil is growing diversified sectors due to diverse natural resources. It would be significant to give closer look to the certain resources to know how they impact the life of the general people and to understand their influence on the economy. Water, ethanol, petroleum, and agriculture resource are separately explained below.

3.2.1 Water Resources

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As earlier mentioned, one of the most important advantages to Brazil is that it is a nation having plenty of water. The world's surface water resource of Brazil is estimated around 12%. However it is quite apparent that Brazil shares the renewable resources with other neighbouring countries in the region and often times a source of brawl, as water serves a great deal for generating energy among these countries.⁴¹ The fact that Brazil is bigger than most of its neighbours and its water consumption will be quite understandably higher also shows the legitimate concern of neighbours over the disproportionate distribution of water.

Since the Amazon largely flows in Brazil, covering 48% of country's territory, therefore, accounts for Brazil's 75% of freshwater. The Amazon has added to the development of Brazil's southeast agricultural and industrial economy. Brazil is said to

⁴⁰ Ibid

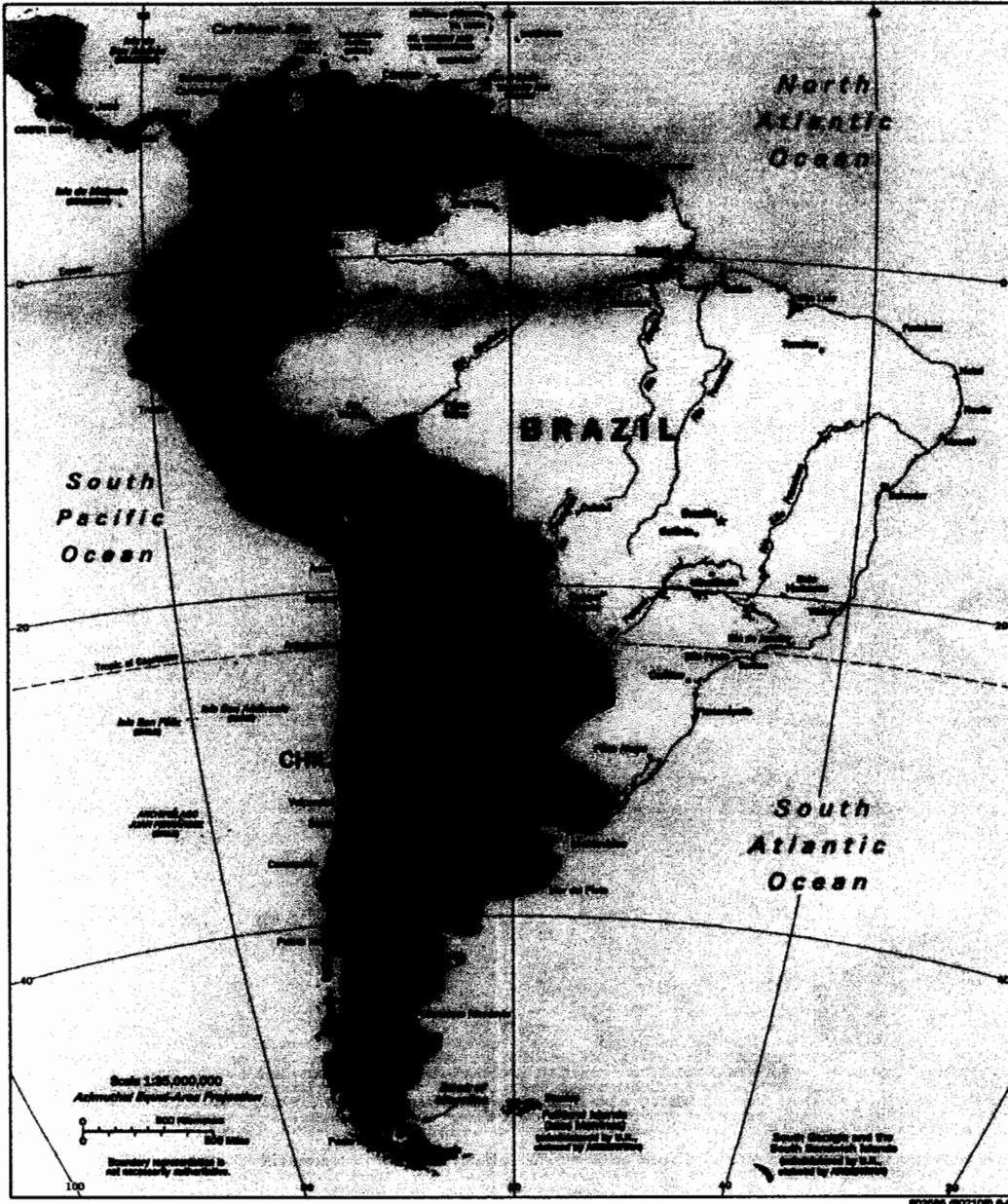
⁴¹ *BBC News*, "Brazil and Paraguay in power deal," (Saturday, 25 July 2009)
<http://news.bbc.co.uk/2/hi/8169084.stm>

be having three major river basins which include the Amazon, Tocantins, and Sao Francisco. Besides this, Parana, Upper Paraguay, and Uruguay are other sub-basin contributing the water resource of the country. On the north and south of Brazil, the Atlantic Ocean is also contributing sea food, transportation and other benefits of a sea. The Amazon has largest river volume wise and the longest after the river Nile.⁴² The map below shows the length of the Amazon and the proximity of Brazil with other Latin American countries.

⁴² Rhett A. Butler, "The Amazon: The World's Largest Rainforest," *Mongabay*, (Accessed Oct. 5, 2010) <http://rainforests.mongabay.com/amazon>

Map 3.1

South America



The benefit of having such huge quantity of water is that it provides Brazil an opportunity of irrigation. This agricultural enhancing mechanism has been transitional and areas for irrigation shall continue to increase in Brazil. According to a report by FAO “Irrigated area was first assigned to irrigation schemes as digitized from several irrigation maps ([BR04] – [BR13]). The remaining irrigated area was assigned to cells classified on the GLC2000 land cover map for South America [BR14] as agriculture (intensive) or mosaics of agriculture and other land uses.”⁴³ However, irrigation in Brazil has been seriously responsible for the drainage and salinization problem facing the country.

Besides the advantage of agricultural due to the abundance of water in Brazil, another benefit is that this water contributes to the energy necessities of Brazil. The size of Brazil is alone an explanation how much the country will need energy to sustain itself. Such energy need compelled the Brazilian government to construct one of the largest dams in the world. The Itaipu dam is a representation of Brazil’s huge infrastructural development, a hydropower plant providing huge electricity energy to Brazil. It is evident that energy need of Brazil has increased and continues to climb. This owes so much for the path of development the country has been trailing since the recent past. Between 1970 and 2000 electricity consumption hiked and a hydropower plant like the Itaipu dam became a solution for both domestic and industrial need. This energy generation was not possible without the abundance of water resource available to Brazil. Hydropower plant is now accounting for a greater (81%) portion of Brazil’s electricity generation.⁴⁴

⁴³ *Aquastat*, “Global Map of Irrigation Areas: Brazil,” Food and Agriculture Organization of United Nations <http://www.fao.org/nr/water/aquastat/irrigationmap/br/index.stm>

⁴⁴ Abel Mejia et al, “Brazil Water: Water, Poverty Reduction and Sustainable Development,” *World Bank*, Series 4 June 2003

www.bvsde.paho.org/bvsacd/cd46/brazil.pdf

According to the Brazilian account, Itaipu hydropower plant is the largest operational dam in the world built from 1975 to 1991. Due to the proximity of Brazil with Paraguay, they both have authority over the Parana River; therefore, the Itaipu hydropower dam was a joint venture of Brazil and Paraguay. The energy generated from the plant has since become beneficial to both countries.⁴⁵

3.2.2 Agriculture Resource

According to Rostow's five stages of development, agricultural society is the essential step for any society to start with before proceeding to the greater stages of development. Although agriculture does not alone narrates the history of Brazil but it was an integral part that shaped the country's history before colonial rule, during colonialism and in post-independence Brazil. Due to the diversified environments in Brazil, agricultural practices vary from region to region, maintaining both merits and demerits associated with the ecology of the environments. The South of Brazil is classified as having substantial rainfall and productive agricultural venture with the help of modern technology. The region is well-known for Brazil's grains and oil seeds and export crops. Unlike the south, the northeast of Brazil where the Amazon lies is characterized by the largest rain forest in the world and produces important forest products and other cash crops for export. On the other end is the Central Brazil with scattered tree and grassland.

As highlighted earlier Brazil produces numerous agricultural products and this makes it a self sufficient country, having 8% of GDP coming from the agricultural sector and 35% of Brazil's export rest on this sector. It has also been providing employment opportunity to one-quarter of the labour force. Brazil's agricultural sector is divided

⁴⁵ Sampaio, J. and Silva, L. "Itaipú Dam: The world's largest hydroelectric plant". *US Geological Survey*, (June, 2005). <http://ga.water.usgs.gov/edu/hybiggest.html> (accessed 11/10/2010)

between 60% field crop and 40% livestock. Both farm products and livestock have gained global recognition. These products have become competitive along side other emerging and developed economies. The world of the forest is another symbolic expression of Brazil due to its Amazon, but the forest is facing the threat of deforestation and that has received both domestic and international attention. The deforestation is feared to be dangerous for the Amazon and could further contribute to the menace of global warming. However evidence suggests that deforestation in Brazil was paralleled with Brazil's economic growth as prices of cash crops skyrocketed and farmers were encouraged to cut down trees for the plantation of these crops.⁴⁶ If deforestation has both merits and demerits for the Brazilian economy, then greater responsibility rests on the government. Certain environmental groups accuse the government of giving less attention in protecting the Amazon trees from falling due to economic reasons.⁴⁷ As criticism against the government mounts, the government became serious and wanted to be part of the protector of the environment as regarding the whole campaign of global warming and climate change.⁴⁸

Brazil is increasingly becoming a major and biggest exporter of coffee, soybeans, beef, sugar cane, ethanol and frozen meats and chickens.⁴⁹ The expansion of the latter industries has given a new meaning to the Brazilian consumers and responsible for the

⁴⁶ *BBC News*, Americas: Brazil Amazon deforestation soars, (Thursday, 24 January 2008)
<http://news.bbc.co.uk/2/hi/7206165.stm> (accessed 11/10/2010)

⁴⁷ *Greenpeace*, "Greenpeace exposes the fact that a Brazilian government agency's 'land settlement' scheme is driving rainforest destruction," (Tuesday, 21 August 2007)
<http://www.greenpeace.org.uk/media/press-releases/brazilian-government-agency-driving-rainforest-destruction-20070821> (accessed 11/10/2010)

⁴⁸ *The Economist*, "Interview with Brazil's president: Lula on his legacy" (September 30th 2010)
<http://www.economist.com/node/17173762>

⁴⁹ *Newsweek*, "Brazil Surges Ahead with Commodities Wealth," International Edition, July 26, 2008 (accessed 11/10/2010) <http://www.newsweek.com/2008/07/25/weathering-the-storm.html>

demand of Brazilian poultry and milk products abroad even in the Arab world.⁵⁰ The Brazilian agricultural ministry and Ipeadata are reservoirs providing the slightest detail on how Brazil's agricultural sector is moving.⁵¹

3.2.3 Ethanol

Ethanol fuel is increasingly becoming alternative source of energy amid the talks over climate change and global warming. This energy is believed to be environmental friendly as compared to the gashouse emission associated with oil and gas energy. Brazil has been taking a lead in this energy along with the United States. In view of its ethanol fuel production, Brazil is being rated as a stakeholder and hegemon of bio-energy.⁵² Due to the fact that Brazil is the largest sugar cane producer in the world, it was much easier to be at edge in production of this energy over the rest of the world. According to the data from Odia Online, six Brazilian states are reputable for the production of the 82% Sugar cane which is the major source of Brazil's ethanol.⁵³ Brazil is increasingly becoming a global player and advocate of alternative energy, which will help reduce dependence on fossil fuel. Many countries like Brazil begun alternative energy search after the 1970s oil crisis and the new alternative energy was channeled at liberating the automobile industry from dependence on fossil oil. Ethanol became a popular alternative energy source aiding the Brazilian economy. Meanwhile, as the energy capacity grows, the Brazilian government has been championing the cause of exporting this energy to the rest of the

⁵⁰ Patrick Knight, "Brazil's poultry industry begins to recover" *Worldpoultry.net*, 01 Feb 2010
<http://www.worldpoultry.net/background/brazilE28099s-poultry-industry-begins-to-recover-7025.html>

⁵¹ Brazil's Ministry of Agriculture, <http://www.agricultura.gov.br/>
Ipeadata, <http://www.ipeadata.gov.br/ipeaweb.dll/ipeadata?Lang=English&Tick=1286785011107>
<http://www.agricultura.gov.br/pls/portal/url/ITEM/213229F7DBDB6D9CE040A8C075024B3C>

⁵² Mario Osava, "Brazil - A Bio-Energy Superpower," *Tierramérica Report*, (2004)
<http://www.tierramerica.net/2004/1030/iarticulo.shtml>

⁵³ *Economia*, "Produção nacional de cana-de-açúcar deve crescer 15,2% neste ano," *Odia Online*, (August 30, 2007) http://odia.terra.com.br/economia/htm/geral_120564.asp

world and becoming its major player in global energy market. The Pró-Álcool or Programa Nacional do Álcool (National Alcohol Program) was a government sponsored project used in achieving this independence from fossil oil. The major benefit of this energy is that it liberated Brazil from the claws of oil exporters and cartel countries that can always determine the oil production and export. With the achievements attained, in the field of ethanol, Brazil is undoubtedly becoming a hub for this alternative energy believed to be environmental friendly and cost effective as compared to the huge capital intense oil exploration and refinery. According to certain estimate the production and consumption of this alternative energy is expected “to reach to 2% of diesel fuel in 2008 and 5% in 2013.”⁵⁴ More interestingly, the Brazilian government is aiming high in the production of ethanol as the next generation of alternative energy. The government is however not working alone but is also investing in domestic and foreign oil and gas companies which are interested in reaping profits from the ethanol industry. According to the report published by Propertyin Brasil an online business watch agency “as much as \$12 billion was recently dedicated to ethanol production in Brazil by Royal Dutch Shell and the country's largest manufacturer in the industry Cosan in a joint venture.”⁵⁵ Such heavyweight amount could be justified by the fact that “to date 47% of the nation’s energy is produced from renewable sources, 18% of which comes from sugarcane.”⁵⁶ Hence the plan of the government to further showcase its ability to produce ethanol on a mass consumption rate evolves around the fact that ‘Brazil produces 26 billion liters

⁵⁴ "Brazil and Argentina's Nuclear Cooperation". Nonproliferation for Global Security Foundation.(December 2008)
<http://npsglobal.org/eng/index.php/highlight/13-news/373-brazil-and-argentinanuclear-cooperation>

⁵⁵ *PropertyinBrasil*, “Brazilian ethanol production could more than double in 10 years,” (22nd September, 2010)
<http://www.propertyinbrasil.com/Brazilian-News/Brazilian-ethanol-production-could-more-than-double-in-10-years/800076041/>

⁵⁶ *Biofuels International*, “Brazil to double ethanol production by 2019,” (23 September 2010)
http://www.biofuels-news.com/industry_news.php?item_id=2630

today and will reach 64 billion liters in 2019. With that we will even have a surplus to export.”⁵⁷

3.2.4 Petroleum

Brazil is rich in natural resources and also blessed with fossil fuel by nature. It is obviously important to understand that the open market economy adopted by Brazil makes its market accessible to foreign investment particularly in the value added sectors like the oil and gas sector. Unlike the Middle East blessed with sand petroleum, Brazil like many in the region is deeply involved in water oil exploration.

As an estimate 73% of Brazil’s oil reserves come from deep water oil exploration. With such level of oil and refinery, the economy of Brazil has been capable for functioning itself effectively even without dependence on oil import. The other sources of energy complement oil energy and puts Brazil at a greater advantage. Brazil’s oil does not match the reserve of Middle East oil producing countries, yet it is rated as the 15th largest oil producer, which is primarily under the authority of the *Petróleo Brasileiro S.A.* (Petrobras). However, due to its liberal economic practices, Brazil gives license of exploration to both domestic and foreign oil companies and this has contributed to the growth of the industry and the economy at large.⁵⁸ Despite this liberalization Petrobras remains a major player with an “output of more than 2 million barrels (320,000 m³) of oil equivalent per day.”⁵⁹

Although Brazil remains an endowed country like many others in the region, yet the oil reserve in Brazil still tails behind Venezuela, which has been a major global player

⁵⁷ Ibid

⁵⁸ OECD/IEA. World Energy Outlook 2006

⁵⁹ Country Analysis Brief. Brazil, US Energy Information Agency, August 2006

in oil sector. It is believed that Brazil's large oil reserves lie in Campos and Santos offshore basins on the southeast coast of Brazil.⁶⁰ The fact however is that Brazil continues to scout more for oil around the country. The Tupi oil field along with other sites discovered are all possibility can further add to the oil power and energy of Brazil in near future.⁶¹

3.2.5 Science and Technology

It is evident that resources become productive by the application of technology. Denis Shaw and Terry both observed that the rise of any civilization rested on the availability of resources and application of technology, which ultimately contributed in development. This is also true for the rise of capitalism as a global order or system.⁶² The same logic explains the rise of Brazil. The developments that this country is experiencing are all product of resources and technology. The Brazilian government understood the implications of the dearth of technology for an aspiring economy, and took essential measures accordingly.

Quite interestingly, research aiding technological advancement is being carried in most of Brazil's public universities and research institutes with the support of the government. Therefore, an advanced agricultural research corporation is facilitating agribusiness in the country. With the available Uranium in the country, Brazil has been able to build and enrich it in Resende Nuclear Fuel Factory for producing fuel to meet its energy demands. The country plans to have such more enrichment plants. The Brazilian

⁶⁰ Ibid

⁶¹ Gary Duffy "Brazil announces new oil reserves". *BBC News*, (November 11, 2007).
<http://news.bbc.co.uk/2/hi/americas/7086264.stm>. Retrieved 2007-12-12.

⁶² Terry Slater, "The Rise and Spread of Capitalism," in *Human Geography: Issues for the 21st Century*, ed, Peter Daniels, (New Delhi: Pearson Education, 2003)

Space Agency and Aerospace Technical Centre have done remarkably well by placing Brazil ahead of other countries in the region. It is believed that Brazil is having one of the best operational Synchrotron Laboratory, a research facility enhancing applied and natural sciences in the country.

3.3 Economy

Brazil's economy is believed to be one of the emerging economies of the new century. It is the economy that has placed this South American country at the global socio-political and economic arena. Brazil like other members of BRIC⁶³ has taken good advantage of its size and natural resources to gear up industrialization and export oriented economy. It is comprehensible that Brazil would have been no where to reach its present global height without the above mentioned resources.

Brazil's economy is rated as the ninth largest Purchasing Power Parity (PPP) in the world, largest in the whole of South America and undoubtedly second in the western hemisphere after U.S. The economy growth is fashioned in the style of the liberal market economy which has accorded Brazil immense opportunity both within the region and on global level. As part of the BRIC economies, it is a forecast that Brazil's economy will outmatch many developed economies and will be the fifth largest in the years to come. Brazil's 2009 GDP is estimated around R\$ 2.9 trillion dollars.⁶⁴

Taking into account the resources that government has spurred well in developing industrial sectors is contributing immensely to the export of the country. Brazil according to Howard commenced import substitution industrialization after the Second World War,

⁶³ BRIC is an acronym that refers to the economies of Brazil, Russia, India, and China, which are seen as major developing economies in the world.

⁶⁴ Jim O'Neill et al, "The N-11: More Than an Acronym," *Goldman Sachs Economic Research*, Global Economics Paper No: 153, March 28, 2008

a process that had a great impact on the economy. Even though, the process has to be repealed for certain compulsive reasons, an indication according to Howard that agriculture will always remain a vital part of Latin American economy in general and Brazil in particular.⁶⁵

Brazil's agricultural sector has been doing well and it has been able to maintain a good standing among the developed and the third world economies. Brazil's bilateral and multilateral trade with the globe is becoming outstanding. Brazil's Latin America trade, Brazil-EU economic relations cannot be underestimated, Brazil-Arab world trade ties, Brazil-South Asia and Brazil-Africa cooperation are all testimony that its economic tentacles is far beyond the realm of South America. According to the Brazil's ministry for development, industry and commerce, the economic and commercial partnership of Brazil with the rest of the world is noted as follow "Brazil's main trade partners in 2008 were: Mercosur and Latin America (25.9% of trade), EU (23.4%), Asia (18.9%), the United States (14.0%), and others (17.8%)."⁶⁶

Brazil by all standards is no more a mono-economy dominated by agricultural productions; rather it is a diversified economy having almost 60% of it in the shape of manufactured goods exported.

Both the agricultural and natural resources along with the financial institutions have remarkably contributed to the living standard of Brazilians, though it will be misleading to say that all the four corners of Brazil is reaping the dividends of the

⁶⁵ Howard S. Ellis, *The Economy of Brazil*, (California: University of California Press, 1969) p 103

⁶⁶ MDIC - Brazil Balance of Trade 2008

economic boom.⁶⁷ Just like India many parts of Brazil are still not integrated into the economic growth of the country which is distinguished as social apartheid by Kevin.⁶⁸ Yet the fact noticed that country's per capita income and gross domestic product have witnessed a dramatic change.

The remarkable achievements associated with the Brazilian President Luiz Inácio Lula da Silva are efforts which for many analysts should be well shared between Lula and his predecessor. Former President Fernando Henrique Cardoso is believed to have laid the milestone for Brazil to enter into the forum of the developed world through various measures and strategic policies. The stabilization of the currency, socio-economic redistribution and welfare programmes are all fundamental policies initiated by Cardoso which were inherited by Lula. Thus, it is worthy to note that Lula's background could also be an explanation why the Cardoso's path was given full commitment. Lula's humble background and being an adherent of the worker party made him understand the worth and importance of having a developed economic and relatively egalitarian society. Since his taking over the office of the presidency, Brazilian economy has continued to experience remarkable changes reflected in all sectors of the country on ordinary people's life due to the reduction in inequality of wealth, accessibility to health and other social services and relatively increase in income level around the country.⁶⁹

The liberal economic policies adopted by the Brazilian leadership under Lula's government paved the way for the World Economic Forum to recognise the achievements

⁶⁷ Daniel Torres, "So Rich Brazil, So Many Poor Brazilians," *Brazzil.com*, (July 2008)

<http://www.brazzil.com/articles/194-july-2008/10080-so-rich-brazil-so-many-poor-brazilians.html>

⁶⁸ Kevin G. Hall, "Brazil's blacks get affirmative action 114 years after emancipation," *Knight Ridder*, Washington, DC, May 29, 2002

⁶⁹ Marcelo Neri, "Income Policies, Income Distribution, and the Distribution of Opportunities in Brazil," *Centro de Políticas Sociais/IBRE, REDE e EPGE, Fundação Getulio Vargas*, Setembro de, 2008

of this South American country. According to the Forum's 2009 report, Brazil's economy surpasses many economies and turns out to be eight times more competitive. It has outmatched Russia, a member of G8 and BRIC. Brazil's economy has retained competition in all sectors and continues to project the image of an emerging economic power where both public and private sectors are contributing enormously to the economy.⁷⁰ By summarising, Brazil's and their impact economy can be understood from this simple statistic, "The service sector is the largest component of GDP at 66.8%, followed by the industrial sector at 29.7% (2007 est.). Agriculture represents 3.5% of GDP (2008 est.). Brazilian labor force is estimated at 100.77 million of which 10% is occupied in agriculture, 19% in the industry sector and 71% in the service sector."⁷¹

At this juncture it will be fair enough to scan through the income distribution in Brazil, to explain the impact of the developing economy. However, the median income across the country is not similar, it differs state wise. As Brazil's economy climbs the ladder, the income also hikes and minimum wage is expected to reach an encouraging level.⁷²

⁷⁰ Xavier Sala-i-Martin, et al, "The Global Competitiveness Index 2009–2010: Contributing to Long-Term Prosperity amid the Global Economic Crisis," *World Economic Forum*, 2009

⁷¹ *Wikipedia*, "Economy of Brazil: Components of the economy, (accessed 11/10/2010)
http://en.wikipedia.org/wiki/Economy_of_Brazil

⁷² *Wikipedia*, "Economy of Brazil: Income in Brazil, (accessed 11/10/2010)
http://en.wikipedia.org/wiki/Economy_of_Brazil

Table 3.1

Career		Overall Median	Start Median	Top Median
Judge	Law	170,000	150,500	310,500
Prosecutor	Law	150,000	140,000	270,000
General director	Administration	90,000	60,000	1,450,000
Physician	Medicine	85,000	40,000	1,550,000
Judicial analyst	Law	80,000	70,000	90,000
Police chief	Law	60,000	50,000	85,000
Electronic engineer	Engineering	51,000	33,600	360,000
Civil engineer	Engineering	50,400	22,800	360,000
Other engineers	Engineering	45,000	24,000	130,000
Economic researcher	Economy	44,000	24,000	180,000
Mechanical engineer	Engineering	42,600	26,200	105,000
Technical of taxation	Bachelor's degree	41,520	26,400	240,000
Professors	Higher education	40,440	20,000	300,000
Agronomist	Agronomy	40,000	27,600	96,000
Chemical engineer	Engineering	40,000	31,200	420,000
Systems analyst	Computer science	38,400	30,000	180,000
Dentist	Dentistry	37,800	29,400	720,000

Architect	Architecture	37,320	13,800	600,000
Lawyer	Law	36,120	20,040	3,000,000
Accountant	Accountancy	35,880	17,400	216,000
Administrator	Administration	35,400	25,080	1,800,000
Journalist	Journalism	32,880	18,000	2,400,000

Income in Brazil⁷³

Being a member of global forums like the BRIC, G-20, ABC, BASIC and regional organizations like Mercosur and UNASUR and having both bilateral and multilateral treaties with different countries, Brazil enjoys outstanding edge. The regional and global economic engagements turn out to be important for Brazilian industries and companies. The height at which these industries and companies have contributed to regional and global economic transactions got the attention of the U.S financial monitor. The Forbes noted these performances and added as part of Forbes Global 2000 list. The list compared and rated the performance of Brazil's companies with other developed and developing economies.

⁷³ The data was drawn from Median Incomes in Brazil by Career in 2007 - FGV

Table 3.2

Rank	Company	Country	Industry	Sales (\$bil)	Profits (\$bil)	Assets (\$bil)	Market Value (\$bil)
29	Petrobras-Petróleo Brasil	Brazil	Oil & Gas Operations	87.52	11.04	129.98	236.67
76	Vale	Brazil	Materials	33.23	10.26	74.70	161.39
85	Banco Bradesco	Brazil	Banking	36.12	4.11	192.65	59.80
132	Banco do Brasil	Brazil	Banking	28.61	2.60	202.00	41.54
175	Itaúsa	Brazil	Banking	28.97	2.05	167.06	28.22
233	Unibanco Group	Brazil	Banking	15.29	1.94	84.04	27.37
492	Eletrobrás	Brazil	Utilities	9.20	0.54	56.62	18.08
736	Usiminas	Brazil	Materials	5.82	1.18	8.63	19.14
760	Tele Norte Leste	Brazil	Telecommunications Services	7.90	0.61	12.36	11.69
766	Metalurgica Gerdau	Brazil	Materials	11.03	0.63	12.39	8.13
809	CSN-Cia Siderurgica	Brazil	Materials	4.23	0.55	11.52	28.82
897	Cemig	Brazil	Utilities	4.53	0.81	10.81	9.00
978	Brasil Telecom	Brazil	Telecommunications Services	6.21	0.38	9.07	9.81
1065	CPFL Energia	Brazil	Utilities	4.18	0.66	6.15	10.54
1091	Braskem	Brazil	Chemicals	9.07	0.28	20.89	3.91
1308	Redecard	Brazil	Business Services & Supplies	0.73	0.39	7.53	10.38
1345	Embraer	Brazil	Aerospace & Defense	3.91	0.29	7.47	8.30

1428	Banco Nossa Caixa	Brazil	Banking	4.32	0.17	26.65	1.56
1487	Votorantim C P	Brazil	Materials	1.80	0.47	6.52	6.36
1499	Sabesp-Saneamento Basico	Brazil	Utilities	2.59	0.41	8.31	5.44
1501	Banrisul	Brazil	Banking	2.07	0.51	11.51	2.51
1519	Aracruz Celulose	Brazil	Materials	1.88	0.42	4.62	8.43
1548	Bradespar	Brazil	Diversified Financials	1.64	0.36	3.66	9.13
1646	CESP	Brazil	Utilities	0.97	-0.06	8.89	8.56
1733	Sadia	Brazil	Food Drink & Tobacco	4.84	0.39	4.54	3.82
1740	Copel	Brazil	Utilities	2.52	0.58	5.43	4.59
1782	CBD-Brasil Distribuição	Brazil	Food Markets	6.50	0.04	5.07	4.93
1789	CCR	Brazil	Transportation	1.32	0.33	2.38	6.90
1790	Ultrapar Participacoes	Brazil	Oil & Gas Operations	10.23	0.09	5.19	2.00
1824	WEG	Brazil	Capital Goods	2.11	0.27	2.74	8.34
1932	Bovespa Holding	Brazil	Diversified Financials	0.20	0.13	0.73	11.09
1948	Brazilian Mercantile & Futures	Brazil	Diversified Financials	0.21	0.09	0.76	10.81
1968	Light	Brazil	Utilities	2.80	0.60	5.02	3.01
1971	Suzano Papel e Celulose	Brazil	Materials	1.92	0.30	6.44	4.92

Forbes Special Global Report ⁷⁴

⁷⁴ Forbes Special Global Report: Brazil, 2000
http://www.forbes.com/lists/2008/18/biz_2000global08_The-Global-2000-Brazil_10Rank.html.)

The bottom-line argument is that Brazil will continue to experience economic growth and will achieve its aim on the global economic and political landscape, if people oriented and liberal market economy is mutually married together. The policy of Lula sometimes represents a socialist government, yet having the belief and flair for open market which is propelling development in the country. According to a Newsweek report, "Brazil attracted \$35 billion in foreign direct investment in 2007, doubling the figure from the year before, and is set to pull in more foreign direct investment than all nations but China in 2008."⁷⁵ Such investment opportunity helps understand the sentiment shared by Mark Mobius, head of Templeton Management Fund (TMF) with \$5 billion in Brazil that TMF is "giving Brazil one of our best weightings...Brazil is in a good position moving forward."⁷⁶

3.4 Member of World's Powerful Forums

On account of Brazil's political and economic power, it will not be far to justify the claim that Brazil like India in the subcontinent is a hegemon. But such assertion without constructive evidence will be baseless. The hegemonic power and clout of Brazil evolves around the attainment of commercial supremacy and production efficiency over others in the region and outside South America. Second, Brazil's economic networks have moved beyond the Latin American countries. It has reached the shores of Africa, Asia, Europe and North America. The market size of Brazil makes it more competitive than others and by the measurement of World Economic Forum (2009) Brazil has

⁷⁵ *Newsweek*, "Brazil Surges Ahead with Commodities Wealth," International Edition, July 26, 2008, p3 (accessed 11/10/2010)

<http://www.newsweek.com/2008/07/25/weathering-the-storm.html>

⁷⁶ *Ibid* p 3

improved well enough above many economies within Latin America and beyond.⁷⁷ It is less likely that other emerging or small economies in the region can compete with Brazil. The competitiveness of Brazil is not limited to its economy alone; rather it has also absorbed diplomatic and political power which other countries in the region are far from to acquire.

The most recent of Brazil display of leadership was the ability to spur countries in the region to disengage from disunity but to embrace integration and cooperation. The birth of UNUSAR was no coincidence but a brainchild of Brazil to encourage regional integration, modeled in the fashion of the EU.⁷⁸

Furthermore, Brazil has been trailing a free market economy and financial warehouse that can act as model for others in the region even beyond. Most importantly, the diplomatic integrity of Brazil on global arena cannot be underestimated. Brazil's role in the Honduras's military cum Supreme Court coup against ex-President Manuel Zelaya was a testimony to its regional clout.⁷⁹ Brazil's shape criticism of Britain and the United Nations over the disputed Falkland Island between Argentina and Britain was a display that territorial integrity of the region matters to Brazil.⁸⁰ The manner with which it

⁷⁷ Xavier Sala-i-Martin, et al, "The Global Competitiveness Index 2009–2010: Contributing to Long-Term Prosperity amid the Global Economic Crisis," *World Economic Forum*, 2009

⁷⁸ Ribeiro, Pedro. and Ramos, Felipe. "From Mercosur to Unasur? Geopolitics of South American Integration and the Role of Brazilian Diplomacy" *Paper presented at the annual meeting of the ISA - ABRI Joint International Meeting, Pontifical Catholic University, Rio de Janeiro Campus (PUC-Rio), Rio de Janeiro, Brazil, Jul 22, 2009*
http://www.allacademic.com/meta/p381229_index.html

Cali Zimmerman, "UNASUR Uniting South America," *Nuwireinvestor.com*, (Friday, May 30, 2008)
<http://www.nuwireinvestor.com/articles/unasur-uniting-south-america-51659.aspx>

⁷⁹ Tim Padgett and Andrew Downie, "Brazil Reluctantly Takes Key Role in Honduras Dispute," *Time Online*, (September 30, 2009)
<http://www.time.com/time/world/article/0,8599,1926798,00.html> and *Welt Online*, "Lula calls Honduras coup 'dangerous precedent'," (July 01, 2009)

<http://www.welt.de/international/article4035140/Lula-calls-Honduras-coup-dangerous-precedent.html>

⁸⁰ Philippe Naughton and Francis Elliott, "Brazil attacks UN over Falklands stand-off," *The Times Online*, (Wednesday, February 24, 2010)

meddles into the issue of Colombia-US military bases cannot be discounted from the latest episodes of how Brazil has flexed its muscle in the face of regional and global powers.⁸¹

3.5 Brazil's Diplomatic Leverage and Politics Across the Globe

3.5.1 G-20

Before the dawn of the mid 20th century, international relations have been a subject mostly centered on the developed world or the global north as the principal actors in global politics. The process of decolonization turned around this trend as newly independent states became part of the global system even though with a peripheral status. Nevertheless, as the transited into another stage popularly refer to as globalization, the worth of the global south became more pertinent and inclusive. This trend however does not deny the view that nations of the north still muster considerable influence in world politics. Their diplomatic, political, socio-cultural and economic clouts are quite evident in all global institutions.

The creation of the United Nations at the end of the Second World War was purposeful in many respects. It was created as an avenue to ensure peace among nation-states and to facilitate international economic and socio-economic co-operation. But the existence and legitimacy of the United Nations have been shouldered on five permanent Security Council states, an arrangement that was for the end of the world, but has long

http://www.timesonline.co.uk/tol/news/world/us_and_americas/article7039257.ece

⁸¹ *BBC News*, Alarm at US-Colombia troops plan, (Monday, 10 August 2009)

<http://news.bbc.co.uk/2/hi/8194497.stm>

Kiraz Janicke, South American Leaders Concerned Over Colombia-U.S. Military Plan, *Venezuelanalysis.com*, (August 11, 2009)

<http://venezuelanalysis.com/news/4717>

BBC News, New row over Colombia-US accord (Thursday, 5 November 2009)

<http://news.bbc.co.uk/2/hi/8343692.stm>

lost its essence due to the numerous changes the world has seen. A closer look of the United Nation will tell that it is more populated by the developing nations, and it has become part of the criticism mostly from the developed world that United Nations is the platform for global south to challenge the developed countries.

Consequently the disparity in global wealth distribution and economic status became a premise for the creation of certain organizations like Group Seven (G7) in 1976 after the ascension of Canada. Prior to G7 was G6 featuring France, Germany, Italy, Japan, United Kingdom, and United States. G7 became the platform for the developed and industrialized to deliberate on their political and economic issues.⁸² The implication of this organization expresses itself in the global GDP strength of these countries and the rationale why global economies cannot be lumped together.

As the world enters a new stage, it becomes imperative for a new organization to manage world economies as the G8 economies cannot solely handle the expansion and weight of the global finances. The indispensable reality is that global economy has outgrown the shoulder of the developed world. There is a remarkable growth among the developing economies and the latter is playing very significant role in global economy and finance as part of the ground reality of globalization. On this backdrop former Canadian Finance and Prime Minister Paul Martin initiated the thought of having another organization, like the G20⁸³ whose prime objective would be to ensure international cooperation and stability of the international financial system.

⁸² "The early history of the G7". *Britannica Online*. <http://www.britannica.com/EBchecked/topic/1008689/Group-of-Seven>. Retrieved 2008-10-22. and "Who Are the group of Seven?". Women's International Media group. <http://www.womensgroup.org/G-7REPOR.html>. Retrieved 2008-10-22.

⁸³ *Macleans*, "Who gets to rule the world," (July 1, 2010) <http://www2.macleans.ca/2010/07/01/who-gets-to-rule-the-world/>

G20 of which Brazil is a member holds 85% of world GDP,⁸⁴ 80% of world trade and approximately two-thirds of the world population.⁸⁵

According to the G20 webpage, the group represents the new reality in global economies and how the world should be seen instead of confining global production and consumption to the western economies' standpoint. The web sates "The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in the global economy. The inaugural meeting of the G-20 took place in Berlin, on December 15-16, 1999, hosted by German and Canadian finance ministers."⁸⁶

The G-20 was created as a response both to the financial crises of the late 1990s and to a growing recognition that key emerging-market countries were not adequately included in the core of global economic discussion and governance.....The proposals made by the G-22 and the G-33 to reduce the world economy's susceptibility to crises showed the potential benefits of a regular international consultative forum embracing the emerging-market countries. Such a regular dialogue with a constant set of partners was institutionalized by the creation of the G-20 in 1999.⁸⁷

Brazil's membership of the G20 was remarkable for its leadership as Emilio San Pedro puts it that Brazil never thought of filling such big gap to become part of the players that will determine global politics and economy.⁸⁸ Holding the chairmanship of the group in 2008 was not a coincidence for this South American country. It was undoubtedly recognition of the economic performance and emerging global influence. In

⁸⁴ Landon Thomas Jr. and Julia Werdigier, "No Clear Accord on Stimulus by Top Industrial Nations" *The New York Times*, (March 14, 2009)

<http://www.nytimes.com/2009/03/15/business/15global.html>

⁸⁵ Emerging Trends on a Globalized Planet: A view from the Muslim World in Business and Politics in the Muslim World, 2008-09, A Project funded by HEC and carried out at International Islamic University, Islamabad. (unpublished)

⁸⁶ About G-20: What is the G-20, http://www.g20.org/about_what_is_g20.aspx

⁸⁷ Ibid

⁸⁸ Emilio San Pedro, Americas: Brazil president hails G20 summit, BBC News, (Sunday, 16 November 2008) <http://news.bbc.co.uk/2/hi/business/7731881.stm>

fact for the Brazilian, the G20 was more representative as compared to the G7 annual meeting having selected few memberships.⁸⁹

Unlike the G7/8, G20 incorporated host of developing economies into the management of international financial regulation. Another important traits of the G20 was its global representation, all continents were accorded representation though disproportionately. Africa is represented by South Africa, North America by Canada, Mexico, United States, South America by Argentina and Brazil, Asia by China, Japan, South Korea, India, Indonesia, and Saudi Arabia, Europe by EU, UK, France, Germany, Italy, Russia and Turkey, Oceania by Australia.⁹⁰

Besides G-20, Brazil found its way into another strong economic bloc whose prospect for becoming global player is snowballing with the passage of time. Brazil's economic potential was able to transcend the limit of South America much more than it captured the attention of the globe and was able to register itself as part of the BRIC.

⁸⁹ Gary Duffy, "Americas: Brazil pushes for bigger G20 role," *BBC News*, (Thursday, 26 March 2009) <http://news.bbc.co.uk/2/hi/7963704.stm>

⁹⁰ About G-20: What is the G-20, http://www.g20.org/about_what_is_g20.aspx

Table 3.3

Countries	GDP (\$billions)		Current Account (\$billions)		Unemployment Rate (%)	
	2008	2009	2008	2009	2008	2009
Canada	1499.55	1336.43	7.61	-36.13	6.16	8.28
France	2866.83	2675.92	-64.78	-38.84	7.88	9.39
Germany	3673.11	3352.74	245.72	160.63	7.24	7.44
Italy	2307.43	2118.26	-78.87	-71.27	6.78	7.75
Japan	4886.96	5068.06	157.08	141.66	3.99	5.08
Russia	1660.01	1229.23	102.40	47.51	6.50	8.40
United Kingdom	2684.22	2183.61	-40.73	-28.84	5.55	7.46
United States	14441.43	14256.28	-706.07	-418.00	5.82	9.28
G8 Total	34019.53	32220.52	-377.64	-243.28		
G8 % of world	48.90	46.16				
European Union	18387.51	16447.26	-196.07	-49.80	8.50	9.40
G8 + EU total	40875.45	38337.25	-635.06	-314.76		
G8 + EU % of world	58.75	54.92				
Argentina	328.56	310.07	4.99	8.65	7.30	8.40
Australia	1059.49	997.20	-46.68	-29.89	4.70	5.60
Brazil	1635.52	1574.04	-28.19	-24.33	9.80	6.80
China	4519.94	4908.98	426.11	297.10	6.10	
India	1206.68	1235.98	-26.62	-27.49	7.20	9.50
Indonesia	511.49	539.38	0.13	10.58	9.70	
Korea	931.41	832.51	-5.78	42.67	3.65	5.00
Mexico	1089.95	874.90	-15.89	-5.24	3.70	5.50

Saudi Arabia	475.73	369.97	132.50	20.48	13.00	11.80
South Africa	276.77	287.22	-20.50	-13.76	24.20	24.30
Turkey	730.32	615.33	-41.29	-13.85	9.70	14.10
G20 Total	53641.31	50882.82	-256.29	-49.85		
G 20 % of world	87.62	87.82				
Global Total	61220.96	57937.46				

3.5.2 BRIC

BRIC is an acronym depicting the economies of Brazil, Russia, India and China. All of these economies have transformed and developed at very remarkable pace. The pace of their growth puts forward the assumption that they are at the threshold of becoming advanced economies. It poses a new challenge for the developed economies of North America and Europe and uses the world to recognize the existential political and economic role of these economies in global affairs.

Jim O'Neill, Head of Global Economic Research, Goldman Sachs has been credited as the originator of the word 'BRIC'. According to him, 2050 is more likely to be a decisive and different world when the BRIC economies will outpace the developed economies and ultimately become dominant. Although, the collective and individual strength and growth of the BRIC member is not parallel and could more likely be affected by the growing weakness of the U.S economy.⁹¹ The hard reality behind the

⁹¹ *The Chicago Council Global Affairs*, "The Outlook for Emerging Markets: From BRICs to the N-11," (April 1, 2009) http://www.thechicagocouncil.org/chicago_council_event_corporate_detail.php?eventid=2024

BRIC is that they appear to represent a new sort of world order distinctive from angle where principles that often direct world bearing have always come from. For all practical purposes, BRIC has not portrayed itself as a new kind of European Union, and that cannot be because the latter is more of a geographical union of people sharing similar historical heritage, which could not be true for the BRIC countries. However, exercise of certain degree of geo-political and economic muscle is evident in the actions of this bloc. Yet the question remains whether BRIC countries have more similarities to strengthen their ties or dissimilarities that could create gulf and conflict of interest.

Brazil's membership of BRIC is aided by its diverse and large economy coupled with endowed human resources. Being the 9th largest economy with per capita income (PPP) around \$10,513, Brazil is also blessed with huge natural resources contributing to the growing Brazil's agricultural, mining, manufacturing industries and service sectors. Having the potential to balance its import and export, the Brazilian economy has turned around creating enormous opportunity for new generation of business professionals. Just like every other developed economy, Brazil's exports have been trilling in both consumable and industrial products to both developing and developed nations respectively. Brazil's financial institutions were hit by recession but through the effort of its Central Bank, the downturn was transformed into a success story. Brazil also swam through the stormy debt involving IMF.⁹²

The strength of Brazil's economy along with other BRIC countries puts their GDP around 15.435 trillion dollars and as Goldman Sachs's report suggests it will soon

⁹² Wheatley Jonathan, "Brazil: When an IMF Bailout Is Not Enough". *Business Week*, (2002-09-02). http://www.businessweek.com/magazine/content/02_35/b3797071.htm and *BBC News* "Brazil to pay off IMF debts early" (2005-12-14. <http://news.bbc.co.uk/2/hi/business/4527438.stm>. (Retrieved 2008-06-06.)

surpass the developed economies of EU and the U.S. Looking at the whole framework of BRIC it is more of an economic cum political bloc that does not necessarily wants to challenge the existing powers in an explicit terms, though their actions cannot diffuse the impression that an implicit balancing of power is in the making.

Brazil, a giant among the BRIC countries, has gained remarkable strength in world politics mostly due to its economic clout, and as Jonathan Holslag explains it as, “growing economic power brings growing ambitions and interests”⁹³ which is true for Brazil as a power that to be in South America and an emerging power in global politics. Pushing forward this argument Richard Haass suggested that military, political and diplomatic influence were reflections of an economic foundation.⁹⁴ Therefore, if Brazil as an integral part of BRIC and a non-permanent member of United Nations Security Council can look into the eyes of the permanent members in view of Iran’s nuclear impasses⁹⁵ and at the same time upholding a different independent view outside the apparent U.S global clout that speaks a lot of the new image Brazil has created for itself.⁹⁶ Even though the aim of BRIC or the individual members is not to change the status quo but one would not disregard the modification of the present world system in view how the world should be directed.

Evidently Brazil as part of the BRIC has not shunned the global capitalist system; perhaps it is being part of it that has contributed to the growth of its economy. Brazil’s

⁹³ David Kampf, “5 Questions with Jonathan Holslag,” *Foreignpolicyblog*, (April 17, 2009)

<http://risingpowers.foreignpolicyblogs.com/2009/04/17/5-questions-with-jonathan-holslag/>

⁹⁴ Richard N. Haass, “The Politics of Power: New Forces and New Challenges,” *Harvard International Review*, (May 6, 2006)

⁹⁵ Eduardo Fujii and Sarah Diehl, “Brazil Challenges International Order by Backing Iran Fuel Swap,” Nuclear Threat Initiative, July 15, 2010

(http://www.nti.org/e_research/e3_brazil_iran_diplomacy.html)

⁹⁶ Matias Spektor, “How to Read Brazil’s Stance on Iran,” *Council on Foreign Relations*, (March 4, 2010)

(http://www.cfr.org/publication/21576/how_to_read_brazils_stance_on_iran.html)

economy has become more free market friendly for which its economic tentacle is wide spread across the globe. Brazil has enjoyed healthy financial transactions with neighbours as well as with BRIC members. From many indications, Brazil and China being the two largest in the bloc have been constantly reported to be more viable and bubbling economies than India and Russia, though the bloc is expected to become the dominant global suppliers of manufactured commodities and services. According to Luciana Lopez in an article published in Reuters,

China, the world's second largest economy, is now Brazil's top trading partner, surpassing the United States for the first time last year. Brazilian imports from China jumped 12-fold from 2000 to 2009, and exports went up a whopping 18 times. China consumed almost 14 percent of Brazil's exports in 2009 -- and sent back almost 13 percent of Brazilian imports. What accounts for their vastly different fortunes? China. Its demand for commodities like soy is nearly insatiable. In recent years, China has steadily ramped up its imports of the grain. That's boosted Brazilian farmers, helping areas far from metropolitan centers that might otherwise have missed out on an economic boom, while helping with national concerns such as trade balances.⁹⁷

The assertion of Luciana indicates that cooperation among the bloc members is indispensable and this will determine the continuity of their economic clout. Nevertheless, Brazil is believed to be at advantage over the rest of the BRIC members on certain grounds. It is having more capacity to remain in the manufacturing and service sector on one hand and simultaneously acting as a concentration for resources to be supplied to the rest of the BRIC, though Russia shares some of these features with Brazil as commodity suppliers to China and India. Argument for Brazil and Russia should not be far fetched in that Brazil is having a productive agricultural sector, of which Soy and Sugar are two important cash crops booming its economy. Added to that is the vast

⁹⁷ Luciana Lopez, "BRIC Breaking: Brazil's China syndrome, *Reuters*, (September 25, 2010)

reserve of iron ore. On the other side, Russia has undeniable oil and gas sector, for which it has been able to maintain a monopoly within its neighbourhood and still remains a global oil and gas player.

The economic cooperation unfolding within the bloc is one of their greatest vantage points because it fortified their economies against the harsh touch of the global recession. It is no more news that the American as well as the European markets hit hard by the recession, but this was not felt by the BRIC economies that were able to walk out of the recession much quicker than the developed economies. The fortification and viability of the BRIC economy is increasingly becoming a noticeable reality that even among the developed economy it is a hard truth to dispel. It argues that the western economy can no more hold tight the global economy, because dynamics of global economy is shifting beyond the capacity of the developed economies.

BRIC nations will become the “locomotive” to pull the global economy out of the current crisis as two major countries of the bloc — India and China — have suffered least from the downturn,...BRIC nations will be among the first, who, like a locomotive, will begin to pull out the world economy from the crisis. This is not just the wishful thinking, they are dynamically emerging economies Russian Deputy Prime Minister Sergei Ivanov has said...We may not like to admit it, but it’s time to get used to this fact: emerging markets such as China and India are quickly becoming the world’s new economic powerhouses,⁹⁸

The justification for such locomotive pull lay on the premise that the BRIC investment has grown tremendously and continuously proving themselves to be somewhat an alternative to the monoliths western led capitalism, even though BRIC itself cannot count itself out of the system. Most importantly, BRIC from all indications have

⁹⁸ Amarendra Bhushan, “BRIC countries (Brazil, Russia, India and China) ‘ready to rule world economy’: BRIC Summit 2009,” *CEOWORLD Magazine*, (June 4, 2009)
<http://ceoworld.biz/ceo/2009/06/04/bric-countries-brazil-russia-india-and-china-ready-to-rule-world-economy-bric-summit-2009>

outdone most of the G20 economies and to fence the manifestation of these economies will be equal to running away from the truth. This pressing reality is more confronting to the United States having Brazil as one of the BRIC members in its neighbourhood.

The United States is undoubtedly the largest economy in the world but it relies on the network of economies it is connected with. Brazil's economy cannot solely challenge the United States, but in Tony Daltorio's view it has shifted from "basket case" to being as solid as a Brick. Therefore, the investment opportunity that Brazil as part of BRIC is creating is bringing about a shift in attention from Wall Street as the centre of trade and finance to Brazil. The bottom-line argument is that Brazil under President Lula has crafted a bright future for itself so much that its economy is becoming invincible in the region and reckonable in the global arena.⁹⁹ Lula's political insightfulness owes much to the glory of Brazil as a BRIC member. However though certain view suggests that Lula's predecessor Fernando Henrique Cardoso should be credited as the leader who set the pace for Brazil's economic rise.¹⁰⁰

But given the global economic system, it would be harder for the BRIC to think of changing the system because their economic growth has been in part due to the system. Rather than thinking of changing the system, it would be more of sharing responsibility and becoming active players. Another important question which the BRIC countries are yet to answer is the extent to which their emerging economies can shelf aside the all-rounder activities of multinational corporations. There will be a great competition for the markets of the BRIC among the established MNCs and more often than not the latter will

⁹⁹ Tony Daltorio, "Best Economy in the Americas – Brazil," *The Investment U*, (June 2009)
<http://www.investmentu.com/2009/June/brazils-economy.html>

¹⁰⁰ *Stratfor*, "The Geopolitics of 2010 World Cup Countries," (July 2nd, 2010)

be more interested in beating down the competitiveness of BRIC through the production of far cheaper commodities and provision of services. This is true for the manner with which Indian and Chinese markets have been flooded by these MNCs hoping to sap the best out of these markets. Therefore, this can bring forth the perennial question of dependency which has always been the argument of developing nations that the industrial and developed nations of the North will never be ready to see a change in status quo.

Another challenging question that BRIC have not been able to clearly answer is that how much they are ready to permit each other. There have been enormous finance and trade activities and capital exchange among them but as in the case of EU, where the fear of losing sovereignty and market is a constant concern; these concerns are also obvious among BRIC members. This argument is needed to be understood from the traditional state-centric sentiments and if one has to dwell on the 2007 report released by Goldman Sachs on India, it might sound as a threat for China or the rest of the BRIC.

India's influence on the world economy will be bigger and quicker than expected but the economy will be boosted in significant areas of research and development, and expansion that is happening in the country, which will lead to the prosperity of the growing middle-class... "India has 10 of the 30 fastest-growing urban areas in the world and, based on current trends, we estimate a massive 700 million people will move to cities by 2050. This will have significant implications for demand for urban infrastructure, real estate, and services.....from 2007 to 2020, India's GDP per capita in US\$ terms will quadruple, and that the Indian economy will surpass the United States (in US\$) by 2050.¹⁰¹

Even though the report never failed to concur to the fact that BRIC's sum total economies will surpass the G7 in 2032.¹⁰² Such views shared about India might be less worrisome for any observer of BRIC that have taken time to understand Economist

¹⁰¹Tushar Poddar and Eva Yi, "India's Rising Growth Potential," *Goldman Sachs* (January 22, 2007)
<http://www2.goldmansachs.com/ideas/brics/book/BRIC-Chapter1.pdf>

¹⁰² Ibid

magazine's position on Brazil. According the British famous magazine, Brazil should be seen at edge above the rest of the BRIC.

In some ways Brazil is the steadiest of the BRICs. Unlike China and Russia it is a full-blooded democracy; unlike India it has no serious disputes with its neighbors. It is the only BRIC without a nuclear bomb....And according to Heritage Foundation's "Economic Freedom Index, Brazil is moderately free with sense of protection of property rights and free trade.¹⁰³

The Newsweek also made a graphic comparison of Brazil and the rest of the BRIC. The magazine states that the urge for factory work forced poor Chinese and Indian peasants to the city, but that it is not true for Brazil having an estimate of 85% of its population residing in the cities. Beside Russia which maintains per capita of \$12,000, Brazil's per capita (\$8500) surpasses China and India (\$3000, \$1000) respectively. Brazil has also become a stable democracy after years of authoritarian rule, thus placing it side by side with India. Unlike, Russia, China and India that spend certain part of their budget on maintaining order in trouble areas like Chechnya, Tibet and Kashmir respectively, Brazil is free from such trouble spot, though the fact remains that Brazil like any second country in Latin America suffers the problem of drug related violence.¹⁰⁴

Despite the expansionism of the BRIC economy and their achievements, observers argue that BRIC's population will be one great factor that will also act as hindrance to their growth. Unlike the developed economies, having considerable small populations as compared to the BRIC, ensuring bridging wealth gap will be one vital issue the BRIC will have to combat. Second, increasing populations can be

¹⁰³ *The Economist*, "Brazil: Land of promise," (April 12th 2007)

¹⁰⁴ *Newsweek*, "Brazil Surges Ahead with Commodities Wealth," International Edition, July 26, 2008, p3 (accessed 11/10/2010)

<http://www.newsweek.com/2008/07/25/weathering-the-storm.html>

disproportionate with the available resources of the BRIC. Third, population shrink might derail the economic chain, this could be true for Russia,¹⁰⁵ but not in the nearest future for other three members.

It is argued that modern globalization is different due to the advancement of information technology, therefore to be part of global player a country has to understand the intricacies of the information technology. Brazil's global status has not shunned the grasp of information technology, facilitated by its increasing educated middle class. As earlier mentioned the speed behind modern globalization lies in communication advancement and today's world economy is attached to that communication advancement.

3.6 Lula and the New Brazil

Joseph L. Love and Werner Baer provide an insight into the personality of President Lula and his domestic, regional and global policies. Accordingly, Lula is believed to be the only working class president in Latin American history with a distinctive style of governance. The success of this working class president is in discharge from Lula's style of governance and broad based approach to issues.¹⁰⁶ Analyzing the progressive nature of Lula, Moisés Naím notes that Lula has proved him as a leader to be reckoned with irrespective of the shortcoming associated with his government. But the undeniable fact is that contemporary Brazil is opening a new chapter in regional and world history as a result of the leadership style of Lula da Silva. The good rating of his government owes so much for partly socialist and partly liberal market

¹⁰⁵ CBSNEWS, "UN: Russia Must Adapt To Shrinking Population," (October. 5, 2009)
<http://www.cbsnews.com/stories/2009/10/05/ap/world/main5363070.shtml>

¹⁰⁶ Joseph L. Love and Werner Baer, *Brazil under Lula: Economy, Politics, and Society under the Worker President*, (Hampshire: Palgrave Macmillan, 2009)

policies, the administration has been trailing. Arguing out the achievements of Lula in spite of his Socialist leaning along with other Socialist and Communist leaders of the region, Moisés holds,

In Brazil a labor-union leader has presided over an amazing period of social and economic progress. It is also one of the few countries that have successfully managed to reduce economic inequality at a time when everywhere else inequities are deepening. Successive Brazilian governments, of rival political parties, have succeeded in improving education, health and the living standards of millions of impoverished citizens who have now joined a growing middle class. Brazil has an energy policy that has spawned the world's most vibrant biofuels industry. In 1995, 15 percent of Brazilian school-age children did not go to school. In 2005, this fell to 3 percent and today Brazil has practically achieved universal basic education.¹⁰⁷

In a multi countries survey conducted by the Pew Global Attitudes Project, Brazil was rated alongside many other countries. The survey articulates the reverend position of President Lula among the Brazilians. Lula was delineated as people oriented and his agility for developmental projects have earned him lot of praises and regards that if constitution permits another tenure, Lula will more likely retain the seat of presidency. The survey shows that Brazilians admired Lula for his achievements and wish to have more political leaders like him.

As the eight years of Luiz Inácio Lula da Silva's presidency draw to a close, Brazilians offer largely positive assessments of where their country stands. At a time when global publics are mostly glum about the way things are going in their countries, half of Brazilians say they are satisfied with national conditions, and 62% say their nation's economy is in good shape. A solid majority of Brazilians believe the outgoing president and the national governments are having a good influence on the country, and most give the government good ratings for its handling of the economy. Moreover, the Bolsa Família program, Lula's signature initiative, which provides cash incentives to the country's poorest families for keeping their children in school and getting them vaccinated, is popular with Brazilians

¹⁰⁷ Moisés Naím, "The Havana Obsession: Why All Eyes are on a Bankrupt Island," *Newsweek*, (June 12, 2009) www.newsweek.com/2009/06/.../the-havana-obsession.html

among all demographic groups. Lula is also praised for his performance on the world stage. Nearly eight-in-ten Brazilians express confidence in their president to do the right thing in world affairs, and about three-quarters say Brazil already is (24%) or will eventually be (53%) one of the most powerful nations in the world. A large majority believes their country is well-liked around the globe.¹⁰⁸

It is not difficult to understand that the economic growth brought by Lula's government and the global attention Brazil is now enjoying are responsible for the high approval rating of Lula in Brazil. Lula "grew up so poor, he did not find out what bread was until he was 7. That was Lula's age when he climbed onto a flatbed truck with his Brazilian dirt-farmer family and all their possessions and made the 1,900-mile journey from the country's northeastern dustbowl for a life in the slums of São Paulo. He dropped out of school in the fifth grade, shined shoes on the street, and went to work in a factory at 14, losing a finger to a lathe in an accident on the graveyard shift at an auto-parts plant."¹⁰⁹ Richard Bourne adds flavour to the achievements of Lula by doing the first ever English biography of a man though had a tedious grooming but was part of the movement that transformed Brazil from an authoritarian to democratic system. Bourne notes that despite the huge achievements, Lula's government can claim yet it cannot be exempted from numerous hurdles both regionally and globally.¹¹⁰ Fernando Henrique Cardoso is documented to have laid the precedent for Brazil's economic growth and the ascendance to presidency by Lula was feared will be a retraction of that precedent. There was a growing fear that Lula's socialist orientation will envelope him and thus will turn Brazil

¹⁰⁸ *The Pew Global Attitudes Project*, "Most See Brazil as Rising Power: Brazilians Upbeat About Their Country, Despite Its Problems," Pew Research Center, Washington, DC, September 22, 2010

<http://pewglobal.org/2010/09/22/brazilians-upbeat-about-their-country-despite-its-problems/>

¹⁰⁹ *Newsweek*, "Brazil's Lula: The Most Popular Politician on Earth," (September 22, 2009)

<http://www.newsweek.com/2009/09/21/the-most-popular-politician-on-earth.html>

¹¹⁰ Richard Bourne, *Lula of Brazil: the story so far*, (California: University of California Press, 2008)

towards the left, thereby shunning the country away from liberal capitalism. But the reality is that Lula has miraculously transformed Brazil “from a third world banana republic to an emerging economy along with China and India.”¹¹¹

The 2008 American election enchanted the world and President Obama became a household name not just for Americans but the world over. Obama’s popularity did not becloud him to accept the legacy of President Lula, of which Obama had to politically admit during the G20 summit in London in April 2009 that Lula was “the most popular politician on earth”. Lula’s management of Brazil’s economy is also the cause for the fact that Brazil was one of the countries least affected by the global financial meltdown. Lula was reported to have said "People doubted it when I said we would be the last to fall into recession and the first out," and at the same time manage to create jobs when every other economy was shrinking of employments. "But just wait and see, this December. We are going to create a million jobs this year."¹¹² The Economist magazine did an elaborate interview with Lula looking at what the most popular politician on earth has done for his country during his eight years in office. Lula concurred to the fact that governing over such a sizeable country like Brazil is no joke though full of every day experience. Getting everything done as expected by the people is never easy due to the parliamentary-presidential system of Brazil, which is much complicated when it comes to legislation.¹¹³

The era of Lula’s Brazil is characterized with many issues. As an emerging economy and a country urging to be permanent part of United Nation Security Council,

¹¹¹ Charlie W, “Lula, the unexpected gift to Brazil,” *American observer*, February 6, 2010

¹¹² *Newsweek*, “Brazil’s Lula: The Most Popular Politician on Earth,” (September 22, 2009)
<http://www.newsweek.com/2009/09/21/the-most-popular-politician-on-earth.html>

¹¹³ *The Economist*, “Interview with Brazil's president: Lula on his legacy” (September 30th 2010)
<http://www.economist.com/node/17173762>

Brazil will have to match economic growth with string diplomatic stamina. Becoming a global player will require Brazil to have a definite foreign policy consistent with overall global peace and security.¹¹⁴ President Lula has portrayed Brazil as the leader of the third world countries having the gut to challenge the often supposedly unchallengeable U.S hegemony in matter concerning the Middle East, whether in the way it positioned itself between Israel and Palestinians or the way it has been handling the Iranian nuclear issues.¹¹⁵

Lula has been comfortable to shift the foreign policy of Brazil from inward looking to a outward, doing almost what the United States has been doing as a powerful country in the hemisphere and the globe at large. It has not been the case with previous leadership of Brazil to shoulder the problem of the world or taking forefront on global matters as Lula is famous for. As Roett observes that ambition of occupying a position of super power and a permanent seat in UNSC, demand high diplomatic profile, which Lula has showcased. The settlement of the Israeli-Palestinian conflict has often been confine within the Europeans and American even before the setting up of the Quartet (the EU, Russia, the UN and the US). But Lula has been able to push Brazil to the spotlight of flexing muscles in the Middle East. Often world leaders would not have dare paying Hamas leadership visit as they are associated with violence, but Lula had the gut to visit the Hamas government in Gaza, urging the international community to respect the mandate given to Hamas and making them part of the peace process as peace is

¹¹⁴ Riordan Roett, *The New Brazil: From Backwater to BRIC*, (Washington, DC: Brookings Institution Press, 2010), pp 147-149

¹¹⁵ *BBC News*, "Iran 'accepts Brazil mediation on nuclear fuel deal,'" Wednesday, 5 May 2010 1 <http://news.bbc.co.uk/2/hi/8662536.stm> and Gabriel Elizondo, "Brazil as Middle East peace broker?," *Aljazeera*, November 16, 2009 <http://blogs.aljazeera.net/americas/2009/11/16/brazil-middle-east-peace-broker>

unattainable without them.¹¹⁶ The action of Brazil might have offended the Israeli government but have little impact on Brazil. Israel would not want to jeopardize relations with such an emerging power like Brazil. This is true for the visit of Israeli leadership to Brazil irrespective of Brazil's foreign policy.¹¹⁷ Even though the visit of President Peres was dented by public protest¹¹⁸ just as President Lula visit to Israel was snubbed by the far right politicians, the likes of Israeli Foreign minister Avigdor Lieberman.¹¹⁹ Strategically, tying ties with Brazil is good for Israel in order to checkmate Venezuela-Iran coalition. It is unwise to doubt that the cooperation between Israel and Brazil could not be productive. Both countries are rich and have vibrant economies, established military, space, science and technology infrastructures.¹²⁰ The agricultural and industrial sectors of Brazil are fertile sector for Israeli investors. Perhaps the growing economic bloc Mercosur is another hotspot where Israel has found interest due to Brazil's effort.¹²¹

The position Lula has created for Brazil is undoubtedly a powerful status which can be said to be matching up with the effort of China across the world. Chinese economic hegemony is reflective in virtually every corners of the world and Lula is taking similar step whether it is in Asia, Africa, and Europe or even within the region.

¹¹⁶ Marina Passos, "President Lula Visits Arafat's Mausoleum," *BPNIC*, March 17, 2010

<http://www.bpnic.org/publications/BPNICBriefings/PresidentLulaVisits.html>

¹¹⁷ Taylor Barnes, "Why is Israel's Shimon Peres in Brazil and Argentina? Iran," *Christian Monitor*, November 10, 2009

<http://www.csmonitor.com/World/Global-News/2009/1110/why-is-israels-shimon-peres-in-brazil-and-argentina-iran>

¹¹⁸ Shuki Sadeh, "'War criminal go home,' Brazil protesters shout at Peres," *Haaretz*, November 12, 2009

<http://www.haaretz.com/print-edition/news/war-criminal-go-home-brazil-protesters-shout-at-peres-1.4275>

¹¹⁹ *BBC News*, "Israeli FM reportedly boycotts Brazil's President Lula," March 15, 2010

<http://news.bbc.co.uk/2/hi/8569471.stm>

¹²⁰ *Ynet News*, "Israel, Brazil sign deal for joint R&D," March 15, 2007

<http://www.ynetnews.com/articles/0,7340,L-3376784,00.html>

¹²¹ *Bilaterals*, "Brazilian president in Israel to mark Mercosur FTA, March 16, 2010

<http://www.bilaterals.org/spip.php?article16957>

Besides the economic interactions between Brazil and the Middle Eastern countries, Brazilian influence is increasingly becoming salient in Africa. The fact that Brazil is longing to have a string footing in Africa that can at most be explained with the lens of history when people were moved across the Atlantic from Africa to the Latin American and the Caribbean island for plantation works. But the recent 21st century relations are of different nature as Brazil finds African and South America forging a united front through regional integration and multilateral cooperation aimed at South-South development. Such cooperation is one among other weapons for creating an equitable world and the role of Brazil in bringing about this reality across the Atlantic is an underlined truth.¹²²

¹²² *Oxford Business Group* "The Report: Libya 2010," London

CHAPTER 4

BRAZIL AS A GLOBAL POWER: CHALLENGES AND PROSPECTS

4.1 Brazil as a Global Power: Challenges and Prospects

The emergence of Brazil as an economic power within and beyond the region displayed the massive reforms and transformations that have reshaped this largest Latin American country in recent times. Being the largest Portuguese speaking and Catholic nation of the world, Brazil has been able to prove to the world its worth by optimally utilizing its abundant resources for greater and enviable economic development. The level of transformation in the country goes beyond regional politics, but further place Brazil abreast with other emerging economies of BRIC and G20. It gained a significant position for Brasilia as part of the group restructuring global economic and political system.

Brazilian desire to have a greater role in global politics beyond its regional hegemonic status meets several challenges. Various issues, internal and external would be discussed here to explore the challenges that Brazil faces to become a global power and its prospects for achieving this end.

4.2 Regional Politics

Democracy is becoming an international norm which every member of the international community is expected to embrace. Certain countries might contest the need of embracing democracy as a system but contemporary world system delineates the picture that many countries are more or less moving towards democracy with a ground reality of different forms of democracy.¹²³

¹²³ Freedom House, "Electoral Democracies (123), 2007," 2007 Edition

The case of adoption of democracy as a system does not exempt Brazil, whose history showed a protracted military rule, but since 1985 Brasilia has been gradually transforming into a democracy.¹²⁴ India a counterpart of Brazil in BRIC credits itself as the largest democracy, while Brazil as well regards itself as the fourth largest democracy having a fair and free election on the bases of universal suffrage.¹²⁵ If democracy is an accepted norm and Brazil has been able to maintain such status of democratization with less impeccable degree of power transfer as recently witnessed during the last presidential election,¹²⁶ then it will demand little logic to place Brazil among the countries with acceptable and respected form of democracy. According to modernization theory a country global reputation is often measured on the extent to which it conforms to global acceptable norms. However, being an adherent of international norms is not suffice to place Brazil among the rank of global players, instead the extent to which Brazil can influence world affairs carries more weight and more importantly how Brasilia influences the region in which it is located. The fact that Brazil has the largest population and size in the region entrust it with certain unavoidable responsibility, owing to this responsibility Brazil has been able to maintain good neighbourhoodness. Becoming one of the largest democracies is a pride for Brazil but how far Brazil has been able to influence and cultivate the culture of democracy among others in the region demand critical appraisal.

<http://www.freedomhouse.org/template.cfm?page=368&year=2007>

¹²⁴ Rex A. Hudson, ed. *Brazil: A Country Study, The Military Republic, 1964-85*, (Washington: Library of Congress, 1997)

<http://countrystudies.us/brazil/18.htm>

¹²⁵ Leslie Bethell, *Brazil: regional power, global power*, *OpenDemocracy*, 8 June 2010

¹²⁶ Luisita Lopez Torregrosa, "The Female Factor: A Woman Rises in Brazil," *New York Times*, September 28, 2010
<http://www.nytimes.com/2010/09/29/world/americas/29iht-letter.html>

4.3 Governance Issue

Governments in the region hold great hope believing that the coming years would spotlight the importance of the region to the rest of the world. This view is strengthening as many of the regional countries are adopting democracy, making authoritarianism and militancy policy a tale of the past.¹²⁷ Many might contest the status of Latin American democracy on many grounds because of certain illiberal practices. The urge for democracy is obviously not an aspiration limited to the elite of the region rather a welcomed trend among the masses, attaching great hope and expectation to democracy as panacea to their nagging contentious problems.¹²⁸ Being an integral part of the region, Brazil is not an exemption to the characterization of the region, punctuated by civil strife, guerilla war disturbances, economic instability and military coup. Despite the stable democracy in Brazil and in other countries, the transition towards democracy has not been an easy experience. Democratic principles are yet to fully blossom owing to conflicting interest among stakeholders manipulating the politics of the region.

Democracy is supported to be hallmark of good governance but with the dearth of things in Latin America, decades of ill-practice of democracy made the people turn away from democracy and would rather entertain any form of government that would improve their conditions.¹²⁹ Democracy in Latin America is said to be illiberal in the way it is being practiced; populist and authoritarian government had inroad into different countries

¹²⁷ Michael E. Allison, "The Transition from Armed Opposition to Electoral Opposition in Central America," *Latin American Politics & Society*, University of Miami/School of international studies (Ebscohost) (May 31-June 7, 2008)

¹²⁸ The Latinobarómetro poll, Democracy and the downturn: Latin Americans are standing up for their rights (Report Nov 23-29, 2008)

¹²⁹ Peter Hakim, "Is Latin America Doomed to Failure?", *Foreign Policy*, *Carnegie Endowment for International Peace*, No. 117 (Winter, 1999-2000)

of the region with the intention of turning things around. Nevertheless the fulfillment of such promises hangs in the air.¹³⁰

Such history of illiberal democratic practice is no more part of the contemporary history of Brazil, whose democracy has captured the attention of the globe. But the question is that whether the Brazilian peaceful democratic experience can be transferred to the rest of the region? Such question cannot be answered with blanket statement instead with concrete evidence.

The Honduras political saga that lasted for five months before the Honduran Supreme Court and Congress agreed for an election, displayed the Brazilian influence.¹³¹ The decision of the Supreme Court and Congress finally closed the chapter but equally displayed how resolute the region was not to the repeat military intervention in politics. Brazilian President Lula was categorical about the whole saga; Lula deplored that authoritarian rule is else forth condemnable in the region, and Brazil along with other nations having democracy will give no reception to such in the Central American country. On one hand, the fear of domino effect made the leaders uncomfortable with the coup that ousted Zelaya. On the other hand, the concern that democratic process should not be obstructed was also considered. Third, the objection to the military-cum-Supreme Court coup reiterates the consensus against such politics in the region. But the Honduras political debacle also brought politics in the region to another level, a scenario where Supreme Court along with the Congress of a country approved a military coup.

¹³⁰ Kurt Weyland, "Neoliberalism and Democracy in Latin America," *Latin American Politics and Society*, Vol. 46, No. 1, (Spring, 2004), School of International Studies, University of Miami (Jstor) (Report May 31-June 7, 2008)

¹³¹ Elisabeth Malkin, "Weary of Political Crisis, Honduras Holds Election." *New York Times*, November 28, 2009 <http://www.nytimes.com/2009/11/29/world/americas/29honduras.html>

The role of Brazil in the whole political drama exerted the new level of Brasilia's political power. Ousted President Manuel Zelaya was given hostage at the Brazilian embassy in Honduras even at the height of the objection of Honduras' government.¹³²

Another dimension for understanding Brazilian role comes in the form of a challenge to Washington's historical meddling and arbitrator role. However, the new face of American foreign policy also contributed to the challenge, despite deep involvement, Washington allowed Honduras to freehandedly find solution to its own problem rather than showing hegemonic Washington of the 80s and 90s.¹³³

Transfer of power is another angle related to the issue of governance in the region. With the kind of democracy practiced, all the efforts of the opposition to unseat the incumbent are usually abortive. The latter would always create hurdles that would prevent opposition challenging their position and even would resist international pressure. Hence the situation is always a turnover for the incumbent remaining in power through electoral fraud and manipulation of events prior to and after election.¹³⁴ How can Brazil be influential in changing such incumbency syndrome across the region? There could be resentment to Brazilian influence as few in the region could term it as a new form of regional meddler. If Brazil cannot directly change the situation, it can facilitate

¹³² *BBC News*, "Americas: Hondurans surround Brazil embassy," (Wednesday, 23 September 2009)
<http://news.bbc.co.uk/2/hi/americas/8269722.stm>

¹³³ Michael Shifter, "Obama and Latin America: New Beginnings, Old Frictions," *Current History A journal of Contemporary World Affairs*, (February 1, 2010)
<https://www.thedialogue.org/page.cfm?pageID=32&pubID=2232> and *BPM Reports*, from the following dates, "June 28- July 4, 2009, June 21-27, 2009, July 5-11, 2009, July 12-18, 2009, July 19-25, 2009, July 26- August 1, 2009, August 2-8, 2009, August 9-15, 2009, August 30- Sept. 5, 2009," have a detail account of the issues.

¹³⁴ Marc Morjé Howard and Philip G. Roessler, "Liberalizing Electoral Outcomes in Competitive Authoritarian Regimes", *American Journal of Political Science*, Vol. 50, No. 2 (Apr., 2006), pp. 365-381 and Midwest Political Science Association (Report 31st August -6th September 2008) Nicaragua bars two political parties from running in November elections (Report 8^h -14th June 2008), Nicaragua, How to steal an election: Daniel Ortega sets an ugly precedent (Report Nov 23-29, 2008)

internal sentiments to trigger a change. Perhaps this is not a direct foreign policy of Brazil but it has the ability to affect a democratic change peacefully that can be a strong point for Brazil's overall regional and global political image. The failure of Brazil as a political giant in the region will undoubtedly open the space for foreign entities to find excuse to intervene in internal regional politics. Washington and EU have been using different tactics to promote democracy in the region. Washington's approach is seen as confrontational, as opposed to the engaging strategy of the EU through the effort of non-governmental organizations. Both of these tactics have received mixed reactions with the bottom-line argument that both EU and Washington are foreign meddlers.¹³⁵ With such reservation, Brazil can always fill in the gap, without being looked through the lens of an alien.

By and large, Brazil will have to muster great stamina to be able to influence the paddling of region towards the shore of liberal democracy. So doing will further redefine the region's image as people will be closing the chapter of authoritarianism for democracy. However it shall be determined by observing the extent to which Brazil sustains its own democracy. Brazil recently observed a fairly good power transfer, as President-elect Dilma Rousseff became the very first Brazilian woman to govern this largest South American country, a change from a men dominated politics.

¹³⁵ Richard Youngs, "The European Union and Democracy in Latin America," *Latin American Politics and Society*, Vol. 44, No. 3 (Autumn, 2002)

4.4 Regional Challenges

Bethell notes that the Brazilian ministry of foreign relations (Itamaraty) conceded the fact that if Brazil commands a global clout, its regional stabilization propensity is a paramount issue for Brasilia.¹³⁶ Regional integration is an important necessity for all countries irrespective of the aspiration and ambition of the countries within the region. Brazil's role in the creation of Organisation of American States (OAS) in 1948; Rio Group of Latin American and Caribbean states founded in 1986 and currently with twenty-three members, Brazil's leading role in United Nations Stabilisation Mission in Haiti (Minustah) 2004 and the Honduras recent political crisis shape the image of a country intends to see a regional integration and harmony.

South-south policy is now characterizing Brazilian foreign policy, making Brasilia more engaging with the developing countries in the global south. This does not necessarily indicate shunning interaction with the global north. The political reassertion of Brazil owes much to the ideological shift in the country. Brazil was once an active leftist state before subscribing to a more tolerant centric policy. Unlike Brazil that has dropped active leftist policy, countries in the region are now revitalizing the spirit of socialism and this is happening with transition towards democracy.

The transition of the region from authoritarian to democratic system has obviously produced a new trend of leftist politics resentful of United States hegemony. It is hard to dismiss the fact that such leftist politics has contributed to regional cooperation. Regional co-operation in recent times among the leftist governments remain visible and as a challenge to the more inclusive and global policy of Brazil.

¹³⁶ Leslie Bethell, Brazil: regional power, global power, *OpenDemocracy*, 8 June 2010

The question is why the leftist government should pose challenge to Brazil; the latter has been more engaging in foreign affairs and particularly with Washington, traditionally seen as an intruder. Unlike Brazil, the new 21st century Bolivarian Socialism under the banner of inward looking Alianza Bolivariana para los Pueblos de Nuestra America {Bolivarian Alternative for the Americas (ALBA)}but having outward effort believes strongly in putting Washington at bay from Latin America regional politics. Therefore creating the scenario of two competing views of how Latin America should relate with the big brother Washington.

Venezuelan President Hugo Chavez remains the backbone of ALBA exchanging his country oil for other necessities. The benefit created by Chavez oil-socialism cannot be disconnected from the growing Chavezism politics in the region.¹³⁷ Chavezism is a challenge in real sense of it as it turned out to become a political trend. President Hugo Chavez initiated the trend of elongating presidential tenure but became accepted norms for others within his ALBA fraternity. Colombia a non-member of ALBA was also caught up in the spell. Leftist governments in Nicaragua, Ecuador, Bolivia and Honduras welcomed Chavez's idea as rationally correct but unlike other places where it succeeded, Honduras became an exemption. It was same idea that contributed to the coup against ex-Honduran President Manuel Zelaya. Zelaya had to pay for trying constitutional amendment tailored to elongate his tenure. Ex- Colombian President Uribe also failed to

¹³⁷ *BPM Report*, "Socialism in Venezuela: Feeding frenzy," "Tensions rise between Chavez, foes in Venezuela," March 15-21, 2009, *BPM Report*, "Venezuela's endangered democracy: Revolutionary justice," May 10-16 and June 14-20, 2009

achieve the elongation idea due to opposition and accusation for lack of good governance.¹³⁸

Despite the strong influence of Chavez, either the coup against Zelaya or his restoration was task the brain behind ALBA could not accomplished. Instead the Honduras drama proved the worth of Brazil as a regional player. Nonetheless, how will the political strength of ALBA coalesce with Brazil's global objective will remain dragging issue. The new president in Brazil will have to deal with such critical question, being a woman; it could be hard for President-elect Dilma Rousseff to path an easy way for herself amid the male dominated politics of the region on one hand and the kind of socialism projected by ALBA on other hand.

Beside challenge posed by ALBA, another troubling question is the extent to which the rest of Latin America will readily accept the leadership of Brazil. Although there is a relative cordial and peaceful tie between Argentina and Brazil, yet traditional animosity and rivalry¹³⁹ cannot entirely disappear. Both countries regard each other as giant in their own right and the fact that Brazil is the sole Portuguese speaking country in the region could make it difficult for Argentina to accept Brazil's leadership. Meanwhile, few countries in the region like Colombia and Chile maintain certain degree of special

¹³⁸ *BPM Report*, "Presidential re-election in Colombia: Uribe edges towards autocracy," May 17-23, 2009 The trend of elongating presidential tenure was seen as the Chavez Syndrome attempted by many governments in the region, a major failure was the case with Colombia and Honduras. The latter scenario made matter worse for democratic dispensation in the region as parliament-Supreme Court and the Army staged a coup against the government of Zelaya. Despite the call for co-operation in the region, such mantra did not go down well with Colombia and Venezuela having border dispute and accusation of supporting FARC, a rebel group Colombia believes is a cancer that should be uproot. The case of FARC transcended beyond the border of Colombia and Venezuela as it involves Washington. Venezuela sees little or no rationality for Washington involvement, otherwise seen as the harbinger of rift in the region.

¹³⁹ Julio C. Carasales, "The Argentine-Brazilian Nuclear Rapprochement," *The Nonproliferation Review*, Spring-Summer 1995 and Thomas Andrew O'Keefe, Economic Integration as a Means for Promoting Regional Political Stability: Lessons from the European Union and MERCOSUR, *Kentlaw*, <http://pbosnia.kentlaw.edu/symposium/okeefe-revised-Kosovo%20Paper%20on%20Economic%20Integration.htm>

relationship with Washington, a relation that has not been fully welcomed in the region. Colombia's military relations with the United States sparked regional objection and Brazil took a strong position against U.S military base in Colombia.¹⁴⁰

Colombia and Venezuela have displayed dismay for each other's policy. Though the two countries now maintain cordial diplomatic ties¹⁴¹ but the time will tell whether these can be sustained for a long period. Colombia has always maintained special relation with Washington. The pro-American Colombia government readily accepted American military support against drug trafficking and counterterrorism. Venezuela on the other hand disputed such claims and believes Colombia as a neighbour that could conspire with Washington to undermine its sovereignty and sees their relations as preparation for war under the pretence of fighting rebel group and drug trafficking.¹⁴² Both countries enjoy trade relations amounting to \$7 million trade annually. The recent border dispute hindered such amount of trade transaction. The relations of both countries became strained when Colombian forces entered into Ecuador supposedly pursuing FARC rebel. The incident created a huge hubbub and diplomatic showdown.¹⁴³ Nicaraguan President Daniel Ortega also broke off relations with Colombia over the attack inside Ecuador.¹⁴⁴

In spite of the challenges ahead, Brazil can still boost certain achievements upon which it can claim leadership. People in the region believe their future should not be

¹⁴⁰ *BBC News*, Americas: Brazil calls Obama over US bases, Friday, 21 August 2009 <http://news.bbc.co.uk/2/hi/8215504.stm> and *BBC News*, Americas: Colombia and US sign bases deal, Friday, 30 October 2009 <http://news.bbc.co.uk/2/hi/8334045.stm>

¹⁴¹ Will Grant, "Venezuela and Colombia agree diplomatic roadmap," *BBC News Caracas*, 11 August 2010, <http://www.bbc.co.uk/news/world-latin-america-10934742>

¹⁴² *CNN News*, "Colombia to appeal 'war threats' by Venezuela," November 10, 2009 <http://edition.cnn.com/2009/WORLD/americas/11/09/venezuela.colombia/>

¹⁴³ Ana Isabel Martinez, "Venezuela restores Colombia relations, ties fragile," *Reuters*, Mar 10, 2008 http://uk.reuters.com/article/idUKN09405303.CH_242020080310

¹⁴⁴ Nicaragua's Ortega eulogizes dead Colombian rebel leader, slams capitalist 'tyranny' (Report 24th -30th May 2008)

decided outside the region. They better understand their problems and can build the region to match up with the international community, is the growing mantra coming out from Latin America these days. This tune is a hymn of regionalism championed by the Brazilian government. Prior to President Lula, ex-President Cardoso also projected a future for Brazil, a future that can place Brazil as well as the entire region on a different pedestal in global politics. History remains indelible that Brazil under Cardoso hosted two summits (2001/2004) of South American presidents. Such leadership conference metamorphosed under President Lula into South American Community of Nations and formally known as Union of South American Nations (UNASUR) during a summit held in Brasilia in May 2008. The creation of the union added many credits to Brazil's status. First the union got its final blessing in Brazil. Second President Lula played significant role that made the union a manifest truth.

But more importantly, the union became a showcase of the growing power of the region as having the strength to break away from the past. South America for decades was characterised by authoritarian system, revolutionary rebels, violence, haven for drug production and trafficking. Such are stories leaders in the region wanted to forget.¹⁴⁵ Similarly, it became a geo-economic and strategic bloc aimed at boosting economic integration and political cohesion within the region and beyond.

Brazil's President Lula da Silva said during inauguration of the South American Nations (UNASUR) that the achievement and cooperation within the region shows that South America was becoming a global player. Brazil also wants UNASUR to co-ordinate defence affairs across South America. Hugo Chavez of Venezuela sees it as

¹⁴⁵ *BBC News*, "South America nations found union," May 23, 2008
Raymond Colitt, "Rifts threaten to overshadow South American union," *Reuters*, May 23, 2008

counterweight to US (number one enemy) hegemonic stretch in the entire region. Yet element of difference does not ceased to exist as some leaders in the region balked at Brazil's vision of putting other regional trade blocs such as Mercosur and the Andean Community under UNASUR.¹⁴⁶ The leaders of the region were also split over plans for a South American defence council that would resolve conflicts, promote military co-operation and possibly coordinate joint weapons production.¹⁴⁷

The union hoped to bring a dramatic change, as Lula observed that "a united South America is going to change positions in the chessboard of global power, not to the benefit of one or the other, but to the benefit of all".¹⁴⁸

According to Lula, UNASUR should now forge ahead with innovative projects in areas of priority such as, financial and energetic integration, improvement of regional infrastructure, and of highway and railway connections. The president also cited cooperation in social and educational areas. In an attempt to deprive the world from shouldering any unnecessary blame on the region or disputing its achievement. The Brazilian leader said "the fact that some regard our continent as unstable is a sign of political life, there is no democracy without the people on the streets, without confronting different ideas and proposals".¹⁴⁹

¹⁴⁶ Richard, "Brazil Announces A Regional Central Bank and Common Currency," Saturday, 7. June 2008, <http://my.opera.com/richardinbellingham/blog/?id=2182733>

¹⁴⁷ South American Nations Forge Union, United South America Will Change World's Power Balance, Says Brazil (Report 24th-30th May 2008)

¹⁴⁸ Yara Aquino, United South America Will Change World's Power Balance, Says Brazil, Brazilmag, Thursday, 29 May 2008

<http://www.brazilmag.com/home/60/9365-united-south-america-will-change-worlds-power-balance-says-brazil.html>

¹⁴⁹ United South America Will Change World's Power Balance, Says Brazil, Image of an Infighting South America Is History, Says Brazil's Lula (Report 24th-30th May 2008), Central American FMs meet for social development programme and Haiti's Preval asks Brazil's Lula for more police (Report 24th-30th August 2008)

Another contentious issue Brazil will have to resolve is the dislocated regional cooperation. Regional governments do not necessarily share same agenda even being part of UNASUR, but a dissimilar socio-political and economic interest. Venezuela has been closer to Russian; Brazil has been close with the Middle East, EU and U.S, while Colombian association with Washington though special yet confronted with issues such as the proposed Colombian Free Trade Agreement (CFTA) that would pave the way for both countries to trade without barriers. The agreement has been challenged by the democrats in the Congress and there is likelihood that President Obama might not agree with it. Obama before becoming president was critical of the agreement because of labour regulation. He said that “I’ll also oppose the Colombia Free Trade Agreement if President Bush insists on sending it to Congress because the violence against unions in Colombia would make a mockery of the very labor protections that we have insisted be included in these kinds of agreements”. Ex-Colombian President Uribe was dismayed by Obama’s position by stating that “I deplore the fact that Sen. Obama, aspiring to be president of the United States, should be unaware of Colombia's efforts. I think it is for political calculations that he is making a statement that does not correspond to Colombia's reality.”¹⁵⁰ It was such humiliation that pushed Colombia for an alternative trade cooperation due with Canada. The trade agreement although spurred dissatisfaction within Canadian opposition party, labelled the deal as a show of support for then Bush administration.¹⁵¹

¹⁵⁰ Jennifer Wedekind, “CAFTA and the Politics of Fear”, *The Front*, (2006). (Report May 31-June 7, 2008)
Colombia still sees chance U.S. will OK trade deal (Report 8th -14th June 2008)

¹⁵¹ Canada, Colombia reach free-trade agreement and Canadian opposition slams Colombia free trade deal (Report 8th -14th June 2008)

The indication of this is that Brasilia will have to bring everyone on board if it intends to lead the region, as leadership in a fragmented environment will be an uneasy venture. In the same vein, Brazil will have to oversee a sustainable regional cooperation and integration.

4.5 Politics of Economy

Beyond the creation of UNASUR as a political and geo-strategic union, Brazil's effort in the creation of an economic bloc is equally commendable. Such bloc has its root in the rapprochement policy adopted by the Brazilian government towards its neighbour Argentina after 1985 and the Treaty of Asunción in 1991. Both became instrumental in the creation of Mercosur as a trade bloc (Brazil, Argentina, Uruguay and Paraguay).¹⁵²

However, the abundant natural resources in Brazil are believed to be one of those reasons why the world should pay attention to Brazil. It is relatively rich in oil and other natural endowments as the Middle East. Brazil has not failed to showcase itself as an energy hub in the region and for the international market.

From the above discussion the impression creates up that Latin America is on the verge of socio-political and economic development. But there have been numerous analyses dissecting and trying to understand if Latin America socio-political and economic developments are a reality or developments doomed to failure.

Despite the presence of Mercosur and other splitters of cooperation, regional leaders still find it necessary in extending their tentacles and co-operative hands to other emerging powers like China and countries sharing similar stance towards the U.S

¹⁵² Fernando Lorenzo and Marcel Vaillant, ed, "Mercosur and the creation of the Free Trade Area of the Americas," *Woodrow Wilson Center Report on the Americas*, No14, September, 2003

hegemony.¹⁵³ Foreign investment will be a healthy opportunity for the region, yet the argument is whether China is an angel sent to the region or a devil for exploitation.¹⁵⁴

Second, how much Brazil could allow the influence of China in the region as a competitor, the fact remains that both are part of emerging economies of BRIC. Consequently, recent food crisis in the region further shows that despite the huge food production of Brazil and Argentina, the need for agricultural and technical assistance was spelt out in the aftermath of the crisis. The food crisis plagued the region and resulted to huge public protests, therefore captured the attention of governments in the region for an integrative and concerted effort towards rendering solution to the problem by inviting foreign help.¹⁵⁵ The question raised by the food crisis is that Brazil or Argentina's food production cannot bail out the region. The global food crisis also triggered effort towards enhancing the resources of the region for greater productivity. Evidently there was a close connection between protection of the environment, annexing resources and energy for the maximization of food productivity.¹⁵⁶ The recent food crisis (2009) produced several protests across the region and response by governments and international organizations

¹⁵³ Morning in Latin America: The Chance for a New Beginning, Friends of opportunity: China, rather than Russia, is the new partner that matters (Report Nov 23-29, 2008)

¹⁵⁴ Jorge Blázquez-Lidoy, Javier Rodríguez and Javier Santiso, "Angel or Devil? China's trade Impact on Latin American Emerging Markets," *OECD Development Centre*, Working Paper No. 252, June 2006, www.oecd.org/dataoecd/24/3/37054336.pdf

¹⁵⁵ Chilean president to talk about new Chilean-California pact, Vietnam, Panama ink MoU on agricultural cooperation, Global Food Crisis: Latin American, Caribbean nations must do more, India looks to build ties with Caribbean nations and ECLAC says oil, food prices to slow Latam growth (Report 8th-14th June 2008)

¹⁵⁶ Mexico president announces subsidies to counter rising food costs (Report 24th-30th May 2008) Dominican officials crack down on food smuggling to Haiti, Soaring oil, food prices hit Cuban recovery, Drought threatens Argentine farms economy, Growing Food Crisis Strains U.N., El Salvador: Thousands of people participate in hunger march in El Salvador (Report 24th-30th August 2008)

was also dimensional. The government reactions became a warranted necessity as any unresponsiveness poses threat to their governments.¹⁵⁷

The global financial crisis had a reaching impact on the economies of the region as it affected the banking system; reduced credit facilities from the banks, decelerate investments, sparked price hike and inflation, unemployment and conspicuously slowed down the progressing economies. The financial disarray in the U.S equally had a rolling back effect on the region's economies. The financial crisis accentuated its strength by food and oil hike thus made lives unbearable for the region. It was hard time for the regional leaders stomaching all the mounting problems. In spite of the gravity of the problems there were impulse for solution, thus certain concerted and integrative measures were employed all across the region.¹⁵⁸

In the wake of international inflation, the Brazilian economy remained resilient, and witnessed growth informed by a robust international trade. The economy has never had it as good with Arab traders as seen in the recent times. A trade boost closed to US\$ 2 Billion. Coupled with the high spirit of the Brazilian government that the newly oil fields discoveries would further transform the economy and consequently make Brazil the eighth largest oil producer which indeed will accentuate its economic and energy leverage. This also brings attention to the intention of the government to help develop the economy of neighbouring Paraguay, though both countries often dispute on energy

¹⁵⁷ Farmers skeptical of Argentine government's bid to end strike (Report 24th -30th May 2008), Argentine government counters farmers' protest with social package and Ecuador to offer farm subsidies (Report 8th -14th June 2008)

¹⁵⁸ The credit crunch reaches Brazil Inc, Brazil's Big Moment, A South American Giant Wakes Up and Colombia: Tumbling pyramids (Report Nov 23-29, 2008) Fearing unrest, bank steps in to help Central America (Report 24th -30th May 2008)

transactions. Paraguay accuses Brazil of not paying enough for the energy it sells to Brazil.¹⁵⁹

Unlike Brazil witnessing an economic growth in the face of international financial crisis, Argentine economy is souring as the President battled with farmers over export taxes. The economic crisis in the country made people revisit the fear of economic problem faced by the country in the last seven years. The impasse between the farmer and the president accelerated the decline of the president's popularity.¹⁶⁰

In the midst of the economic problem, some countries like Ecuador set ready to default foreign debt. Ecuadorian President Rafael Correa asserts that the debt is "illegitimate" and his government will place social needs above spending on debt. The debt was incurred according to him through the complicity of old administration who "sold out the country", placing the country under debt which he believes is illegal.¹⁶¹

The economic crisis became a serious concern as it draws along food and oil crisis. Lamenting on the global oil hike, Venezuelan President Hugo Chavez expected oil prices to keep climbing and predicts it could reach \$200 a barrel. Chavez maintained that oil should be \$100 a barrel, but could apex at \$200. He blamed the falling U.S. dollar, U.S. threats against Iran, and what he called bad management of the U.S. economy for driving rising prices.¹⁶²

Brazil's economic growth will have to become contagious within the region and by so doing it would further prove the efficacy of Brasilia as a regional leader having the

¹⁵⁹ *BPM Report*, "European Dairy Gives Way to Brazilian Goods in Middle East," (Report 24th -30th May 2008) "Brazil Never Had It So Good with Arabs: Close to US\$ 2 Billion Trade in May," and "Brazil oil field poised to transform economy," (Report 8th -14th June 2008)

¹⁶⁰ *BPM Report*, "Argentine mood sours despite economic boom," (Report 8th -14th June 2008)

¹⁶¹ *BPM Report*, "Ecuador: Can pay, might not: Another debt default," (Report May 31-June 7, 2008) Ecuador's President Correa Increases Noise about Foreign Debt (Report 8th -14th June 2008)

¹⁶² *BPM Report*, "Venezuela's Chavez: Oil could hit \$200 a barrel," (Report 8th -14th June 2008)

potential to translate its regional economic hegemony to global clout. President Lula reiterates the necessity of increasing trade ties with the South American countries without which the region cannot unfold its inherent potentials.¹⁶³ Meanwhile, Justin Grant notes that trade volume in the region is ballooning as Brazil paths the way for economic development.¹⁶⁴ As mentioned earlier, Brazil takes real attention in improving south-south relations and that is increasingly becoming evident and reflective in Africa, as in Brazil-Nigeria trade ties and Brazil-Mozambique relations.¹⁶⁵

4.6 Social Politics

Economic growth in Brazil will have to be translated into economic development before Brasilia can actually claim growth. It is true that urbanization and industrialization are rapidly taking place in Brazil but whether their economic growth produced by this trend trickling down to the rural area and to the ghettos (Favelas) distributed in the cities of Brazil. Rocinha is tagged as housing the largest favela in Rio de Janeiro, with an estimated two hundred and fifty thousand population. Cities with most Favelas in Brazil¹⁶⁶

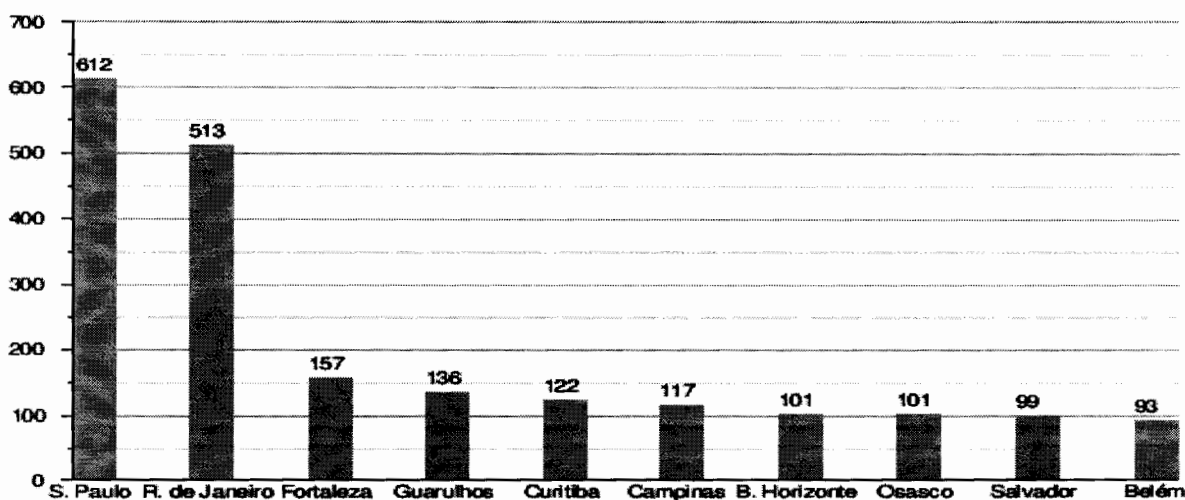
¹⁶³ Daniel Mello, "Lula Boasts Brazil's Trade with South America Is as Big as the One with the US & EU," *Brazzilmag*, (Friday, 07 May 2010) <http://www.brazzilmag.com/component/content/article/86-may-2010/12179-lula-boasts-brazils-trade-with-south-america-is-as-big-as-the-one-with-the-us-a-eu.html>

¹⁶⁴ Justin Grant, "Trade Volume in Latin America Surges as Brazil Leads Way," *AdvanceTrading*, May 12, 2010 <http://www.advancedtrading.com/derivatives/showArticle.jhtml?articleID=224701732>

¹⁶⁵ *Press Report Group of Fifteen* "Mutual Economic Cooperation between G-15 Member Countries," The Summit Level Group of Developing Countries, November/December 2006 www.g15.org/bulletin/november.pdf

¹⁶⁶ Wikipedia, "Favela," <http://en.wikipedia.org/wiki/Favela>

Figure 4.1



fonte Censo 2000 – IBGE. Elaboração gráfica "Wikipédia".

Like many ghettos in the region, most Brazilian favela faces the problem of organized crime, drug, child labour and violence from mafia groupings. Therefore, Brazil is not excused from the threat challenging the rest of the region.

Crime and violence, trans-border illegal movement, poverty and press freedom are increasingly becoming the trademark of Colombia and Mexico in recent times. The Central American and Caribbean islands are also vulnerable. The rapid growth of this trend can trigger the fear of a conglomerate of violence network. The attention created by the Brazilian fashion of crime is that it is urbanized and fomenting public disturbance. The level of crime and violence shows the height of social dislocation in the country where certain group of the society remains disenfranchised.¹⁶⁷ More recently, the government launched an assault on the crime gang but instead of using the police, it was

¹⁶⁷ *BBC News*, Americas: Gang violence grips Brazil state," (Monday, 15 May 2006)
<http://news.bbc.co.uk/2/hi/americas/4771455.stm>

the army sent to extinguish the fire of violence.¹⁶⁸ Such social dislocations undermine the credit Lula's administration has made in redistributing the nation's wealth to the citizens. Lula's administration initiated a family welfare programme aimed at improving the life of the impoverished in the rural area.¹⁶⁹ But urbanization has not always been itchy free, which either Lula's and subsequent have not been able to eradicate.¹⁷⁰ President Lula conceded to the reality of racial and gender inequality in the country. Despite the huge modernization unfolding in Brazil, the country suffers from socially constructed and traditional discrimination of people of colour and women.¹⁷¹

In comparison with the rest of the region, racial and gender discrimination in Brazil is more disturbing. The disturbing part of the gender discrimination is that of Afro-Brazilian women having little or no political representation. This is a modern issue but a carryover matter right from the Portuguese era in Brazil.¹⁷² Hence a challenging cancer the Brazilian political elites will have to root out, but the question arises whether the establishment is actually concerned to alleviate the socio-political and economic discrimination within the system.

As Brazil tackles its own crime, other countries in the region are equally boosting effort to combating the threat. Ex-Colombian President, Álvaro Uribe received

¹⁶⁸ Rodrigo Camarena, "Assault on Complexo de Alemão: Remembering Contemporary Brazil," *Brazil.foreignpolicyblogs*, (Monday, November 29)

<http://brazil.foreignpolicyblogs.com/2010/11/29/complexo-de-alemao-remembering-contemporary-brazil/>

¹⁶⁹ Rafael Azul, "Brazil stock market rises on Workers Party election victory," World Socialist Web Site, (2 November 2010)

<http://www.wsws.org/articles/2010/nov2010/braz-n02.shtml>

¹⁷⁰ Mark Kesselman, Joel Krieger, William A. Joseph, *Introduction to Comparative Politics: Political Challenges and Changing Agendas*, (Boston: Wadsworth Cengage Learning, 2009), p 462

¹⁷¹ *English.people*, "Lula: there is still much to do to end racial inequality in Brazil," (November 23, 2010)

<http://english.people.com.cn/90001/90777/90852/7207843.html?>

¹⁷² Kristopher L. McLucas, "Race and Inequality in Brazil: The Afro-Brazilian Struggle in the Racial Democracy," *Culturesocietypraxis*, (2005)

culturesocietypraxis.org/index.php/csp/article/viewPDFInterstitial/88/68

international and local appraisal for dismembering Revolutionary Armed Force of Colombia, (FARC) leftist militants. However that honour is now tarnished as reports depicted that the state army was responsible for the kidnapping and killing of many civilians used and added as proof of death count of FARC militants. In a report recently released, Amnesty International says that the security forces were responsible for 330 “extrajudicial executions” last year, up from an average of 220 a year in 2004-06. Amnesty says paramilitaries killed around 300 civilians last year and guerrillas about 260. The government’s own watchdog is investigating 930 suspected killings by the army. For face saving the government has ordered the judiciary to take charge of purging those military generals responsible for the crime and to be tried in civilian court Mr. Uribe said “in some parts of the army there has been negligence... There may be members of the armed forces involved in murder.”¹⁷³

The government has ordered the attorney-general’s office to investigate, and officials say that any officers who are charged will be trialed by civilian, not military courts.¹⁷⁴

In Mexico combating drug trafficking continues and government has heightened its effort with the mutual support of the United States Drug Enforcement Administration (DEA). Recently government officials were found complicit in the drug business. The Mexican government has requested the United States to fund the anti-drug effort as drug addiction troubles both countries. During President George Bush tenure, he asked Congress for an “urgent” \$400m in anti-drug aid for Mexico to supply helicopters,

¹⁷³ “Upping the body count Not that hard, when anybody will do” The Economist (2008)
http://216.35.68.200/background/displaystory.cfm?story_id=12522940

¹⁷⁴ *BPM Reports*, “Colombia: Upping the body count,” (Report Nov 23-29, 2008)

surveillance kit and training. After months of debate, Congress approved the request but the money yet has to be disbursed. Meanwhile Mexico accused United States of not doing well to abate the spread of illegal weapon as most weapon used in crime comes from the U.S.¹⁷⁵

With this multidimensional crime face in the region and the stronghold of militant and organized criminals, the fear of a conglomerate of violence network should not be implausible. Realizing this fear could be part of the reasons why leaders in the region agree to the need for regional solution.¹⁷⁶

Poverty is obviously one of the menaces attacking the region with several consequences. Among the cost of poverty is child labour, which governments in the region have determined to wage war against. During the World Day against Child Labour (2008), Brazil's President Luiz Inacio Lula da Silva made strong position against the Child Labour and promised to intensify actions against what he referred to as modern slavery. Same will be true for Colombia where "1 million children work in the country and that 1.4 million do not have access to education", "253,000 children working in Nicaragua" and "196,000 children working in Chile".¹⁷⁷ While in Panama, a non-governmental organization (NGO) says about 60,000 child labourers are working in the streets due to poverty. Panamanian President Martín Torrijos holds that poverty is simply not a major problem of the region but "a universal shame". The impact of poverty on the country can best be understood through child labour. The director of the Programme Casa

¹⁷⁵ *BPM Reports*, "Mexico, Spot the drug trafficker," (Report Nov 23-29, 2008)

¹⁷⁶ Fabiola Moura and Blake Schmidt, "Drug-Violence Spread Demands Central America Plan," *Businessweek*, (September 24, 2010)

<http://www.businessweek.com/news/2010-09-24/drug-violence-spread-demands-central-america-plan.html>

¹⁷⁷ *BPM Reports*, "Latin American countries call for end to child labour," (Report 8^h-14th June 2008)

Esperanza (Hope Home) Rosana Mendez said that half of these children are in rural areas; Mendez added that six out of every 10 children quit their studies due to poverty. According to Mendez, a great percentage of the peasant children living in rural areas had to quit school to work in large agro-industrial centers. "We have serious problems in the agriculture exporting areas that emerged in recent years, where thousands of children are involved every day."¹⁷⁸

Journalism in Brazil appears to be facing opposition, aspiring journalist will have to obtain a diploma and register with the labour ministry before induction to the fold of journalism. Such propensity is believed to be remnant of laws enacted during military rule of 1967 and persist even after the military left in 1985. The law is believed to provide a useful way to prevent troublemakers from voicing their opinions. It has survived not only because Brazil is often slow to undo such anachronisms but also because it suits the journalists' union to keep a closed shop. According to Celso Schröder of the National Federation of Journalists, "the quality of journalism in Brazil would suffer if the rules are changed." Brazil's journalism is said to be good and robustly independent, particularly when compared with the media in Mexico or Argentina. Yet other holds that it is part of the ruling elite ploy to fence off opposition. According to Donos da Mídia, a monitoring group, 271 politicians (defined as state or federal legislators or mayors) are either directors or partners in media companies. Surprisingly, the two states with the highest incidence of politician-proprietors are Minas Gerais and São Paulo in the developed south-east.¹⁷⁹

¹⁷⁸ *BPM Reports*, "Poverty is a universal shame", President of Panama tells ILO delegates, "Panama reports about 60,000 child labourers," (Report 8th -14th June 2008)

¹⁷⁹ *BPM Reports*, "Licensed to scribble: An end to journalism's closed shop?," (Report Nov 23-29, 2008)

4.7 Environmental Politics

Global powers are often accused of channeling their policies towards enriching themselves and protecting their economy. Would such assertion be true for Brazil, whose economy is also increasingly craving for energy? In addition the question arises, whether the region has same energy and environmental policy like Brazil amid the debate of climate change and energy diversification. Brazil like China and India is increasingly in need of more energy to keep its growing industries functional. But unlike India, Brazil is a country with diversified energy. It is a leading country in the production of ethanol, an alternative energy source of fossil fuel. Although Brazil faces opposition to its alternative ethanol energy from the different quarters of the world but Brasilia has been making effort to increasing its ethanol production and capacity across the globe.¹⁸⁰ Defending the position of his country, Brazilian President Luiz Inacio Lula da Silva said:

The world's oil companies are behind the bad press regarding his country's ethanol sector, denying claims by some that the industry uses slave labour and is responsible for deforestation in the Amazon. Da Silva said he understood the concern of countries not producing ethanol and those producing the non competitive ethanol produced from wheat and corn. He rejected the claim rather reiterated his country vision for the world in case of biofuels and believes the latter cannot reduce lands for food production as claimed by Cuba and Venezuela. Similarly the president faces criticism from human right and environmental groups that production of ethanol is affecting the Amazon and exploiting human labour without or little salary.¹⁸¹

¹⁸⁰ Carmen Gentile, "Analysis: Brazil pumps ethanol to Japan," *UPI Energy*, (Dec. 30, 2008) http://www.upi.com/Science_News/Resource-Wars/2008/12/30/Analysis-Brazil-pumps-ethanol-to-Japan/UPI-53741230681428/

¹⁸¹ Analysis: Brazil's leader defends ethanol, Nicaraguan parliament approves law against energy waste, Ecotourism In Belize Is Damaging Environmentally Sensitive Sites (Report 8th-14th June 2008) Brazil admits Amazon deforestation on the rise (Report 24th-30th August 2008) Central America, Caribbean join hands to tackle climate change, Caribbean Nations Launch Unprecedented Challenge Initiative to Protect Marine and Coastal Resources, Brazilian president wants global pact on biofuels (24th-30th May 2008)

In addition to the international opposition to Brazil's energy, regional concerns are not unnoticed in the form of native Indians clamouring for the protection of their pure environment. The simple life of the indigenous people deep in the forest is being challenged by the process of development initiated by government of the Amazon region.

The indigenous people in the un-contacted forest of the Amazon are believed to be more conscious of the environment than the city or town dwellers.

Despite the policy of governments in the Amazon and across South America in safeguarding indigenous natural environment and improving indigenous way of life there never cease to be confrontation and protest. In Brazil engagement of the government with the Amazon remains a big concern as 'opponents say the environmental and social costs of flooding parts of the Amazon outweigh the energy benefits'.¹⁸² The issue has always been revolving around deforestation, construction of dam and exploitation of other abundant resources in the Amazon. It is not as if the indigenous are over zealous of the environment but they are always receiving the support of government (opposition and coalition) as when the Green Party quitted the government on the premise that 'government represents one of the biggest-ever reversals for Brazilian environmental policy.'¹⁸³ Quite interestingly, the government has not been able either to stop the people (native) from protesting or taking it to court.¹⁸⁴ Beto Borges and Gilles Combrisson gave a well documented history about the battle of land between the native Indians and the

¹⁸² Andrew Downie, "Amazon dams hold promise of clean energy for Brazil," *Christian Monitor*, (May 21, 2010) <http://www.csmonitor.com/World/Americas/2010/0521/Amazon-dams-hold-promise-of-clean-energy-for-Brazil>

¹⁸³ Rhett Butler, "Green party quits government to protest Amazon deforestation," *Mongabay.com*, (May 24, 2005) http://news.mongabay.com/2005/0524-rhett_butler.html

¹⁸⁴ Raymond Colitt, "Brazil Indians, activists protest over Amazon dam," *Environmental News Network*, (May 21, 2008)

http://www.enn.com/top_stories/article/36652

Brazilian government.¹⁸⁵ However, one has to look at the argument and position of the government that believes that exploring and exploiting the vast resources of the Amazon would not just be beneficial for the indigenous people but also for the growth of the country. This argument does not sell well before the natives having great difficulty to understand why their pristine, traditional, natural and simple life in the forest should be tampered with by outsider.¹⁸⁶

Protecting the environment was another serious concern for the governments of the region. The leaders shouldered it upon themselves to protect the environment and more particularly with the increasing debate over climate change. In the same way, protecting the environment from rough exploitation by external bodies is another concern, as many foreign organizations have often times been alleged with environmental degradation. Environmental protection in the region is not solely government business rather a venture equally championed by the masses. Highlighting its efforts towards reducing deforestation, the Brazilian National Institute for Space Research (INPE) holds that annual deforestation in the Amazon region has fallen to its lowest level since 1988.¹⁸⁷ In the same manner Brazilian leader said that Amazon belongs to the region and pillaging of the natural resources by outsiders will not be welcomed.¹⁸⁸

The environmental issue has turned out not to be solely for Brazil but a contagious issue affecting most part of the region. In Argentina, local groups have always found it uneasy with international oil companies operating the country. SHELL CAPSA

¹⁸⁵ Beto Borges and Gilles Combrisson, "Indigenous Rights in Brazil: Stagnation to Political Impasse," *SAIIC*, (14 Jun 2005)

<http://saiic.nativeweb.org/brazil.html>

¹⁸⁶ *BPM Report*, "The Amazon's indigenous people: The other Brazil," (Report Nov 23-29, 2008)

¹⁸⁷ *Embassy of Brazil in London*, "Amazon deforestation lowest for more than 20 years, (02 December 2010)

http://www.brazil.org.uk/press/pressreleases_files/20101202.html

¹⁸⁸ *BPM Report*, "President Silva says the Amazon belongs to Brazil," (Report 24th -30th May 2008)

(the Argentine affiliate of Royal Dutch Shell) was petitioned by INPADE (a local NGO) and Friend of the Earth Argentina for violation of many national, provincial, municipal and international law in the areas of operation.¹⁸⁹ Similarly, indigenous and peasant agitation over the destruction of the environment is also true for Peru where there has been series of petition and accusation against the government for not protecting the environment.¹⁹⁰ In Panama King Tito Santana had to be exiled for supporting a developmental project but disregarded by the natives by saying that “many of us are opposed to a king who, for us, is selling our society without any thought for tomorrow”.¹⁹¹

It is a fact that Brazil has many issues to solve regionally before it can think of becoming an effective a global player. Brazil has to muster a heavy political and social will to convince others to follow the right way of conduct and it will be easy if Brazil is also not mismanaged.

¹⁸⁹ *BPM Report*, “Shell Denounced Internationally for Human Rights and Environmental Violations in Argentina,” (Report 24th-30th May 2008)

¹⁹⁰ *BPM Report*, “Thousands block roads in Peru to pressure president,” (Report 8th-14th June 2008) and “Peru: Indigenous Groups Challenge Private Investment Decree,” (Report 24th-30th May 2008)

¹⁹¹ *BPM Report*, “Hydro development exiles indigenous king in Panama,” and “BP in pipeline deal with Panama Company,” (Report 24th-30th May 2008)

CHAPTER 5

ANALYSIS AND CONCLUSION

5.1 Analysis and Conclusion

Modern day Brazil has detached itself from the image of its past. Brazil is one of the largest democracies in the world following the part of India and the United States. Its liberal democracy characterized by relatively free and fair elections, freedom of speech, independence of judiciary and mass political participation in a multi party atmosphere are all indication that a transition has taken place in this largest Portuguese speaking and Catholic country of the world. Brazil has lot to offer to other regional governments even though accepting the hegemony of a neighbour is not always an easy task for the states in view of their national interest. The economic boom in Brazil is another dimension of the fact that another form of transition in the shape of adoption of liberal market export economy is being rooted in Brazil. Both the political and economic changes in Brazil tells a reader of Brazil that authoritarianism is a forgone history, and inward socialist economic policy could not bring Brazil to the pedestal it deserved. Hence, more research is needed to further probe into these transformations and obviously a lesson for all countries in the global south to learn.

The dynamic changes in Brazil have been more credited to the out going leader, President Lula da Silva. No doubt he deserves credits yet one must not lose the sight of the fact that reforms had begun right from the era of President Cardoso who preceded Lula. Hence as history always have it, merit and credit might not always go to the strategist rather to the one who actually implement the strategy in the real world.

President Lula has brought Brazil to the shore of real development accounting for the regional and global positive sentiment for Brazil.

Brazil's economic weight within the region has been forthcoming and it is increasingly becoming reflective on other economies. The industrial growth in Brazil coupled with its economic growth delineates the fact that optimal utility of resources contributed for Brazil's development. The country is blessed with natural resources across the regions of the country. Since the era of colonialism, Brazil has been proud of being an agricultural economy having huge plantations for the growth of the Portuguese economy. Sugarcane plantation of the colonial era has been maintained till date, thus place Brazil along with the United States as the two largest sugar producers. It is not enough to have sugarcane farm but what benefits comes from it. Brazil like the United States is now leading the world in the production of alternative fuel in the shape of ethanol. The latter is believed to be more environmental friendly than fossil fuel and economical, although there has been much noise on Brazil's ethanol production. One, such production of ethanol from sugarcane is linked to the shortage of consumable products coming from sugarcane therefore exacerbating the crisis of food. Two, the lands that are supposed to be used for food production are rather being used for cultivation of sugarcane aimed at producing ethanol. Three, the Brazilian authority is getting wrong signal for its ethanol and as President Lula said, it is all the conspiracy of oil companies, disliking ethanol as a competitor to fossil fuel.

The adoption of export oriented economic system projected the image of Brazil beyond the Latin American shore. Brazil's market is now open to the European Union as a bloc and to European countries individually. Brazil might not be like Washington

having the potential of military power to enforce its hegemony on the globe, but it is endowed with other kinds of soft power like economic as diplomatic tools to win hearts. By understanding the worth of economic power, Brazil along with Argentina was instrumental for the creation of Mercosur as economic bloc. With this bloc, Brazil as well as other members have been getting sound economic growth and using it as avenue to channel their economic interest with other regional economic blocs like the EU. The creation of Mercosur should not be seen just from the economic angle instead it is of more implications in term of regional integration and cooperation, harmonious co-existence between traditional rivals (like Brazil and Argentina) and expression of mutual understanding among countries in the region. Beyond the forum of Mercosur, Brazil's commercial deals have expanded with Washington, Middle East and African countries. Brazil's agricultural industry has made good footing in the North African markets as well as in the Gulf States. It is the economic diplomacy which has made Brazil an active player in the Middle East Peace process. Similarly, through the Latin-America-African initiative, Brazil has made good headway into Africa and economic co-operations are unfolding. It is worth mentioning that this has to do more with Brazil's south-south policy that aims to help in the development of the global south countries. The rational is that if more focus is accorded to relations with global north countries then how come the needy global south would develop. Brazil has been more attached individually with resourceful African and Portuguese speaking countries. Recently Brazil entered into an agreement with Ghana to develop its sugarcane plantation with the objective of producing ethanol.

Being an integral part of BRIC, Brazil's economic superiority and edge above other countries in the region is evident. The Goldman Sachs's report is more expressive of the growth of Brazilian economy, the report predicts that Brazil's economy could outmatch most western economies in the years to come. The account of Goldman Sachs shows that the economic benefits are trickling down to a certain degree in Brazil but that is very much visible in the urban areas only. The urban settlement of Brazil is now a change setting where the benefit of globalization is being reaped. But it would be misleading to overlook the other side of Brazil, where economic growth is not making much substantive differences. The rural Brazil is still facing the challenges of economic trauma and such trauma is not exempting the shanty towns in the large cities of Brazil where social delinquencies and social proscribed actions are still the status-quo. The message is that Brazil has a long way to go, irrespective of its BRIC status; ghettoisation and poverty in the rural areas are issues that must remain on the radar of the leadership.

Charity begins at home is the axiom suitable for Brazil's political and economic clout. The chances for Brazil to display global power can be measured on how much Brazil can put its home in order. It is true that regional integration is not an easy task as states are often buried under the influence of national interest, thus it will require a great deal of political stamina to bring all heads on board. The creation of UNASUR is one great effort by the Brazilian government that should be appreciated as an organization created to redraw the image and history of South America in the contemporary times. UNASUR was fashioned in the style of the EU with the aim of political, economic and social cooperation among member state. This collective institution brings fore the argument that collective security and alliance is not a dead idea in international relations

and so is regional cooperation. Through this institution, Brazil and other powerhouses in the region have been making an attempt to achieve integration. Though there has always been brawl within the region regardless of the existence of such organisation. UNASUR is thus a complement to Mercosur and the Andean Community of Nations. The aim of the organizations is to project to the rest of the world that South America can manage itself independently without foreign interference.

Such insinuation has been played out by the active role of Brazil in resolving the conflicts that were challenging the region. The Colombia-Ecuador-Venezuela brawl is one of those areas where Brazil has flexed its muscles. Brazil's role in resolving the Colombia-Venezuela border issue cannot be underestimated. Brazil took a strong position against U.S military in Colombia. The region is obviously happy that relations between Colombia and Venezuela have improved. Similarly, the brave leadership role of Brazil in Honduras in the recent past during political coup against Manuel Zelaya cannot go unnoticed. It was a show of political will and leverage. Nonetheless, the achievements made by Brasilia do not suggest that there were no challenges. The creation and existence of ALBA, a socialist leaning organization under the influence of Venezuelan President Hugo Chavez is one among the hurdles. The possibility for clash of interest and worldview in this regard is not a distant truth, as ALBA is an organisation created to challenge the world order believed to be led by the United States and the western world. This confrontational approach might in fact not be in the interest of Brazil, that is more outward looking and wanting to expand its influence beyond the myopic stance of ALBA. Beyond ALBA, Brazil will further need a concerted effort to leverage on all

stakeholders, as it is not that easy to accept the hegemony of the only largest Portuguese speaking country in the region.

It is thus unsurprising that the Indian government awarded President Lula with the Indira Gandhi award for Peace. Lula has shown the region of South America the worth of Brazil and that is understood by the rest of the countries in the region and the world at large. Given the Brazilian growing influence, events in the region will not unfold without the blessing of big brother Brazil. It has been able to expand its political influence on global issues. Due to its size and increasing economic achievements, Brazil's bid for a permanent seat at the United Nations Security Council is understandable. Although just a non-permanent member, Brazil was instrumental in watering down the tempo of western initiated sanction on Iranian nuclear programme. It was undoubtedly a breakthrough and diplomatic plus mark for the largest country in South America. It reechoes the position of Brazil as a member of the emerging economies of BRIC.

Development occurs only through the exploration and exploitation of available resources through the help of technology. The developments unfolding in Brazil owe so much to the endowed material and human resources of the country. The different geographical conditions of Brazil have been playing different roles in Brazil's industrialization, urbanization and economic growth. The abundant water reserve and the great forest of the Amazon are the source of the agricultural and energy advancement of Brazil. The environment is an issue when it comes to development. It is equally a matter of concern in terms of the implications of interacting with the environment. Brazil's neighbours often complain of the overuse of the Amazon resources by Brazil, though that

might be understandable giving the size of Brazil, but the argument of the neighbours is that their share must not be impaired. Beyond external complaint is the resentment of the native Brazilians. The latter do not share same aspiration with either the government or foreign bodies wanting to exploit and ultimately degrade their pristine environment.

The reservations against degradation of natural environment is not limited to the Brazilian natives, instead it has been one of the major cry of the natives across the region. Based on this reservation, Bolivian President Evo Morales became the very first native president of his country. He came to power on the platform to fight for the right of production of coca by the natives.

5.2 Recommendations

The bottom-line argument is that with all available resources at the disposal of Brazil this South American country has the capacity and potential of playing significant role in global politics. However, achieving this will be a matter of responsibility and strong will in this regard. Brazil will have to see the countries around it as part of Brazil because they have to be carried along on the path of development. The capacity of Brazil along with Argentina and other powerhouses can play great role on the region and could be instrumental in mitigating and reducing the tension of underdevelopment. Regardless of the ideological and political leaning of ALBA, the motto of ALBA which hopes to create bandwagon of developed countries in the region should be reviewed by Brazil as an integral part of development for the region. Second, President Lula is seen as the bearer of Brazil's development both at home and abroad. This view should move beyond Lula. Therefore the new leadership of Brazil, President-elect Dilma Rousseff will have to

display her political and diplomatic capacity that what a man can do a woman can do better. Hence adhering and polishing the bequeathed legacy of Lula is an indispensable truth for President-elect Dilma Rousseff.

Certain areas are hotspot in international affairs and Brazil cannot afford to downplay making impact in these areas. The Middle East peace process has been a protracted issue for which Washington is seen to be the panacea to the problem. Political and historical reality in the Middle East however suggests the opposite that Washington alone cannot send down the rain of peace into the region. The EU is taking a different approach to the process and the recent recognition of the 1967 border as benchmark for peace and for the creation of a Palestinian state alongside Israel by few countries in South America is an important matter which Brazil must follow up. Brazil is a power recognized by Israel, therefore gives the former leverage to be exerted in the region. In fact, bringing peace to the region through other means different from Washington or western oriented strategy will further paint how much influence Brazil can weigh in world politics.

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