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Brazil as a BRIC

by Howard Wiarda

LABELS and designations come and go like passing storms; a few years ago the term used to designate the up-and-coming developing countries was “BEM” or **B**ig **E**merging **M**arkets. Today the term of usage, invented by Goldman-Sachs, is “BRIC,” which stands for **B**razil, **R**ussia, **I**ndia, and **C**hina.

Brazil is on both lists, along with India and China, a reflection of the fact that over a forty-five year period, Brazil has been one of the highest and most consistent performers among developing nations, and is widely recognized as a future global, or at least regional, power. Brazil has not reached the growth levels of the East Asian countries, but it is not far behind either.

There’s an old adage about Brazil: “Brazil is the land of the future—and always will be!” Meaning that Brazil has great potential but will never fully realize it. And even now there are many Brazilians who, on social, economic, civilizational, or even racial grounds, believe it will never quite make it as a global force.

Emphasizing the Positive

However, Brazil is on its way. Never before have so many been so optimistic about Brazil’s future. Of course there are many hurdles (described below), but here let us briefly enumerate the many reasons to be hopeful about Brazil. We also need to consider Brazil in the light of other BRICs or BEMs. The treatment has major implications for U.S. foreign policy.

1. **Economic Growth.** Brazil has maintained high growth levels for more than four decades. Not quite at the levels of Japan, South Korea, Hong Kong, Taiwan, Singapore, and now China, but, at 6 percent or more a year for long periods, impressive nonetheless. Currently Brazil’s economy is in the doldrums, along with the rest of the world’s economies, but it hasn’t fallen as far as the United States, and, with its vast resources and recent petroleum finds, everyone expects a rapid turnaround. Brazil’s GNP is among the top ten in the world.
2. **Society.** Brazil is now, officially, a middle class society—more than 50 percent. If W.W. Rostow, S.M. Lipset, Karl Deutsch, and much of the development literature have any validity at all, Brazil should have a stable and democratic future.
3. **Inequality.** Like many developing countries, Brazil has vast social and economic gaps between rich and poor—among the worst in the world. But with the recent, imaginative *bolsa familia* (literally, “family purse”), which gives aid to the poor in a social contract that forces them to look for work, improve themselves, and get education and health care for their children, Brazil is one of the few

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emerging countries that is actually reducing poverty—now at only 20 percent.

4. **Politically.** Brazil has now had two good presidents in a row, world-class sociologist Fernando Henrique Cardoso and labor leader Luiz Inacio (Lula) da Silva. And a third, Dilma Rousseff, about whom it is still too early to judge. Both previous presidents served two terms of four years each, making a total of sixteen years of democratic stability. If democracy and stability are among the prerequisites of growth, then Brazil is on its way.
5. **Resources.** Brazil has vast mineral wealth, rich agriculture comparable to the Argentine pampa or the American Midwest (it has already surpassed the United States in the production of soybeans), and now vast oil and natural gas resources. When oil again reaches \$130 a gallon, it will be feasible for Brazil to tap these reserves and become a world power.
6. Brazilian **national self-confidence** is on the rise. Whether in soccer, music, or world-class models (think of Giselle Bündchen), Brazil now is among the globe's leaders. Brazilian nationalism, always strong, now has numerous successes on which to build. Not only does this provide national consensus and the "glue" that holds society together, but it also energizes government policy in the education and other social fields. The sense is strong that, as the billboards throughout the country put it, "Nothing can hold Brazil back."
7. Brazil's **foreign policy** has shown remarkable success in recent decades. Brazil is now the unquestioned leader in South America, the main motor force in MERCOSUR and other regional bodies, the chief force in Haitian peacekeeping, and a major player in Third World councils. Brazil's diplomatic triumphs have been mainly quiet and are all but completely ignored and unknown in the United States. But one of these days we will wake up and discover Brazil has triumphed in its quest for a seat on the Security Council and/or has supplanted the United States in the OAS.
8. Brazil is committed to genuine **national development**. Development is no longer limited to the "strategic triangle" of São Paulo, Belo Horizonte, and Rio de Janeiro, but has become a *national* preoccupation, encompassing the Northeast, the vast Amazon basin, the West, and the South. Brazil is filling both its geographic and its institutional and associational space. There have been vast increases not only in Brazil's traditional mineral and agricultural exports but in its manufacturing and high tech (computers, biotech, military equipment) as well.
9. Brazilians are taller, more literate, and healthier than ever before. Many Brazilian men in the past wore elevator shoes; now that is no longer necessary. It's amazing, over forty years, what better nutrition and **health care** can do.
10. **Educationally**, Brazil is in the process of changing, at secondary and university levels, from a humanistic tradition—letters, law, literature, theology—to a more sci-

entific orientation: science, math, computers, statistics, engineering, biology, chemistry. The government is leading this change, pouring funds for scholarships, labs, and faculty into new universities such as UNICAMP, whose student body is now half graduate students. It's interesting that the United States is producing ever more lawyers, while Brazil—reversing the course of the last two centuries—is producing more engineers.

11. Brazil is rapidly building **infrastructure**—one of the key ingredients for any development project: dams, highways, bridges, farm-to-market roads, power stations, electrical grids. The number and movement of trucks on Brazil's highways are now, at least visually, as great as that of the United States. Brazil is clearly on the move, no longer a "sleeping giant." The best of these highways, in a country that has long depended on the state for development, are now privatized and at still-low rates.
12. There is **dynamism**, *movimento*, in Brazilian society that is currently lacking in the United States. Construction cranes are everywhere, and whole new cities are springing up on the outskirts to provide cheap labor to Brazil's industries. People are in a hurry and they work hard; the older, "sleepier," more fatalistic Brazil is becoming a thing of the past. Max Weber's "Protestant Ethic and the Spirit of Capitalism" is alive and well in historically Catholic Brazil.
13. At the same time, attention to politics has significantly declined. It is **economics**—jobs, business, investment, trade, development—that drives Brazil now, not politics. Brazil is not apolitical, but certainly since the early 1960s there has been a sharp decline in political activity and ideology, as in Spain or Italy. "Development" is the new and even official ideology of Brazil. There is almost no threat of political or economic instability, or of extra-constitutional threats from right or left.

An interesting exercise is to compare Brazil with other members of the BRIC class. India and China both have a billion people and are countries that are developing rapidly, especially China. China, India, and Russia all have nuclear weapons, abundant resources, and are, or will be, global powers.

On the other hand and unlike one or more of the other BRIC members, Brazil has no deserts, it has abundant land that is productive all year round, and has no problems of overpopulation. It has settled borders on all sides, no unintegrated minorities or separatist movements within its territory, and a proud tradition that gives it national unity. It has, like the other BRICs, vast resources that it is today exporting, especially to China, which (a little-known fact) has replaced the United States as Brazil's largest trading partner. And now with its vast petroleum discoveries, Brazil has in future decades the potential to become both a developed nation and one of the world's great powers. It is both an awesome and inspiring moment for Brazil.

All the BRICs are important, of course. And U.S. foreign policy needs to adjust accordingly to the new significance and influence of the emerging BRICs. But in this constellation, we would not bet against Brazil. These factors make Brazil look awfully positive at present. Of course the negatives are also powerful.

Brazil is still, in many respects, a developing country. Or, if not Third World, at best Second World, in the same sense that Poland, Mexico, much of Eastern Europe, Malaysia, and South Africa are still Second World. This doesn't mean "Second World" in the old-fashioned ideological sense of "developed" communist countries; but in the newer sense of countries *between* the First and Third worlds, in intermediary positions, having made a breakthrough to modern, developed status, but still inefficient, disorganized, and with large sectors of the population not yet benefitting from globalization and modernization. And this Second World status may be long-term, quasi-permanent, lasting 50–100 years. For Brazil as well as the others, there is no magic formula, no instant breakthrough; instead, development is a long, hard slog.

Chile is the only country in Latin America so far to have made the breakthrough to what the World Bank calls "advanced market economies." And even Chile has a very long way to go to achieve modern or First World status. We sorely need a new set of categories, like my revised "Second World" designation above, to describe these countries like Brazil that *have* made a breakthrough but still have a long way to go.

Brazil as Second World

There is no doubt that Brazil has made great strides in recent decades. Over a fifty-year period since the 1960s, Brazil has clearly moved from Third to Second World status. But it still has a considerable distance to travel to achieve both First World rank and the global respect to which Brazil aspires. Indeed it is one of our "Second World" characteristics that Brazil may be semi-permanently locked into that category.

What's wrong? Where does Brazil go astray? Can it be permanently "stuck" in a Second World position?

Actually, Brazil is, like all societies, a very complex country. There are layers upon layers; like an onion, it's necessary to peel back all the layers. Modernity and tradition continue to exist side by side, even within the same individual; it's only the proportion that changes slightly over time. And that's basically what we mean by "modernization."

In Brazil's case, because it's so large and complex, its problems are also complex. Let us enumerate the ways:

1. **Education.** Brazil has, for a modernizing country, one of the world's worst public education systems. Its schools are not preparing its youth to function in the modern world. Illiteracy is still 20–30 percent, technical schools are few, and no self-respecting middle class family would ever send their children to the woeful public schools. Jewish and Protestant families in Brazil frequently send their children to Catholic, often Jesuit, schools, not because they're converting but because those are the best schools.
2. **Universities.** The same criticisms apply. The University of São Paulo likes to boast that it is the "Harvard" of Brazil or maybe all of South America. But it is not up to the level of a Big Ten, SEC, or other good state university. The University is highly politicized, it seems to be "always" on strike, it has too many unqualified students, and the faculty clings to outmoded ideas (Marxism, Trotskyitism, dependency theory) of 30–40 years ago. The University of Brasília is even worse, captured by the left wing of the Labor Party and enforcing that ideology on the students and faculty. Of Brazilian universities, only Campinas has made the breakthrough to a modern, more science- and research-oriented, graduate-level university.
3. For lack of funds, the internal Brazilian **road system** is terrible, holding back an otherwise booming and dynamic economy. The only good roads, such as the six-lane highway between São Paulo and Campinas, are private.
4. Brazilian **public health care**, state run, is better than a half century ago but still woefully inadequate. Facilities are often crowded and dirty, doctors are underpaid, and the equipment and facilities are old and inadequate. At the same time, as with education, private facilities and care are often excellent if you can afford them, and in specialized centers Brazil is doing pioneer work.
5. **Corruption** in Brazil is exploding. At all levels: local, state, federal. There is so much investment money flowing into Brazil these days that its banks and investment houses don't know what to do with it all, let alone control it. The local, two-man versions of iPad and Twitter are flooded with American and other hedge fund and pension money. With so much money around, how could anyone resist skimming off a little for oneself? The skim-off rate is currently at about 30 percent. Brazilian lawyers talk of *jeito* ("grease," used to "oil" the wheels of government) in the following three categories: there is honest *jeito* (a little patronage applied here and there to get things done), dishonest *jeito* (outright bribery), and then a vast area in between where the lawyers make all their money!
6. **Incompetence** still prevails at many levels: airports, immigration, police, courts, government, water, electricity, municipal services, bureaucracy, local and state governments. If we think we have "broken government" (the title of a recent book on American foreign policy) in the U.S., go to Brazil or India to see real dysfunction.
7. **Crime**, violence, and armed robberies in Brazil have reached some truly mind-numbing levels. Every self-respecting hotel, apartment residence, or store (*loja*) has security, often platoons of it. On Copacabana, there is an average of 12 police per block; every Brazilian has a story, often several of them, of how they were robbed, ripped off, or suffered an armed home invasion or kidnapping. Brazil is becoming like South Africa, where personal, home, and business security is the fastest growing sector of the economy
8. **Social inequality.** Through the lauded *Bolsa Familia* program, which provides social assistance to poor families in return for promises by the recipients to send their children to school and to improve their own lives, Brazil has been reducing poverty. But figures have shown that 90 percent of Brazilians are not benefitting from

the country's recent globalization and development.

A visit to one of Brazil's fancy new malls, such as the Parque Dom Pedro in Campinas, shows that there are two, three, and more Brazils: a First World Brazil of big spenders and the good life, who are mainly white, and a Third World Brazil of workers who do hard labor and are much darker, with of course many gradations in between. Unless Brazil (and other Latin American countries, including Chile) reduce their social gaps and incorporate the poorer classes into the *national* society and economy, they will always remain poor and Second or Third World.

9. The Brazilian **economy** has performed at miracle rates lately, mainly based on the demand for commodities and other exports. Foreign capital is pouring into the country, faster than Brazil can absorb it. As a result, not just corruption but also inflation is rising, and many fear Brazil is becoming a bubble economy akin to the U.S. housing market. The flood of money has reinforced Brazil's preference for economic statism and made it appear as if no reforms of the Brazilian (Lulista) model are needed. Actually, the Brazilian system requires strong structural reform if it is to continue at high growth rates.

10. At the **political** level there are many problems. President Dilma Rousseff has nowhere near the political and administrative skills that her predecessors did. Sixteen years of (relatively) good governments under Fernando Henrique Cardoso and then, surprisingly, Lula made it appear that Brazil was solidly in the stable-democratic category. But Dilma's relations with the Congress are bad, she cannot manage her own coalition or cabinet, corruption is flourishing, and the political system is fragmenting. Brazilians think that Dilma is only warming the presidential chair until Lula can return in 2014; meanwhile she is surrounded by too many thieves and thugs left over from the previous Partido Trabalhista administration.

Looking closely at Brazil leaves one quite shaken, despite the continued economic growth. Politically, there is a sense of considerable uncertainty, loose ends, things unraveling and pulling apart. It is reminiscent of the unstable period in the late 1980s–1990s—during the time of Tancredo Neves, Itamar Franco (who just died recently), Fernando Collor (impeached), and José Sarney—when the new Brazilian democracy hung by a thread and almost collapsed. Now too, without being alarmist about it, there is the sense that Brazilian democracy is considerably less institutionalized than we think it is.

11. **Foreign policy.** Brazilian foreign policy, under former ambassador to the U.S. Antonio Patriota, is far more assertive, aggressive, and independent than it once was. In Africa, the Middle East, Europe, Asia, and the Americas, Brazil is doing things diplomatically it never would have done in past decades. Not only is Brazilian foreign policy more independent of the United States, but there are many in Brazil, including Itamaraty, the foreign ministry, who not-so-secretly hope that the United States fails. This is a very dangerous mood and calls for some strong fence-mending on the part of the United States.

12. Brazilian **soccer** is the pride of the country, closely tied up with Brazilian nationalism and, to a large extent, replacing Catholicism as the national religion. But today's Brazilian team (the Seleção) is troubled: not executing well, sleep-walking through its matches, full of self-doubts, and recently losing to Paraguay. The players are pampered and overpaid, they don't work very hard at practice sessions, and there is a severe generation gap between the older players who are dedicated and the younger guys who self-interestedly see their futures not so much with the national team as with the club teams who pay them. Some say, "As Brazilian soccer goes, so goes the country."

Whither Brazil?

There is no doubt that Brazil is booming ahead economically and is quite a changed society from the "sleepy," Catholic, conservative, Third World country of fifty years ago. There is an energy here and a dynamism, an optimism about the future, that is lacking in many already-developed countries, including the United States.

The problem is that this development is so uneven. Economic development, cultural change, and social modernization are proceeding much faster than political or institutional development, First World Brazil (São Paulo, Campinas, some other enclaves) is developing far faster than Third World Brazil (the Northeast, the West, the Amazon basin), and the already-wealthy are getting far wealthier while the poor lag ever-farther behind.

Brazil's private sector is efficient, modern, and globalized, while the public sector, though formally democratic, is often inefficient, patronage-dominated, corrupt, and downright dysfunctional. Although they cannot say this publicly, businessmen in the São Paulo private sector despise the politicians in Brasília and at the state and local levels, tell demeaning jokes about them, and carry out their private business almost as if the government didn't exist. That old adage still rings true that "Brazil develops at night while the government sleeps."

At the international level, Brazil is an emerging power, like China, India, or South Korea. It will no longer do to ignore Brazil, treat it with indifference, or, worse, insult and slight Brazil. It is long past due for us to put our relations with Brazil on the same stable, mature, partnership basis that we maintain with other leading countries. ■

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