

# Papering Over Brazil's Problems

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Sadly, Brazil is looking more and more like Terry Gilliam's 1985 film *"Brazil"*. There is the byzantine bureaucracy that stifles innovation and privileges lumbering state monopoly over the private sector. Consider the once mighty Petrobras, said not long ago to be on the cusp of recovering enough oil from below the South Atlantic that the company would single-handedly be able to finance the creation of a Brazilian welfare state. But numerous regulations and lawsuits have kept Petrobras from attracting partners to drill in Brazil's offshore oil patches, and seeing as how Petrobras lacks the technology to go it alone, domestic demand for fuel has outstripped Petrobras production. But, the government will not allow Petrobras to increase the price it charges for oil in Brazil, guaranteeing the company hemorrhages money in Brazil. As a result, Petrobras's stock price is down over 80% since 2007. As goes the oft-quoted line in *"Brazil"*, *"Have you completed form 27B-6?"*

Then there are the protests that engulfed the country beginning last June. Millions of people thronged the streets of every Brazilian city to protest corruption and spending on the upcoming World Cup. In response, the federal police resorted to methods that harkened back to the dark days of the 1980s. As Karina Junqueira de Almeida noted in a Foreign Policy Association blog post after the first wave of protests: "Brazil's national public security system is the raw remains of a military dictatorship where maintenance of order took precedence over public safety and the strategy consisted in protecting itself from its own people".<sup>1</sup>

Yet, the police's ferocity should not be mistaken for competence. Protests ebbed as the pope arrived for a weeklong visit, but the police still could not protect his car from being surrounded on all sides by well wishers. So, the tiny Fiat with the His Holiness inside inched its way through Rio de Janeiro along a predetermined route. "Pope-immobile" read one headline.<sup>2</sup>

Since July, the protests have simmered down, as have incidents of police brutality. But the angst remains. Six construction workers have been killed in a string of accidents as contractors feverishly try to complete the venues in time for the World Cup this June. And protests have pepped up since January, keeping alive concerns that once the football contest starts the country will again be gripped by a contest between marchers and police.

Meanwhile, Brazil's economy groans under the weight of inflation and slow economic growth. Recent projections suggest that Brazil's economy lapsed into a technical recession in the second half of 2013, but even it narrowly averted the dubious classification obviously all is not well.<sup>3</sup> Economists expect GDP to increase a measly 1.5% in 2014. Curiously though, Brazilian consumerism appears to have entered an outlandish new phase, for which the Christmas parade scene in *"Brazil"*, with signs of *"Consumers for Christ"*, hardly does justice. Big-box retailer Havan is opening a store every two weeks in the south of the country, each with a *façade* reminiscent of the White

1 Karina Junqueira de Almeida, "Brazil's Vulnerable Public Security Strategy" (*Foreign Policy Blogs*, 5 August 2013).

2 Nick Squires, "Pope Francis Returns to Rome After Triumphant Visit to Brazil" (*The Telegraph*, 29 July 2013).

3 Paulo Trevisani and Loretta Chao, "Brazil's Economy Seen in a Major Downturn" (*The Wall Street Journal*, 14 February 2014).



House and a Statue of Liberty, some ten-stories high, in the parking lot.<sup>4</sup> And why not employ foreign icons? After all, few Brazilians of late seem to have faith in the edict expressed on their own flag: "Order and Progress".

Into this setting came revelations last June by former US government contractor Edward Snowden that the National Security Agency eavesdropped on the emails and phone calls of Brazilian President Dilma Rousseff, members of her staff, and Petrobras. Rousseff brooded over the impingement for a fortnight before announcing that she was "rescheduling" her planned state visit to Washington in August. So, the dystopian simile between the country and the film breaks down because instead of the government spying on its own people, the government was itself being spied on by another, more powerful, government. George Orwell, whose novel "1984" was the basis for Gilliam's masterwork, certainly would howl at the fact that "big brother" has even bigger siblings.

Orwell might not be surprised though. For its part the international media has been prevented from breaking news of Snowden's leaks, with the notable exceptions of *The Guardian* and *The New York Times*. This has left the distinctly second-class duty of monitoring reactions from the capitals of aggrieved nations. Yet, Rousseff's cancellation marked the first direct case of international fallout. Now that news of the outrage in Brazil has itself received so much reportage, the outrage – or at least the pretense of outrage – is more likely to continue.

Still more revealing is how Rousseff played up the Snowden leaks to bolster her own political fortunes. "You've never heard of a Latin American leader losing political points by snubbing the Yankees", noted an op-ed in São Paulo's most influential newspaper.<sup>5</sup> True enough, anti-Americanism animates electorates in Latin America more than in any other region, save perhaps the Middle East. But the deeper point is this: Rousseff presides over the twenty-first century's most severe geopolitical and economic decline.

Five years ago, Brazil's Lula da Silva enjoyed the moniker "world's most popular president." Even the generally aloof President Obama was smitten. Brazil celebrated its status as "the world's fifth power", a phrase previously invoked by the French. Since then, nearly every high-profile diplomatic initiative undertaken by Brazil has been abandoned, negated, or hedged against. In 2009 Brazil elevated Iran to the diplomatic status of "geographic partner", only to turn its back on the country, and the critical issue of Iranian nuclear production, to focus instead on Palestinian statehood.

In 2010, Brazilian Foreign Minister Guido Mantega declared his country victim of a "global currency war". At

first, the United States was the main culprit. Then, in 2011 Brazilian officials tried to enlist the US Treasury Secretary in pointing the finger at China. The EU and post-Fukushima Japan have also been blamed at various times since. As a result of these recalibrations, and the willingness of Brazilian officials to blame a souring economy on policymakers in every capital but their own, Brazil has alienated potential allies while simultaneously failing to address the underlying problem of economic malaise. None of President Rousseff's policies have been particularly catastrophic. Rather, her policy instincts seem tentative when compared to the bold moves of her predecessor. Problem is, her policies don't add up to a plan. The Brazilian government hasn't had a plan in at least a decade. Brazil never had a plan for securing the economic gains bequeathed by China's torrid growth over the previous decade, just as it never had a plan for securing its status as a global power.

To all the signs of mounting trouble over the past eight months, the government of Dilma Rousseff has responded with one remedy above all others: lay an undersea communications cable. The US\$ 185 million cable may be the most expensive result of the Snowden revelations, but despite Rousseff's claims that it will "guarantee the neutrality" of the internet, the cable – slated to run from Fortaleza to Lisbon – will probably have only marginal effects on the freedom of Brazilian communication.

In fact, the cable will replace an older telephone line, so the upgrade stands some chance of improving communication ties. But as a remedy to cyber espionage, it makes less sense. Installing a new cable assumes that NSA and other US intelligence agencies will not abide by the promise of several Obama administration officials that it will refrain from spying Brazil and other foreign countries. This may or may not be true. Beyond this though the logic becomes shoddy. The rationale for the new cable assumes that the NSA cannot monitor the internet in Europe and, moreover, it assumes that European intelligence agencies lack the wherewithal to also monitor Brazilian internet traffic now and will not develop such a capacity in the future. Still, on February 24, Brazil and the European Union agreed to the details of the cable. "The cable agreement marks rare progress for Rousseff in her ties with the European Union", noted *Reuters*, "because negotiations to agree a long-promised free-trade deal have been delayed yet again".<sup>6</sup>

"We lost the narrative", laments Paulo Sotero, director of the Brazil Institute at the Woodrow Wilson Center for International Scholars. In an interview with the *Financial Times* Sotero said, "The combination of a negative or worrisome economic outlook and the delays in the construction and renovation of stadiums and public transportation systems for the World Cup has prevented Brazil

4 Simon Romero, "Reshaping Brazil's Retail Scene, Inspired by Vegas and Vanderbilt" (*The New York Times*, 14 September 2013).

5 Fábio Zanini, "Cancelar viagem aos EUA só traz benefícios a Dilma" (*Folha de S. Paulo*, 17 September 2013).

6 Robin Emmott, "Brazil, Europe Plan Undersea Cable to Skirt U.S. Spying" (*Reuters*, 24 February 2014).



from using a storyline that this is a positive event”.<sup>7</sup> “Brazil’s” climax involves Robert De Niro’s character swooping in to save Jonathan Pryce from execution, only to meet his own end in a swirling, suffocating torrent of newspaper. It is a fleeting respite. The final scene shows Pryce, dazed and still firmly enthroned in the torture chamber, with the executioner leaning over him whispering, “He’s gone”. Similarly, after canceling her trip to the United States Rousseff may enjoy a rise in popularity as she gears up for a re-election campaign this October. But the metaphorical death of De Niro’s character offers is analogous to the behavior of the Rousseff government, whose outrage only papers over Brazil’s problems.

<sup>7</sup> Joe Leahy, “Brazil: Loss of Faith” (*Financial Times*, 24 February 2014).

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