

1 October 2020

## Brazil: The Future Postponed



**Peter Collecott CMG**, co-Chairman of the Ambassador Partnership, was the British Ambassador to Brazil from 2004 to 2008. Since then he has advised multinationals, governments and NGOs on business, political and sustainable development issues.

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Brazilians have an endearing brand of self-deprecating humour. They continually say that Brazil is the country of the future – and always will be; and describe the trajectory of their economy as the flight of a chicken – at one moment it is like an eagle taking off, and beginning to soar to the heights; at the next it is plummeting to earth again, and you realise that it was only a chicken after all. This humour is meant to camouflage the embarrassment that Brazilians feel when their country, of which they are very proud, fails to live up to their and others' expectations. They are in need of such balm now, and many Brazilians are feeling it not enough to lift their despondency.

The timing of Brazil's retreat from military dictatorship in 1985, the rapid building of democratic institutions, and the subsequent liberalisation of the economy, was good. They came just as Gorbachev was coming to power in the USSR, heralding the end of the Cold War, and the beginning of the second wave of globalisation. Brazil was a massive beneficiary. Brazil produced, and continues to produce, the food and minerals that an expanding and increasingly wealthy world needed.

Brazil's perceived success, as an economy and a society, came to a head under President Lula da Silva. His election in 2002 was celebrated as breaking the mould of Brazilian politics. He was the first President not from the highly privileged economic and social elite, at the head of a party, the PT (Workers' Party), who projected themselves as different in makeup, *modus operandi* and policies from the many other parties. After a couple of years, the economy took off, riding the wave of globalisation with an export-led boom. The discovery of very substantial reserves of offshore oil and gas seemed like a confirmatory bonus. Lula declared that Brazil's Golden Age had finally arrived. Brazil was finally seen as a serious country not just because of its size and population, but also for its economic success, including rapid reductions in poverty and inequality. Brazil was one of the BRICs, changing the world economy and its political balance; and aspired to become a Permanent Member of the UN Security Council.

Unfortunately, the eagle turned itself into another chicken rather quickly. Brazil survived the Global Financial Crisis rather well to begin with. The economy hardly faltered, as pent up domestic demand took up the slack as exports weakened. However, this could not last as domestic debt grew and the Government of Lula's successor, President Dilma Rousseff, made a series of policy

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mistakes. By 2013 the country was in a deep depression, and also facing widespread social unrest as the large aspiring lower-middle class revolted against bad public services despite high levels of taxation. Added to the mix soon after was a massive corruption scandal focused domestically on the ubiquitous state oil company, Petrobras, and its major contractors conspiring to fix contracts and syphon money to political parties; and across South America on Brazil's largest construction firm, Odebrecht, and its industrial-scale bribery of many Governments.

Politically at least, Brazil's Golden Age had had dodgy foundations. Lula may have been the first non-elite President, but he did not break the mould of politics. Venality and nepotism still flourished. The PT was not unlike all other parties, as was claimed, but deeply corrupt, and is now riven with factionalism. Lula himself was convicted of corruption, and his chosen successor, Rousseff, impeached, although for rather minor electoral offences, not major corruption.

It was against this background, that in 2018 the Brazilians chose as their President Jair Bolsonaro, a long-term Congressman known only for his misogynist and racist outbursts, and for his support of the previous military dictatorship. In many ways Bolsonaro has lived up to his billing as a "Southern Trump". He is populist and deliberately provocative and presides over a chaotic and largely unqualified Government. The exception is economic management, which he has left largely to his Finance Minister, although the two are now at odds over handouts to alleviate economic hardship during the coronavirus pandemic. Like Trump, Bolsonaro denies the seriousness of the disease, flouts measures to contain it, and seeks to escape responsibility for the handling of the pandemic. Again like Trump, Bolsonaro is a climate change sceptic, has a tough law and order approach, and has sought to undermine judicial processes, in particular anti-corruption investigations involving his family or associates. It is judged that Bolsonaro does not have the political strength fatally to undermine the institutions as he may wish to. On the other hand, the political opposition does not have the strength to impeach him, as they would wish. There is a standoff, and Bolsonaro is reckoned to be well-placed to win re-election in 2022, in the absence of a resurgence of the PT, and no prominent centrist leaders.

Choosing Bolsonaro was never going to rescue Brazil from its present predicament. While there is continuing discussion of further economic reform, the Government has a serious fiscal crisis, which the President is exacerbating, and long-term problems over efficiency in both the public and private sectors. There is latent social discontent, currently not spilling onto the streets, coupled with despair over the dysfunctional political system. At present there is no clear path out of this continuing economic, social, and political crisis.

Brazil seems destined to remain "the country of the future" for some years yet. The economic problems are not just conjunctural but structural. The necessary reforms to not only the fiscal system, but also, *inter alia*, to the educational, health and judicial systems and the structure of labour relations, are long overdue, but will not be realised without a deep reform of the political system and the manner of doing politics; and none of this will happen without some fundamental realignment of social attitudes, finally leaving behind elitist structures.

All this matters most directly to the Brazilian people. However, it also matters more widely. Brazil has stopped being an active and moderate actor internationally, a strong supporter of multilateralism, and a powerful voice on climate change, biodiversity and social equality issues. It will be in all our interests if Brazil can overcome its multiple crises and be the successful country it yearns to be.

*An extended version of this article is being published by the Global Strategy Forum.*

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**Tracey Stewart**, Partnership Secretary

+44 (0) 7950 944 010

[tracey.stewart@ambassadorllp.com](mailto:tracey.stewart@ambassadorllp.com)

[www.ambassadorllp.com](http://www.ambassadorllp.com)