The Myth of Multipolarity and Overexpansion of Rising Powers: The Case of Brazil

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Since 2013 Brazil has been in continuous economic and political crisis. The second worse recession in history combined with a huge corruption scandal produced a chain of dramatic events that led to the impeachment of ex-President Dilma Rousseff in 2016 and, more recently, the incarceration of ex-President Lula da Silva, and the election of the right-wing populist Jair Bolsonaro.

These intertwined fiscal crisis and corruption scandals that gobbled up the Brazilian political elite are often analyzed from a domestic perspective, despite their evident international dimension. Current criminal investigations involve at least 16 Brazilian companies and their activities in 49 countries.[1] A notorious part of the current deficit was driven by foreign investment, which was in turn fueled by cheap credit from the National Bank for Economic and Social Development (BNDES). The bank granted 14 billion US dollars to businessmen investing in some 140 projects in Africa and Latin America.[2] State-owned oil company Petrobras expanded to 27 countries[3] Brazilian diplomacy swelled accordingly. The Brazilian Cooperation Agency (ABC) increased its participation in development projects abroad by 1,000 per cent,[4] and 48 new embassies – one third of the current total – were inaugurated.[5] One can arguably contend that Brazil’s corruption and fiscal nightmares are partly owing to this international overstretch (Zanini 2017).

Acknowledging the role of overexpansion, the ineluctable fiscal adjustments have harmed Brazil’s global projection considerably. Credit for international investments has plunged in the last three years, as has development cooperation and the budget of the Ministry of External Relations (MRE). Embassies all over the world have had to adjust to subsistence levels.[6] Diplomats have had to go on strike to have their rent paid,[7] and the country’s debt with international organizations and tribunals has left it on the brink of suspension/withdrawal from bodies as the International Criminal Court, the United Nations, and related organizations like the International Labor Organization, the Food and Agriculture Organization, the International Atomic Energy Agency, and the World Health Organization.[8] This led to a general awakening in academic circles (Cervo and Lessa 2014; Burges 2015; Spektor 2016; Kalout and Degaut 2017; Malamud 2017), and undergirded the wary foreign policies of presidents Temer and Bolsonaro.

Underlying the unsustainable growth of Brazilian international ambition was the widely held belief that Brazil was becoming one pole in an emerging multipolar order. In retrospect, this was clearly an illusion. Traditional indicators of material capabilities show that China is the only state amongst the BRICS that made it into the great leagues (Allison 2017; Layne 2018).[9]

The Causes of Overexpansion

How did Brazilian elites succeed in mischaracterizing their international environment so badly? What was to be gained from this? And how did they manage to put forth a foreign policy strategy that would prove so harmful to their society in the long term?
Myths that justify international expansion usually originate in groups with parochial interest overseas that logroll their various agendas and justify self-serving policies in terms of the national interest (Snyder 1991). Once they succeed in hijacking the state, the process renders strategic rationalizations or myths that, become institutionally, and intellectually entrenched, entering a self-reinforcing cycle that becomes inexorable until the event of a big crisis.

Myths of this kind often show three features. First, they highlight the cumulative gains of expansion – i.e. that the country could grow faster if it got access to certain resources. Second, they invoke a paper tiger to argue that the best defense against that external danger is a good offense, which requires expanding. Third, they assume that expansion will lead others to bandwagon, attracting political alliances, investments, trade, and the like (Snyder 1991, 2-6, 21-26). Yet, these precepts rarely work. At one point the costs of deploying one additional embassy, battalion, or commercial outpost simply outstrip the benefits (Snyder 1991, 6-8), and past that point, overexpansion can only be maintained by “imposing on the common citizen the elevated costs of overlooking the constraints derived from power distribution” (see Schenoni and Escudé 2016: 4).

Societies should naturally prevent further expansion once these limits are reached. Yet, ordinary citizens simply do not have the information. Moreover, interest groups have organizational advantages, which allow them to coalesce and effectively push their agenda forward (Olson 1965).

Mythmaking and overexpansion can then be summarized as a three-stepped sequence. First, interest groups overcome the collective action problem by trading favors, forming a cohesive coalition. Second, their organizational advantages help these compact groups with concentrated interests hijack the state and transfer to society the costs of international expansion; e.g., opening embassies, public credit for investments abroad, sending troops to far-off places etc. Third and last, members of the coalition harness the propaganda resources of the state and concentrated media groups to create a myth that justifies this expansion. The myth makes their parochial goals less traceable by the public, by auditors, and even by members of these organizations who might oppose logrolling – often a euphemism for corruption (Snyder 1991, 32).

At a certain point these myths generate a life of their own. New generations and newly incorporated actors are socialized into them, and even the original elites become politically entrapped in the expansionist rhetoric (Snyder 1991, 42; see also Schimmelfennig 2001). Since the expansionist project has to fit the individual projects of the coalition members – e.g. embassies for the diplomats, infrastructural projects for the construction sector, etc. – overexpansion becomes multiple-expansion (Snyder 1991, 44), and expansion in multiple fronts soon becomes untraceable.[10]

Financial crashes, corruption scandals, fiscal deficits, all lead to different types of crises that can open up the eyes of society to the logical fallacies underlying these myths. Yet, these beliefs can be so attractive and entrenched, that it always takes enormous suffering to disarticulate them.

**The Multipolar Myth: Brazil as a Great Power**

The idea of a Brazilian ‘manifest destiny’ in international affairs has been an integral part of Brazil’s diplomatic narrative since, at least, Barão do Rio Branco’s long tenure as foreign minister (Bueno 2012) and has also become a major driver of the geopolitical thought of the Brazilian military (Travassos 1931; Couto e Silva 1967). The confluence of ideas stemming from Itamaraty and the Armed Forces has led Brazilian governments to picture the country as a ‘future major power’ as of the 1970s (Bailey and Schneider 1974; Selcher 1981). Some time later, fueled by the multipolarity myth that ensued in the 2000s, Brazil began promoting itself as a potential great power (Amorim 2015)[11]

The multipolarity myth flourished at the crossroads between Itamaraty’s nationalists, which were shrewdly mobilized by Samuel Pinheiro Guimarães and Celso Amorim, and PT’s traditional foreign policy guidelines, whose main spokesperson was Lula da Silva’s foreign affairs advisor, Marco Aurélio Garcia (Almeida 2004). Yet a cursory look at official documents reveals that the narrative proliferated at great speed in all bureaucracies. The Presidency played a particularly central role in this process by using the term repeatedly.[12] The use of the term on the floor of Congress
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exploded as well[13], as it did in diplomatic circles.[14]

Many sources record the expansion of the myth at the elite level. The Brazilian Center for International Relations (CEBRI) conducted surveys in 2001 and 2008 of members of the “Brazilian foreign policy community” (Souza 2008: 3), including diplomats, scholars, and opinion leaders. When asked if certain countries were going to increase their international influence in the next ten years, respondents’ confidence in the BRICS increased 12 per cent between 2001 and 2008, while confidence in established powers dropped by 28 per cent. The final report evaluates that “most of the interviewees believe […] the new international order will tend to multipolarity …” (Souza 2008, 33).

Finally, several public opinion polls confirm the myth managed to trickle down from the elites to the masses. In 2010 the project “Brazil, the Americas and the World” presented a list of eight countries to its respondents and asked if they believed those countries would increase their international influence in the following ten years. The responses closely matched the figures obtained by CEBRI (Almeida et al 2010, 32). All other available polls suggest similar trends. According to Latinobarometro, trust in Brazil[15] rose from 14.7% in 2000 to 32.2% in 2005. PEW agrees that the percentage of Brazilian citizens who had a somewhat favorable view of Brazil grew from 19% to 31% from 2007 to 2010. When asked if the growth of China’s economy was good or bad for the country, positive views rose from 47% in 2007 to 53% in 2008, and 62% in 2010. The idea that China is a partner for Brazil instead of a competitor also went from 34% in 2008, to 45%, and 50% in 2010, and 2013, respectively[16] All these responses fit the myth of an ascending coalition of rising BRICS.

Coalitional Politics: Logrolling, Collusion, and the Formation of the Myth

Amongst the greatest beneficiaries of this multipolarity myth in the private sector are the contractor companies in the construction sector. Their expansion has been well documented. Between 2001 and 2010 the amount of credit given by the BNDES to these enterprises rose from 194 million USD to 1.3 billion – some fifteen times the growth rate of the country’s economy during the same period,[17] Lula da Silva’s Presidential diplomacy – the Aero-Lula policy, as his detractors call it, in a reference to the new presidential airplane bought during his office years – was actively used to get these companies infrastructure projects abroad, and so were funds devoted to infrastructural development abroad, under the guise of “South-South cooperation” (Zanini 2017).

Yet, this expansion benefited many others too. The internationalization of Brazilian capital was considered to be low in relation to Asian economies in the early 21st century (Iglesias and Motta Veiga 2002; Tavares 2006), but it soon skyrocketed. Investments abroad, which amounted to 1 billion USD a year up until 2003, averaged 14 billion a year from 2004 to 2007 and reached an impressive 56 billion in 2007 alone (Saggiorno 2012: 62). Soon levels of capital internationalization were close to those of China and India. By 2011, thirteen Brazilian firms Camargo Corrêa, Coteminas, Embraer, Gerdau, JBS-Frboi, Marcopolo, Natura, Odebrecht, Brazil Foods, Petrobras, Magnesita, Votorantim and WEG) appeared among the world’s top-100 emerging multinational corporations. Some like Vale and Petrobras were considered already consolidated. The list included JBS, the largest cattle feeder in the world and Brazil’s most internationalized firm, and Itaú Unibanco, a Brazilian banking giant with the most assets overseas, totaling 100 billion USD.

The incredible expansion of these companies off shore was rationalized as essential for socio-economic development at home (Ricupero and Barreto 2007). While reports published by think tanks as Fundação Dom Cabral and the Brazilian Society for the Analysis of Transnational Enterprises (SOBEET) pictured Brazil’s internationalization efforts as generally positive, Brazilian business tycoons as Eike Batista and Marcelo Odebrecht began Advocating publicly – and enthusiastically – for Brazil’s national champion strategy[18].

Collusion between the biggest Brazilian multinational enterprises – in sectors like food manufacturing, construction, mining, oil, and transportation – has been largely unveiled by investigations in the context of ‘Operation Car Wash.’[19] The bureaucracies coalesced as well. They “exploited their reputation for expert knowledge to justify self-serving policies in terms of diffuse national interests” (Snyder 1991, 35). Itamaraty provides the clearest example. Aided by its long-standing reputation as one of the most proficient bureaucracies of the Brazilian state, and its quasi-monopoly over foreign policy making (Puntigliano 2008, Lopes 2013), the MRE is arguably the agency that most
benefited from and contributed to Brazilian overexpansion. The diplomatic corps benefited vastly from more positions abroad, more personnel at home, higher budgets, more activities, and an increased economic and social status. Moreover, as the relative role of diplomacy grew, the greater became the leverage the MRE had to lock-in these benefits. An expansive and indispensable diplomacy granted Itamaraty a role in Brazilian domestic politics that it has always claimed.

Following a trend among emerging economies since the early 2000s, some of Brazil’s public companies, like the state-owned oil Petrobras and state bank Banco do Brasil also expanded considerably overseas (Freitas 2011; Cahen 2015). Although structural factors surely explain the boom of Brazilian state giants, such as the fast economic growth witnessed during Lula’s two terms in office, as well as specific internationalization policies undertaken by Brazil, one might notice that the strategy has largely benefitted from corruption at home and abroad. Four of the ex-directors of Petrobras have been apprehended so far, and many bureaucrats in the public sector, particularly those that facilitated credits for these adventures through the BNDES and the Central Bank, are also being prosecuted.

As we have seen, corporations were at the core of this coalition, and their interest in overexpansion resided mostly in the opportunities that an expansive foreign policy meant for them in terms of cheap credit and the support of the state in their foreign ventures. During the years under analysis the BNDES granted roughly 75 per cent of its credits to great enterprises, and by 2010, around 60 per cent of these credits ended up being invested abroad. Credits to the construction and energy sectors expanded nominally by 1,000 and 2,000 per cent, respectively. Moreover, the increase did not correspond to the growth of the Brazilian economy. Controlling for GDP growth, state support for foreign investment quadrupled during the period.

Diplomats benefited substantively from foreign expansion as well, through the increase in missions abroad, participation in international organizations and forums, increase in consular activities, etc. Not only did the positions abroad jumped from 150 in 2002 to 217 in 2010, but also the amount of diplomats rose considerably from 997 to 1405 in the same period.[20] The budget of some diplomatic agencies, like the Brazilian Cooperation Agency (ABC), expanded tenfold during the period.

International expansion could have been limited to the strict goals of the members of the governing coalition described in the previous section, with Brazilian businessmen benefiting from cheap credit, governing leaders from their contribution to their parties, and diplomats from a higher budget. Yet this stylized account would fail to account for the multiple-expansion that theory expects once the myth is released.

Overexpansion: Estimating the Effect of the Multipolarity Myth

Was all these overexpansion? Or just reasonable expansion? When this argument first saw the light in an op-ed,[21] Brazilian Ambassador Sergio França Danese, a former secretary-general of Itamaraty, opposed it in a public rebuttal, claiming that: “… Brazil represents the eighth GDP in the world, not to mention other facts, such as being the fifth country in population and territory, and the main biodiversity reserve in the planet […] In each of these issues Brazil possesses assets – natural, economic, human, and diplomatic – that grant it a place at the table of global negotiations…”[22] In other words, according to Danese, it is not sufficient to show that Brazil has expanded. To build a case for overexpansion one still needs to explore what would have happened to a country just like Brazil in the absence of the multipolarity myth. The key question is as follows: Was this overexpansion fostered by a myth of multipolarity, or was it just the natural foreign policy enlargement any a country like Brazil would have undergone?

To answer this question I build a plausible counterfactual Brazil (see Goertz 2017: 75-78) that illustrates what would have happened in the absence of the myth to two variables of interest: a) number of embassies, and b) disbursement of foreign aid for development projects abroad. The statistical procedure used is called Synthetic Control Methods (SCM), and consists of using a panel of other countries to build a synthetic or counterfactual Brazil, with weights chose so that the resulting synthetic Brazil best reproduces the values of the predictors of our dependent variables of interest – i.e. embassies, foreign aid, troops – in the pre-treatment period (Abadie et al 2015: 501).

Following Ambassador Danese’s suggestion above, I use the following as possible predictors: total GDP, annual
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GDP growth, total population, total landmass, and biocapacity.[23] I use a pool of 17 countries comparable to Brazil in all these characteristics,[24] and take January 1st 2003, the inauguration of President Lula da Silva, as the moment when the governing coalition started to logroll their interests and foster the myth of multipolarity. After this year, values for Brazil fluctuate independently from those of the synthetic Brazil.

The results of this procedure show that, as expected, the arrival of the expansionist coalition to power in 2003 radically changed the course of Brazilian foreign policy. Until then, the synthetic control closely mirrored the treated case. Yet, after the 2003 shock and the diffusion of the multipolarity myth, Brazil ended up with 129 embassies in 2015, while the counterfactual provided by the synthetic Brazil predicted 85. The analysis shows an overexpansion of 44 embassies above what “a country like Brazil” should have had.

I apply the same procedure to look at development projects Brazil financed overseas using AidData to count the number of projects per year that Brazil (and countries in the donor pool) financed from 1990 to 2013. The results are once more revealing of the overexpansion of the South American giant. The counterfactual Brazil would have implemented 8 projects in the post-treatment period; the real Brazil implemented 227. The analysis shows again an overexpansion of 219 projects worth some two billion dollars.

Conclusions

In this paper we provided a framework to analyze the foreign policy overexpansion of so-called emerging powers during the early 21st century. After reviewing a literature that analyzes the phenomenon of overexpansion in world politics, I analyzed the Brazilian case in four steps. First, I described the evolution of the “multipolarity myth” in elite discourse and public opinion polls. Second, I traced how specific interest groups logrolled to foster the myth. Third, I documented the rise of several indicators of expansion. Fourth, I inferred the extent of overexpansion by comparing Brazil with a plausible counterfactual.

Results suggest that Brazil over-expanded considerably in the first decades of the 21st century in a process that was fuelled by domestic interest groups as well as a myth of multipolarity. Although my focus is on Brazil, this framework might shed light on other unsuccessful emerging powers who experienced similar overexpansion crises.

Notes

[1] Peru’s case is emblematic. Its current president faced an impeachment trial in December 2017 for having received bribes from the Brazilian firm Odebrecht, and his two predecessors are already convicted under similar charges.


[4] ABC Website: http://www.abc.gov.br/Gestao/EvolucaoFinanceira


[9] India might be the next major power to join this list, as a report by PriceWaterhouseCoopers on the world’s largest economies by 2030 suggests. In accordance with these projections, China and the United States will lead the table,
being closely followed by the South Asian giant. See Lianna Brinded (2017) These will be the 32 most powerful economies in 2030.

[10] Actors within the expansionist coalition also face incentives to jockey for advantage, pushing more restrained members to bear the costs. This often requires new allies (Snyder 1991, 48).


[13] Congressional speeches confirm that the multipolar myth was promoted by members of the governing coalition and rejected – sometimes strongly, as a blatant lie intending to disguise corruption – by members of the opposition.

[14] This section relies on material from three main primary sources in which the term ‘multipolarity’ was explicitly mentioned – the speeches of Brazilian legislators before Congress, the addresses of Brazilian diplomats to the UNGA, and presidential speeches on foreign policy. One hundred and sixty-three speeches were evaluated for the tone and evolution of the multipolar discourse in Congress, Itamaraty, and the Planalto (the President’s Office), from 2000 to 2015.

[15] Percentage of people that answered Brazil when asked the question “Of all Latin American countries which one do you trust the most?” Accessed on January 5, 2017: http://www.latinobarometro.org


[19] A massive criminal investigation led by Brazil’s former federal judge, current Justice Minister Sergio Moro, and carried out by the Brazilian Federal Police. It was inspired by Italy’s Operation Mani Pulite (Clean Hands) and its conduction was largely based on plea bargain agreements, which ended up putting dozens of prominent businesspeople, notably from the civil construction sectors, and powerful politicians behind bars, including Brazil’s former president Lula da Silva.


[23] We use World Bank indicators for the first four indicators and data from the Global Footprint Network for biocapacity.

[24] These are: Canada, United States, Mexico, Colombia, Argentina, Portugal, Germany, Italy, Russia, Democratic Republic of Congo, South Africa, Turkey, Egypt, Japan, India, Pakistan, Indonesia. Unavailable data on our dependent variables prevented the use of a larger panel, yet these countries match Brazil closely in our predictors of interest and a selection on this basis is entirely consistent with SCM.

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