Interim Research Note on Brazil's foreign policy: presenting the concept of 'graduation dilemma'

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1) Introduction

The word 'graduation' has been used in social science research in different ways. In development literature, graduation refers to change in a country's economic status and therefore in its possibilities of benefiting from advantageous development packages in trade, aid and funding mechanisms. In this case, graduation is a step forward, a result defined by international organizations or foreign agencies of the developed world, after which a country's national government can no longer have access to benefits such as trade facilitation schemes, financial assistance or reduced interest rates. Clearly, an exogenous 'other' is the agent responsible for defining if and when a country has undergone graduation. Once graduation has taken place, the developing country loses rights and benefits. This is why developing countries are often fearful of, and seek to avoid the graduation label.

Moreover, the idea of reciprocity is increasingly seen in conjunction with the concept of graduation in tariff negotiations and trade concessions.[1] The Uruguay Round of trade negotiations cautioned that the special treatment accorded to developing countries was under threat by the pressure to 'graduate' the richer ones, thus reducing their scope to enjoy non-reciprocal trade

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[1] Brian Bridges, 'East Asia in transition: South Korea in the limelight', *International Affairs* 64:3, 1988, pp. 381-92. Bernard D'Mello, 'Development round, neo-liberal development', *Economic and Political Weekly* 40:49, 2005, pp. 5146-49. Barry K. Gills, 'Economic liberalisation and reform in South Korea in the 1990s: a 'coming of age' or a case of 'graduation blues'?', *Third World Quarterly* 17:4, 1996, pp. 667-88.

benefits.[2] Competitive countries may be deemed to have undergone graduation: the United States General System of Preferences mandates the graduation of those countries that have reached a certain level of development, based on the premise that they no longer need preferential treatment to compete in developed markets. The United States measures a country's level of development primarily by reference to World Bank indicators, although it may also consider certain discretionary factors.[3]

In macroeconomics and global finance, graduation is arguably one of the most important issues, but there has been remarkably little theoretical or empirical investigation of the subject. This is mainly due to the fact that graduation has been conceived as a result, and not as a process. The large body of literature on sovereign lending and default, for example, while producing many important insights into the fundamental distinction between willingness and ability to pay, basically treats a country's developmental and political characteristics as parametric. There is very little that explains the political, social, economic, and financial dynamics that ultimately lead a country to be less prone to certain types of crises.[4] In all these domains, it looks like the very concepts of North/Core and South/Periphery can be dismissed - as if by statistical permutations one could dispel the world's disparities, asymmetries, and hierarchies. A concept like 'graduation' has been used in order to blur the fundamental divide of wealth and poverty, but also the cleavage between norm/rule-makers and norm/rule-takers.[5]

In education and psychology literature, graduation refers to a person's ability to complete a series of steps, both quantitatively and qualitatively, in their life-long education: graduate studies, graduate students, students who have graduated from high school, etc. So in this field graduation implies the efforts of those who have gone through the process, but also the acknowledgement by teachers,

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[2] William Brown, 'Restructuring North-South relations: ACP-EU development co-operation in a liberal international order', *Review of African Political Economy* 27:85, 2000, pp. 367-83.

[3] Maria Regina Soares de Lima, *The political economy of Brazilian foreign policy: nuclear energy, trade and Itaipu* (Brasília: FUNAG, 2013). Amy M. Mason, 'The degeneralization of the Generalized System of Preferences (GSP): questioning the legitimacy of the US GSP', *Duke Law Journal* 54:2, 2004, pp. 513-47.

[4] Rong Qian, Carmen Reinhart and Kenneth Rogoff, 'On graduation from default, inflation, and banking crises: elusive or illusion?', *NBER Macroeconomics Annual* 25:1, 2011, pp. 1-36.

[5] Shridath S. Ramphal, 'South-South: parameters and pre-conditions', *Third World Quarterly* 4:3, 1982, pp. 460-66.

professors, and educational institutions, from the local to the international level. It is also possible to find reference to graduation as a status and a psychological state of mind: from adolescence to adulthood, the achievement of maturity (physically, but also psychologically and socially) can be thought of as a graduation process.[6] This is of great relevance to our discussion about the graduation dilemma in international relations, as we shall see.

In all these different framings of graduation there is a sense of purpose and direction to human progress, and an idea of expansion, improvement and development which is associated with an individual agent, be it a human being, a local community, a region or a nation-state. But, whether speaking of individuals or countries, over-simplification should be avoided and, in the case of states, it is important to remember that the adoption of a development model and the making of foreign policy depend on systemic permissiveness and domestic politics. When using the concept of graduation, social scientists may adopt a misleading linear conception of history as though once a country has graduated it would not lose its economic capacity and power projection resources again.

In this article, while acknowledging the existence of other meanings of graduation in international relations and the social sciences, we argue that states dealing with the graduation dilemma confront different and even contradictory expectations from international and domestic audiences. State elites and leaderships may therefore send various signals to domestic and international audiences, and the process of sending and interpreting these signals is a complex two-level game, prone to apparently contradictory behaviour. The model that we propose in this paper focuses on states that are non-nuclear powers (e.g. Brazil, Mexico, Nigeria, Saudi Arabia, South Africa, South Korea and Turkey, although we will address the Brazilian case only). In their respective foreign policy trajectories, these states have faced a graduation

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[6] Judy T. Konanc and Nancy J. Warren, 'Graduation: transitional crisis for mildly developmentally disabled adolescents and their families', *Family Relations* 33:1, 1984, pp. 135-42. The JBHE Foundation, 'Separate Black graduation ceremonies at the nation's highest-ranked universities', *The Journal of Blacks in Higher Education* 52, 2006, p. 36. C. Chet Miller, William H. Glick and Laura B. Cardinal, 'The allocation of prestigious positions in organizational science: accumulative advantage, sponsored mobility, and contest mobility', *Journal of Organizational Behavior* 26:5, 2005, pp. 489-516.

dilemma whenever their key decision-makers had the opportunity to build scenarios of international integration: scenarios chosen between a more autonomist type of development or a more dependent model; in security terms, between bandwagon and balance; when building a multilateral policy, between traditional alliances and innovative, flexible coalitions; in geopolitical terms and in the field of development cooperation, either an emphasis on North-South or on South-South relations. Naturally, these ideal binaries offer several other options which decision-makers may envision and implement, given the political grey zone situated between the extremes of such dichotomies.

No less meaningful is the fact that the graduation dilemma is equally based on some nonmaterial elements of decision-making, whether symbolic or interpretative. How decision-makers choose and build different international scenarios (e.g. one under Western hegemony, or a more multipolar one), and how they highlight a country's national assets in order to open negotiations with other powers, is dependent upon their own cognitive skills and ideological background. So the dilemma also refers to these perceptions, interpretations, and the political choices made by the members of a country's elite. Based on this conceptual framework, this article analyses how Brazil's foreign policy under the Workers' Party (i.e. during the Lula da Silva and the Dilma Rousseff governments) re-enacts some long-standing dualities in the country's international agenda: monetarism vs structuralism, Americanism vs globalism, cosmopolitanism vs autonomy.[7] Based on the assumption that Brazil's foreign policy changes according to governments (i.e. that foreign policy is also a public policy), we examine the hypothesis that there is no consensus within the Brazilian elite about the country's international integration model. The article explores three main points: 1) the inadequacy of the systemic change and power transition literature; 2) the concept of graduation; and 3) Brazil's graduation dilemma.

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[7] Each of these dichotomies mirrors some fundamental divergences in the general orientation of Brazilian foreign policy since the nineteenth century: on the one side, the liberals and those inclined towards a close relationship with the US (monetarists and cosmopolitans); on the other side, the developmentalists, nationalists and Third-Worldists, strategically oriented towards the global South and more favourable to the diversification of Brazil's foreign affairs (structuralists, globalists and autonomists).

2) The inadequacy of the systemic change and power transition literature

This section is devoted to a brief critical discussion of systemic change and power transition theories and the insufficiency of both for understanding processes of peaceful change. The former takes a systemic perspective in the analysis of international change.[8] It argues that the structural conditions for a transformation of the international order can appear in two types of situations: (1) due to the uneven pace of development of nation-states, the hegemonic power and defender of the status quo would eventually experience a relative decline, not least because of overstretching, while the challenging state would overtake the dominant one in terms of its relative capabilities; (2) the second condition would be given when the dominant state and defender of the status quo began to decline, but the rules and institutions it has created still endure, thus setting up a classic situation of mismatch between power and order, or between power and rules.

What are the problems of this type of theory in understanding the processes of transition in the present? Firstly, it does not account for the peaceful transition processes which tend to be prevalent today, insofar as systemic change theory ends in a hegemonic war where the challenger replaces the former hegemonic power in a competitive course of action that is never fully completed. In fact, the power transition processes of the post-Cold War have been marked by the logic of the markets and the economic interests of large corporations, particularly those in the finance sector. The unprecedented advance of contemporary capitalism's financial dimension brings countless possibilities of profit to corporations, without the need to resort to war among the main actors of the interstate system to serve as a historical landmark of hegemonic power transition. This does not mean that asymmetric conflicts are not relevant for the purposes of technological innovation in the defence sector and, as a result, of

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[8] See, for instance, Robert Gilpin, *War and change in world politics* (New York: Cambridge University Press, 1981); and George Modelsky and William R. Thompson, 'Long cycles and global war', in Manus I. Midlarsky, ed., *Handbook of war studies* (Boston: Unwin Hyman, 1989, pp. 23-54).

increased industrial production and economic competitiveness. The major powers' military budgets and weapon exports keep growing, with the latter being directed primarily to peripheral or semi-peripheral countries. Markets are constitutive of international power, i.e. the economy is high politics and war today matters a lot less to corporate interests than in the 1960s or 1970s. So how are we to understand the transition of power in this overlap between the political and the economic?

Secondly, the game envisaged in these structural models of systemic change only includes the international system's two most powerful actors: the dominant power and its challenger. There is an assumption that, through processes of bandwagoning and balance during the competition, other countries are going to swell the ranks of each opposing side. This assumption is highly unrealistic and demands an international system with very simplified dynamics, whose rules are uniform among all participants, in a zero-sum competition that would always end in a bipolar system. It goes in a linear route from multipolarity to bipolarity, then to war and, finally, to establishing a new unipolar balance. This game model presumes that all actors are unitary and act according to their relative power capabilities, and to the strategic choices they make in response to their opponents.[9] The model also ignores internal politics, the domestic society, and the economic power system of transnational companies in the competition for systemic supremacy.

Power transition theory, on the other hand, tries to increase the challenger's agency. In this way, in addition to power parity between the dominant state and its challenger, the authors have introduced the challenger's degree of satisfaction with the status quo. If the challenger is dissatisfied with the international status quo, it will require changes that will be resisted by the dominant state. Only when the dissatisfied challenger manages to attain power parity would war be likely.[10] Recent applications of the power transition theory have concluded that this last condition did not come about during the Cold War

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[9] The classic critique of the unitary actor model is Graham Allison, *Essence of decision: explaining the Cuban missile crisis* (Boston, Little Brown, 1971).
[10] A. F. K. Organski and Jacek Kugler, *The war ledger* (Chicago, University of Chicago Press, 1980) and Jacek Kugler and A. F. K. Organski, 'The power transition: a retrospective and prospective evaluation' in Manus Midlarsky, ed., *The handbook of war studies*, (Boston, Unwin Hyman, 1989), pp. 171-94.

period, and that China today, as a challenger, has not reached parity with the US, hence its intentions remain unknown to the supporters of this theory.[11]

Although the agency dimension has been introduced in this slightly more critical theory, the actors in the model remain unitary and the competition involves only two agents: the dominant and the challenger. Therefore, both systemic change and power transition theories are inadequate to analyse situations of diffusion of power towards so-called challengers - such as the one we have been witnessing since the end of the Cold War, which has to some extent frozen the international system for a period of about 40 years. That is, the changes taking place in other states had no impact on the dynamics of bipolar competition. The thawing of the system brings with it greater fluidity, generating concepts such as incomplete multipolarity, polycentric globalization, and flexible coalitions. It is within this context that the emerging powers, or semi-peripheral states, make their appearance and are viewed - rather hastily - as the new challengers to the West and the status quo.

The concept of graduation, which is discussed below, may be more fruitful in explaining the trajectory and behaviour of countries that: (1) lay outside the core of major powers and their allies in the West; (2) do not have nuclear weapons; and (3) have differentiated themselves from other developing countries in terms of their material capabilities and relative international recognition, such as Brazil, Indonesia, Iran, Mexico, Saudi Arabia, South Africa, and Turkey.

3) Graduation: unpacking the concept

In this section we suggest an initial definition of graduation and point to its advantages in relation to the contributions proposed in the systemic change and power transition literature. Then we present an analytical model of states' patterns of behaviour in the process of graduation, as well as four ideal types of corresponding foreign policy strategies. Finally, we offer a concise definition of

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[11] Douglas Lemke, 'The continuation of history: power transition theory and the end of the Cold War', *Journal of Peace Research*, 34:1, 1997, pp. 23-36 and Steve Chan, 'Is there a power transition between the US and China? The different faces of national power', *Asian Survey,* 45:5, 2005, pp. 687-701.

the graduation dilemma.

How should we define graduation in order to distinguish it from the definitions available in the development literature (i.e. graduation as a result) and from the concepts of rising state or emerging power currently in use in international relations (which imply an upward and linear trajectory)?

In our model, graduation is not a result, but the historical process of change of scale and status in three socio-political spaces: (1) in the power core of global institutions (going from being a rule-taker to being a rule-maker; ensuring a veto position in international institutions); (2) in the international political economy (the country's weight in international trade; the regional and global importance of its GDP; its strategic economic assets); (3) in the socialization among states, as the country's graduated status is recognized by the dominant powers and by peers. Our concept of graduation presumes a gradual process, a non-linear course whose speed is unknown - a country may remain stationary at a certain level and even go backwards. Graduation can mean prestige or, to paraphrase Raymond Aron, glory for the graduated state; but, at the same time, it may also involve the need to take on responsibilities.[12]

Therefore, the analytical reach of the concept of graduation which we propose here is broader than the concepts of emerging power and rising state, since these assume the existence of two conditions only: emerging/rising and fading/declining. Methodologically, our analytical model builds on the following assumptions: (1) it applies to semi-peripheral countries enjoying relative weight and relevance in the international political economy, having differentiated themselves in relation to other developing countries; (2) it does not apply to nuclear-weapon states, whether they are parties to the non-proliferation regime (i.e. China, France, Russia, United Kingdom, US) or not (i.e. India, Israel, North Korea, Pakistan).

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[12] Raymond Aron, *Paix et guerre entre les nations* (Paris: Calmann-Lévy, 1962) p. 797.

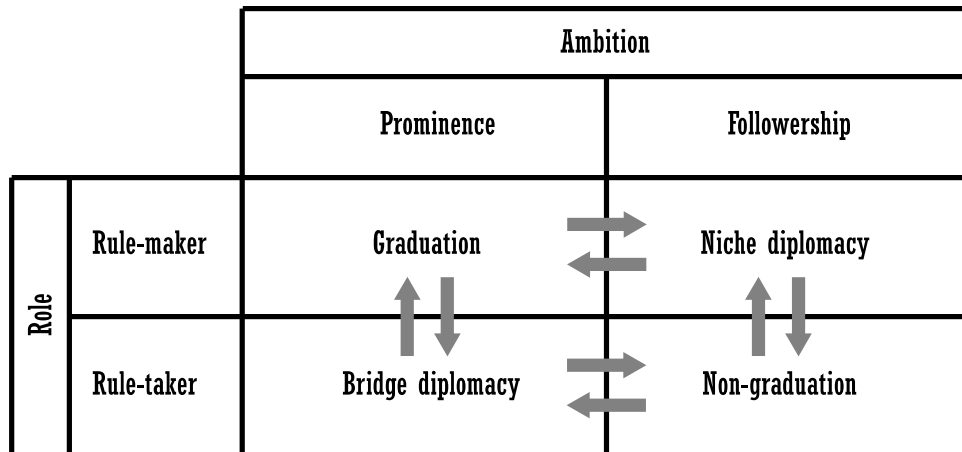|		Graduation	Non-graduation
Categories	Ambition	Prominence	Followership
	Role	Rule-maker	Rule-taker
Dimensions	Southern perspective on North-South relations	Geopolitical vision	Short-term imperative
	Relationship with the region	Integration	Interaction

Source: Elaborated by the authors.

Figure 1 above opposes graduation to non-graduation, and outlines expected patterns of state behaviour in accordance with selected categories and dimensions. The two main categories that we have used are ambition and role. Ambition refers to the political project that a state's elite and key decision-makers may craft and implement, either in terms of global prominence or followership. Role emphasizes international rule-production, and deals with functions performed by a state either as rule-maker or as rule-taker. Dimensions are presented in connection with global and regional patterns of state behaviour. As far as North-South relations are concerned, graduation is associated with a geopolitical vision of the South that puts accent on a long-term 'grand strategy'[13], whereas non-graduation is associated with a world vision that is rooted exclusively in short-term pragmatism, and in which foreign policy tends to be intertwined with investment and trade interests. As for the regional dimension of a state's behaviour, graduation supposes close and deep links in terms of regional integration, in all areas (e.g. social, educational, infrastructure, policy-making, defence), and not just loose regional forms of interaction (e.g. policy dialogues, trade exchanges). In a nutshell, graduation implies an ambition for international prominence, a rule-maker role, a geopolitical vision and regional integration. Brazil, Indonesia, Iran, South Africa

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[13] Celso Amorim, *A grande estratégia do Brasil* (Brasília, São Paulo: Fundação Alexandre de Gusmão/UNESP, 2016).

and, to a lesser extent, Mexico and Saudi Arabia would be the main candidates for achieving the graduated state status.

		Ambition	
		Prominence	Followership
Role	Rule-maker	Graduation	Niche diplomacy
	Rule-taker	Bridge diplomacy	Non-graduation

Source: Elaborated by the authors.

The relationship between ambition and role yields four ideal types of foreign policy strategy (Figure 2). Horizontal and vertical movement from one strategy to another is possible, but only a state that is a rule-maker and whose ambition is prominence can be a candidate to the graduated status. Prominence combined with a rule-taker role results in 'bridge diplomacy' between countries of the North and South, or between developing countries possessing very unequal material power. A state that practises bridge diplomacy fosters conflict mediation and cooperation on several international development and security agenda issues, such as multilateral trade negotiations, climate change, human rights, development and humanitarian cooperation. The cases of Brazil[14,] South Africa[15] or Turkey[16] may illustrate this ideal type. As Nelson Mandela once said: If there is to be global harmony, the international community will have to discover mechanisms to bridge the divide between its rich and its poor. South

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[14] Chris Alden and Marco A. Vieira, 'The new diplomacy of the South: South Africa, Brazil, India and trilateralism', *Third World Quarterly* 26:7, 2005, pp. 1077-95.
[15] Janis Van Der Westhuisen, 'South Africa's emergence as a middle power', *Third World Quarterly* 19:3, 1998, pp. 435-55.
[16] Malik Mufti, 'Daring and caution in Turkish foreign policy', *Middle East Journal* 52:1, 1998, pp. 32-50.

Africa can play an important role in this regard because it is situated at a particular confluence of world affairs. [17]

A state that is a rule-maker and a follower develops niche diplomacy[18] tools (as in the case of Norway[19] or Canada[20]). Choosing diplomatic niches implies concentrating on foreign policy arenas where the country has greater comparative advantage in terms of resources, expertise and experience. However, niche diplomacy never contradicts current hegemonic visions of the world order, rooted in the Western values of liberal democracy and free markets. Nigeria's regional peace keeping and South Africa's conflict-mediation diplomacy illustrate this case. It has been argued that while 'such orientation on a few niche messages and values enables small states to capture attention, it also has to do with the more general foreign policy tendency of small and medium-sized states to concentrate their scarce resources on a few niche areas which provide them with comparative advantages in international affairs'.[21] In sum, the main contribution of the model that we have sketched in Figure 2 is to enlarge the traditional dichotomy between autonomy and acquiescence[22], since the ideal types of foreign policy strategy, apart from graduation and non-graduation, also include niche diplomacy and bridge diplomacy.

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[17] Nelson Mandela, 'South Africa's future foreign policy', *Foreign Affairs* 72:5, 1993, p. 89.

[18] Andrew F. Cooper, ed., *Niche diplomacy: middle powers after the Cold War* (Basingstoke: Palgrave MacMillan, 1997).

[19] Jozef Bátora, 'Public diplomacy in small and medium-sized states: Norway and Canada', *Clingendael Discussion Papers in Diplomacy* 97, 2005, p. 7, https://www.clingendael.nl/sites/default/files/20050300_cli_paper_dip_issue97.pdf. (Unless otherwise noted at point of citation, all URLs cited in this article were accessible on 17 Sep. 2016.)

[20] Evan H. Potter, 'Niche diplomacy as Canadian foreign policy', *International Journal* 52:1, 1996, pp. 25-38.

[21] Alan K. Henrikson, 'Niche public diplomacy in the world public arena: the global corners of Canada and Norway', in Jan Melissen, ed., *The new public diplomacy: soft power in international relations* (Basingstoke: Palgrave MacMillan, 2005), pp. 67-87.

[22] Roberto Russell and Juan Gabriel Tokatlian, 'Grand strategy', in Jorge I. Dominguez & Ana Covarrubias, ed., *Routledge handbook of Latin America in the world* (New York and London: Routledge, Taylor & Francis Group, 2015), pp. 58-73.

|		Primary solidarity	
		South	**North**
Regional dimension	Regional integration	Graduation →←	Dependence
	Regional interaction	Butterfly diplomacy →←	Association

Source: Elaborated by the authors.

Figure 3 encapsulates how the regional dimension relates to a diplomacy displaying primary solidarity either with the geopolitical North (i.e. the core countries, in terms of global governance and decision-making structures) or the geopolitical South (i.e. countries occupying a peripheral or semi-peripheral role in global governance and decision-making). Only a primary focus on the geopolitical South, combined with a clear regional integration strategy, characterises a country in the process of graduation. A foreign policy that is mainly focused on the geopolitical North, when associated with regional integration, leads to dependence (as is the case of Mexico nowadays). A foreign policy that is mainly focused on the North and associated with regional cooperation leads to association (such is the case of Turkey in its relationship with the EU). In our model, both dependence and association express modalities of non-graduation. As in the case of Figure 2, horizontal and vertical movement between one ideal-type (strategy) to another is also possible.

'Butterfly diplomacy' means deciding to give priority to the South, but at the same time being unable to build deeper ties with the region (due to its sheer size, to a lack of political intention, or to power asymmetry). South Africa is the best example of butterfly diplomacy. South Africa's post-apartheid economic foreign policy towards Africa constitutes its highest priority, and Pretoria regards its long-term political and economic destiny as indissolubly linked with that of the broader African continent. The Department of Trade and Industry's metaphor of a 'butterfly strategy' for South Africa's South-South cooperation has

placed the country 'as the proverbial head, and the African continent as the body of the insect'[23], a strategy that is designed to open up trading wings from Africa to other countries in the South from West and East in a deliberate attempt to promote links with Brazil, India and China, as well as continental Africa.[24]

Source: Elaborated by the authors.
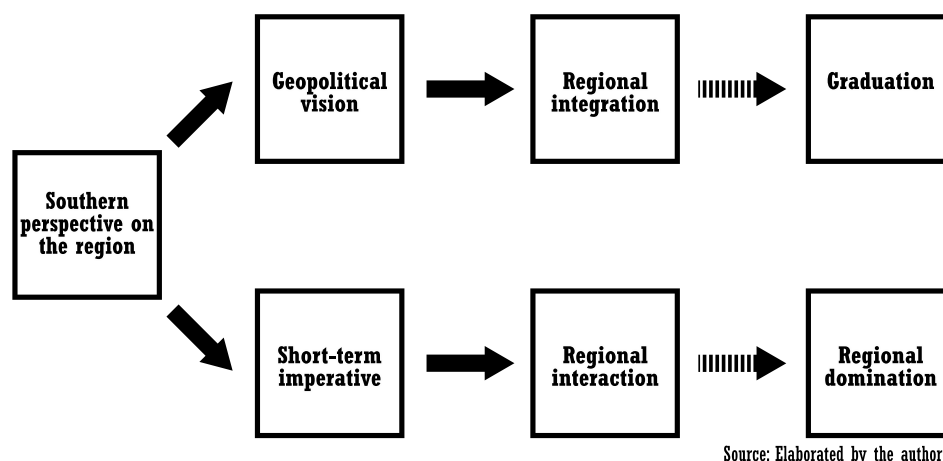
One of the risks of the butterfly strategy resides in the gradual build up of regional domination, as perceived by neighbours. A Southern perspective on the region's role may be combined either with a geopolitical vision or a sense of economic pragmatism. In the first case, the Southern perspective would foster regional integration and lead to graduation; in the second, it would result in superficial ties of cooperation, and thus might lead to regional domination (Figure 4).

Having said that, what are the main graduation dilemmas? The idea of a dilemma has frequently been used in social science research. In 1944, Gunnar Myrdal's edited volume referred to a dilemma involving racial inequality,

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[23] Chris Alden and Mills Soko, 'South Africa's economic relations with Africa: hegemony and its discontents', *The Journal of Modern African Studies* 43:3, 2005, p. 369.
[24] Brendan Vickers, 'Investment policy in South Africa: performance and perception', Jaipur and Johannesburg: CUTS Centre for Competition, Investment & Economic Regulation, Institute for Global Dialogue, 2003. Available at http://www.cuts-international.org/CR_safAB.pdf.

stratification and democracy in the US.[25] In game theory, the prisoners' dilemma, a particular model of collective action problem, has often been used to explain how and why international cooperation occurs, international regimes are created, and political institutions develop. The prisoners' dilemma is an archetypal example of the disjunction between individual and group rationality, considered to be one of the main features of many collective action problems. Dilemmas are different from contradictions and inconsistencies, which may arise after the choice contained within a graduation dilemma has been made. Not all such contradictions can be anticipated, which implies uncertainty in the process. Foreign policy decision-makers confronted with a graduation dilemma have to consider the economic, social, and political costs of their choices. If a state has high levels of economic inequality and social stratification, key decision-makers may be obliged to justify to their domestic audience those foreign policy choices attributable to an ambition for global prominence and for an international rule-making role. There are audience costs that leaders may incur from publicly announcing economic, financial, technical or political support to developing or Least Developed Countries.[26]

Next, we shall present the conditions necessary for achieving the graduated status, and analyse situations in which Brazil had to face such dilemmas. But before that, it might be useful to provide an overview of Brazilian foreign policy guidelines, underscoring two of its most commonly quoted features: the Brazilian elites' recurrent pursuit of a prominent place for the country on the international scene; and some unambiguous action paradigms which have defined its international choices. Both features will help us to better situate the discussion about Brazil's ambition to graduate during the Workers' Party (PT) governments and its actual possibilities of realizing them.

4) Brazil: a case of graduation dilemma

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[25] Gunnar Myrdal, ed., *An American dilemma: the Negro problem and modern democracy* (New York/London: Harper and Brothers Publishers, 1944).
[26] Brazil's Ministry of Foreign Affairs may be urged to explain to Brazilian society why cooperation with Haiti or Mozambique is important when so many domestic social needs still demand attention. See, for instance, Kai M. Kenkel, 'South America's emerging power: Brazil as peacekeeper', *International Peacekeeping* 17 (5), 2010, p. 644-61; Lidia Cabral and Alex Shankland, 'Narratives of Brazil-Africa cooperation for agricultural development: new paradigms?' CBAA Working Paper, 2013, http://www.future-agricultures.org.

Research on Brazilian foreign policy during the Republican period frequently argues that the country's ruling elites have always pursued its international projection.[27] Whether through an active presence in multilateral forums, or as a mediator between developed and developing countries, the idea that the country was destined to play a significant role on the international scene is usually considered to be unanimous among the elites. Moreover, this unanimity is deemed not to be confined to the elites, but to include a wider audience: the 'Brazilian foreign policy community'.[28]

Some lines of interpretation do stand out. The first one goes back to the Baron of Rio Branco's years as Minister of Foreign Affairs (1902-1912) and lasted until at least the end of the Cold War (1989); it tries to understand the country's decisions in the international arena based on a supposed dichotomy between Americanists (pragmatic or ideological) and globalists.[29] A second interpretation also goes back to the early Republic, and up to the inauguration of the Lula government (2003); it seeks to correlate the country's international action paradigms with its choice of development model.[30] A third line of interpretation ascribes a permanent objective to Brazilian foreign policy, namely the quest for autonomy, and describes the different strategies that have been used to attain this goal.[31] This line of interpretation usually refers to the period extending from the Vargas dictatorship years (1930-1945) to the end of the Lula government (2010), and is sometimes equated with the official view that the various governments sought to impart to their political orientation.

[27] Alexandra de Mello e Silva, 'O Brasil no continente e no mundo: atores e imagens na política externa brasileira', *Estudos Historicos* 8, 1995, p. 27-46; Maria Regina Soares de Lima, 'Ejes analiticos y conflicto de paradigmas en la politica exterior brasilena', *America Latina/Internacional*, 1:2, 1994, p. 27-46; also, by the same author, 'Aspiração Internacional e Política Externa', *Revista Brasileira de Comércio Exterior*, Rio de Janeiro, 82, jan/mar 2005, pp. 4-19.

[28] Amaury de Souza, *A agenda internacional do Brasil: a política externa brasileira de FHC a Lula. (*Rio de Janeiro, Elsevier, 2009).

[29] Mello e Silva, 'O Brasil no continente e no mundo', pp. 95-118; Leticia Pinheiro, 'Traídos pelo desejo: um ensaio sobre a teoria e a prática da política externa brasileira'*, Contexto Internacional*, 22:2, July/Dec. 2000, pp. 304-35.

[30] Amado Luiz Cervo, 'Política exterior e relações internacionais do Brasil: enfoque paradigmático', *Revista Brasileira de Política Internacional*, 46:2, 2003, pp. 5-25.

[31] Gelson Fonseca Jr., *A legitimidade e outras questões internacionais* (São Paulo, Paz e Terra, 1998); Matias Spektor, 'O projeto autonomista na política externa brasileira', in Aristides Monteiro Neto, ed., *Política externa, espaço e desenvolvimento* (Brasília, IPEA, 2014), pp. 17–58; Tullio Vigevani and Gabriel Cepaluni, *Brazilian foreign policy in changing times: the quest for autonomy from Sarney to Lula*, (Lanham, Maryland, Lexington Books, 2009).

Each of these approaches attempts to make sense of the country's foreign policy behaviour through systemic or domestic variables, or both. All of them try to identify a paradigm capable of explaining foreign policy as a whole and throughout the period in question (for example, the military government's Americanism right after the 1964 coup). However, the paradigm then erases any *deviant* behaviour, or pushes it aside. The so-called *deviant* attitude (for example, the Brazilian nuclear energy policy since 1967, and the refusal to sign the NPT in 1968) is seen as the exception that proves the rule, and does not discredit the wider view about the period being analysed.

In building our argument here, we start from a perspective where the different positionings, and even contradictions, in foreign policy guidelines during the PT's years in power can be best understood as a consequence of what we have called graduation dilemma. These specific behaviours might be seen as empirical demonstrations of this dilemma, since the absence of the necessary conditions to realize the ambition of prominence led to the use of different foreign policy strategies.

The pursuit of a bigger international role for Brazil was one of the hallmarks of that period (particularly during President Lula's second term), as was the promotion of the country's stability, and the awareness of its potentials. In addition, Brazil was also very active in international economic forums, a strong champion of the internationalisation of its capitalist interests within and outside South America, and a major advocate of regional integration on more equitable bases. It was often recognized by several of its peers – both in the political and economic arenas, globally and regionally; but it was also the target of criticisms and objections, externally and domestically (mainly by the mainstream media).In each of these areas there were important coalitions, but also rifts within the government's support base and hard-hitting criticism from the opposition. Therefore, while it is possible to speak of a project, or a joint narrative which sought to steer the country's foreign policy consistently toward its graduation in the international system, the non-fulfilment of one, or more, of the necessary conditions sometimes made it difficult to realize this ambition, or prevented it outright.

And what would these conditions be? The first is an increase in relative material capabilities (e.g. economic, military), which results in some degree of differentiation with respect to the other peripheral countries. The second is a political will which is expressed in the graduation choices, foreign policy, government decisions, and development model. This political intention depends on how the key leaderships conceive the possibility of systemic change, the nature and relevance of the national assets. The third condition is the recognition by the major powers and peers. This recognition is crucial in times of peace and can be manifested in the invitations to participate in informal groups (e.g. in the G20 financial summits), in the demands for the state to take on certain international responsibilities, and in the acceptance of norms created by the candidate to graduation. In the regional context, the dynamics of recognition acquires some very specific contours which need to be considered, as we shall see in the discussion about graduation dilemmas. A fourth condition is the cohesion among government elites and strategic elites, i.e. business groups, trade unions, the mainstream media, academia, civil society networks and movements. The fifth condition is the existence of societal backing for the graduation process, including the inherent costs of graduation (e.g. greater involvement in global issues, international cooperation) and electoral support for the graduation policy platforms inevitably associated with greater international ambition.

In what follows, we shall use some examples of Brazilian foreign policy during the PT governments to illustrate the analytical model presented so far. They should clarify how Brazil went through the process of graduation in certain areas, between 2003 and 2014, considering the five conditions listed above. These cases refer to some of the country's initiatives in global political institutions and at the regional level, when it faced graduation dilemmas and had to take into account the domestic political coalitions, the conflicts of interest, the need for societal support and the specific power resources of each area, whilst balancing the constraints posed by its external environment.

The first dilemma has to do with the relationship between global and regional

leadership. To what extent does graduating to the global levels of power and recognition imply a similar process at the regional level? Are these trajectories independent, parallel or interdependent? The regional contexts in eastern Asia, southern Africa, the Middle East and South America are quite distinct as far as economic development, security and political stability are concerned, and there is also much variation in the regional integration of countries like South Africa and Brazil, Turkey and Mexico or Iran and Saudi Arabia. There are no consolidated experiences in the history of Brazilian foreign policy which might offer us a clear indication about this relationship, but some arguments about the global/regional relationship do exist.[32]

The regional level poses some relevant dilemmas. The first, which some authors have called the 'hegemon's dilemma' or the 'regional power paradox', argues that while neighbours recognize that the existence of regional powers may entail some potential benefits (such as the production of collective goods, or the internalisation of security costs), this goes in tandem with the fear of domination and coercive hegemonic practices. The dilemma for the regional power (such as Brazil or South Africa) resides in the need to find a middle ground between two extremes: on the one hand, being the unconditionally cooperative partner who forgoes any immediate material gains; on the other hand, the use of force against a hostile act or one it perceives as such.

In the case of Brazil, another dilemma should be highlighted: the US presence in the region. Brazil is faced with the dilemma of whether to challenge a hemispheric hegemon that is, at the same time, a global superpower. In addition, at the regional level, the graduation dilemma must take into account the asymmetries within the region (which, in material terms, are favourable to Brazil with regard to South America) and the country's own domestic inequalities.

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[32] A case for the independence of the two levels can be found in Andrés Malamud, 'A leader without followers? The growing divergence between the regional and global performance of Brazilian foreign policy', *Latin American Politics and Society*, 53:3, 2011, pp. 1-24; also in Leticia Pinheiro and Gabrieli Gaio, 'Cooperation for development, Brazilian regional leadership and global protagonism', in Stephen Kingah; Cintia Quiliconi, ed., *Global and regional leadership of BRICS countries* (New York: Springer, 2016), pp. 67-91. For an argument positing regional protagonism as a precondition for global protagonism, see Maria Regina Soares de Lima, 'Brazil Rising', *Internationale Politik-Global Edition* 9:3, 2008, pp. 62-7.

Keeping these considerations in mind, the twelve-year period under scrutiny offers some examples that reveal how Brazil – having adopted a geopolitical vision and a fundamental solidarity with the global South – sought to attain graduation through its regional integration policy. Faced with the dilemma of remaining loyal to its policy of redressing the power asymmetries in relation to its neighbours and contributing to the political stability in the region, or defending the more pressing interests of some of its domestic economic sectors, Brazil chose the first two options, as the following events will demonstrate.

In the first case, when the Bolivian government of Evo Morales decided to nationalize hydrocarbons in 2006, Brazil agreed to sell its two natural gas refineries and to allow the Bolivian government to control 50 per cent of the Petrobras Bolivia company, in addition to accepting a substantial reduction in its profits in that country. However, none of this diminished the relevance of Petrobras' participation in the Bolivian economy, nor did it cause economic losses to the Brazilian oil giant. In the second case, between 2008 and 2009, in response to the Lugo government's demand to renegotiate the Itaipu Binational treaty - by raising significantly (from US$120 million to US$360 million) the amount Brazil paid to Paraguay for electricity from the hydroelectric plant - the Brazilian government once again opted for strategic solidarity with the region by accepting the Paraguayan terms.[33]

In both examples[34], it is clear that when Brazil enjoyed material capability, political will, and recognition by its peers it went ahead with the geopolitical vision of strengthening regional integration as part of its graduation process (Figure 4). Despite the opposition and the mainstream media's accusations that the country was acting like 'a sucker' (i.e. cooperating unconditionally), and

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[33] For a description of both cases, see Marco Cepik and Marcos Carra, 'Nacionalização boliviana e desafios da América do Sul', *Análise de Conjuntura OPSA*, 4, April 2006, http://observatorio.iesp.uerj.br/images/pdf/analise/17_analises_Nacionalizacao_boliviana_desafios_America_do_Sul.pdf; also Orlando Fernandes de Paula, 'A política externa brasileira e as relações com o Paraguai: a revisão do Tratado de Itaipu', *Cadernos de Campo*, 17, 2013, pp. 117-32.

[34] These demands by the Bolivian and Paraguayan governments happened at a time when their respective representatives, Evo Morales and Fernando Lugo, were going through a sensitive period internally: an increasing loss of domestic support due to the delay in fulfilling campaign promises, namely, the nationalization of Bolivian gas and changes to the Treaty of Itaipu, respectively.

suggestions that it should make use of force to ensure its rights in Bolivia (along the lines of the European powers and the US' military intervention to collect customs debt from Latin American countries at the end of the 19th century), President Lula's re-election for a new term at the time indicates that the government managed to keep its support base in society. On the other hand, if the government had given in to the more pragmatic economic pressures coming from the opposition, Brazil might have steered towards a butterfly diplomacy leading to the exercise of regional domination.

Throughout the PT government, the regional sphere saw other initiatives driven by the ambition of prominence. Among them, it is worth noting the credit lines opened by the Brazilian Development Bank (BNDES) to finance infrastructure projects presented by the Integration of Regional Infrastructure in South America (IIRSA) and by some national governments individually.[35] The strategy, followed by both Lula and Rousseff, allowed the BNDES to offer subsidized loans to foreign governments, mainly for using major Brazilian contractors and engineering services. Additionally, BNDES's loans were supported by regional payment mechanisms that aim to reduce the transfer of capital among the countries involved.

But like in other previous initiatives, some dilemmas had to be faced in this case - even though the country had the material conditions required to make the deal and the political will to implement it (the first two conditions of the graduation process). In this case, it was necessary to face the regional power paradox, that is: whilst neighbours did recognize the benefits received, they also feared the exercise of coercive domination. In addition, there was dissension within the ranks of the strategic elites, including business groups and unions, as well as strong criticism of the policy by sections of society (thus going against the fourth and fifth conditions necessary for graduation). The government was rebuked for excessive state intervention in the economy and for causing market distortions; some Brazilian industry representatives were very critical of the BNDES's selective choices, which benefited only a few large companies while small and

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[35] Pinheiro and Gaio, 'Cooperation for Development', pp. 67-91.

medium firms were excluded; finally, there was very strong criticism from social groups regarding the social and environmental impacts of the infrastructure projects. Still, these elements did not hinder the country's process of graduation in the region. As for the risk of being seen as a hegemon, which could have irreversibly compromised Brazil's regional integration strategy, evidence suggests that, despite some fears and friction, the recognition by its neighbours was preserved.[36]

On the South American stage, Brazil's option for a strong integration strategy, and for the institutionalization of the Union of South American Nations (UNASUR) as a regional governance body aimed at conflict resolution and security, reveals its intention to neutralize any US intervention in the event of serious political instability, like those in Venezuela (during the Lula government) and Paraguay (in the Roussef government). On this occasion, the first two conditions (material capabilities and political will) were present, though it was not possible to meet the other conditions, particularly due to the absence of support from the media and part of the strategic elites to any kind of cooperation with the countries of the Bolivarian Alliance for the Peoples of Our America (ALBA).

In the relationship with the US, two important decisions during Rousseff's first term illustrate how Brazil's 'proud and active foreign policy' had a geopolitical vision at its heart. When Wikileaks made public in 2013 that the National Security Agency (NSA) had hacked into Rousseff's mobile phone and personal emails, she decided, first of all, to cancel her forthcoming state visit to the US. Despite the local media's attempts to downplay the incident, the Brazilian government then decided to join Angela Merkel, who had also been victim of similar acts of espionage, in proposing a resolution at the United Nations. General Assembly resolutions are non-binding but they can carry significant moral and political weight. Resolution 68/167 called for all countries to

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[36] It is worth mentioning the regional support received by Roberto Azevêdo, the Brazilian candidate to the post of Director-General of the WTO in 2013, and the decision by the government of Ecuador to resume cooperation projects in infrastructure with Brazil, even after conflicts broke out between the government of Rafael Correa and the Brazilian company Odebrecht, should also be highlighted. Pinheiro & Gaio, 'Cooperation for Development', pp. 67-91.

guarantee privacy rights to users of the Internet and other forms of electronic communication. In April 2014 the Brazilian government held the Global Multistakeholder Meeting on the Future of Internet Governance, in Sao Paulo, in support of the general principle of freedom and right to privacy on the Internet. This example shows a situation where the first three conditions for graduation mentioned earlier were present.

Finally, another set of dilemmatic choices has to do with the graduation candidate's ideal position in the decisions and concerns of the global agenda. This can be thought of as a two-level game between the challengers and the dominant powers on some specific global governance matter. According to Putnam's argument, the smaller the winning coalition on Level II (i.e. the domestic level), the greater the actor's bargaining power in negotiations on Level I (the international level).[37] The dilemma concerns the optimal size of the winning coalition in two distinct situations, as we shall see below, regarding the domestic actors' degree of cohesion. Whenever there is cohesion of the elites around an international issue, the winning coalition on Level II can be minimal and the country can exercise veto power on a given question. In this case the country will be a rule-maker in global negotiations. The logic behind this is that one of the parties will not change its position, to the extent that it is supported on the domestic level by a broad but cohesive coalition.

During the Lula administration, this was the case of Brazil's leadership, along with India, in creating the commercial G20 in Cancun in 2003, and subsequently in the WTO's rounds of negotiation between 2003 and 2008. Against the expectations of those who would never bet on the chances of survival of a coalition bringing together countries with divergent trade interests in agriculture, the G20 changed the WTO's decision-making arena by including Brazil and India in the hard core of the negotiations, alongside the US and the EU. In this example, Brazil successfully fulfilled all the necessary conditions for the process of graduation. However, as we have argued above, this process is not linear or immune to setbacks.

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[37] Robert Putnam, 'Diplomacy and domestic politics, the logic of two-level games', *International Organization* 42, 1988, pp. 427-60.

According to Putnam's other situation, when there is no domestic cohesion around a position on a particular issue, the negotiator on Level II must expand the winning coalition in order to include sufficient numbers of domestic support, from actors with convergent but not identical preferences on a given matter, in order to build a more solid base of internal support. However, the size of this domestic coalition cannot be so large as to coincide fully with the positions envisaged by the winning coalition on Level I (i.e. the international level), or else the country would have to accept the norms and rules in place, being unable to change them in the negotiation, and thus have to act simply as a rule-taker. Following the negotiations at the WTO, for instance, Brazil was unable to keep the same strategy of bearing the costs of collective action in order to ensure the coalition's cohesion.[38] During the organization's meeting in Geneva in 2008, when negotiations were making headway, it became much more difficult to coordinate positions among the members because differences that could easily be ignored during the early stages emerged quite strongly during the concession exchange stage. Furthermore, the intensification of disagreements among the organizations representing agribusiness, and the divergences within the G20 eroded Brazil's ability to continue to negotiate at the international level through the coalition (...) and contributed to the country's withdrawing from the G20 and accepting the package proposed by the WTO.'[39] Keeping the previous stance was no longer possible without the strategic elites' backing. Besides, the Brazilian position could not rely on recognition by its peers anymore, particularly India and China. At this point, the ambition of prominence gave way to followership.

Another example of the dilemmas faced in the graduation process, and of the foreign policy strategies used to navigate them, can be found in Brazil's suggestion of a conceptual change in the Responsibility to Protect (R2P) political commitment launched in 2005 during the World Summit. Based on its traditional defence of state sovereignty, its scepticism about the use of force as

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[38] Maria Izabel V. Carvalho, 'Condicionantes internacionais e domésticos: o Brasil e o G-20 nas negociações agrícolas da Rodada Doha', *Dados*, 53, 2010, pp. 405-45.
[39] Carvalho, 'Condicionantes Internacionais', p. 434.

a solution to issues of international security, and fearing that R2P could serve as justification for military action taken outside the scope of the United Nations and of international law, Brazil tried to associate that principle to a new concept, namely the Responsibility while Protecting (RwP).[40] The suggestion was meant to contribute to the improvement of an international norm already consolidated in the field of security, adapting it to Brazilian concerns. Since this is a very sensitive issue in foreign policy, the suggestion of an addendum rather than substitution of the R2P principle illustrates the bridge diplomacy strategy adopted by Brazil, as it combines the ambition of prominence with the acceptance of the country's role as a rule-taker in the regime.

Another dilemma is that concerning the size of the winning coalition on Level I. The smaller it is, the more cohesion there will be on Level I (i.e. the major powers will unite around a given issue) and less bargaining power on Level II, regardless of the size of the winning coalition at this level. This was the case of the trilateral negotiations between Brazil, Turkey and Iran in 2010 regarding the Iranian nuclear issue, in which the convergence of the US, China and Russia's position in the UN Security Council emptied Brazil and Turkey's mediator role in that negotiation. So, despite the fact that Brazil's ambition of prominence met most of the conditions for its viability at the time, this was not sufficient given the absence of recognition by the major powers.

5) Conclusion

We began this article by taking a critical perspective on the current theories of systemic change and power transition in order to understand the changing international status of countries like Brazil, Iran, Indonesia, Mexico, Saudi Arabia, South Africa and Turkey; then we developed an analytical model of the expected patterns of behaviour of non-nuclear weapon states situated on the second tier of international stratification. Building upon our definition of graduation, we have discussed four ideal types of foreign policy strategy that

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[40] Oliver Stuenkel and Marcos Tourinho. 'Regulating intervention: Brazil and the responsibility to protect', *Conflict, Security & Development*, 14:4, 2014, pp. 379–402.

may be adopted by these semi-peripheral countries, as well as the graduation dilemmas they face. We have used the Brazilian case not to test our model, but as a tool to help verify its analytical usefulness, its scope and limitations when analysing the graduation dilemmas of countries falling into that category.

We started from the premise that Brazil's foreign policy trajectory throughout the PT governments was accompanied by dilemmas caused by the graduation process in which the country was engaged. Taking into account that power is contextually specific, i.e. that incentive structures and power resources are different in each issue-area and region, the actual realization of the graduation objective varied according to the availability of these structures and resources both at the systemic and domestic level. Similarly, to the extent that the scaling of Brazil's international presence did not uniformly affect all the topics on the country's international agenda (i.e. it varied across the different issues), and that it exhibited different dynamics over time (i.e. it varied in regard to each issue during the process), new coalitions of support and opposition were formed, others were redesigned or consolidated. Each coalition corresponded to a particular reading of the system's possibilities and constraints, just as they were built up from different interests and ideologies.

During the time span considered in our analysis (2003 to 2014), we found five examples (Bolivia, Paraguay, BNDES, the first cycle of the commercial G20, and the NSA) when all, or almost all, the conditions for success were present and thus allowed Brazil to advance in its graduation route: material capabilities, political will, and electoral support for the PT governments' political platforms (as victory in four successive presidential elections can attest), as well as the recognition by peers. Cohesion among the strategic elites was missing in all these examples, except for the first cycle of the commercial G20. However, in three other situations (the second cycle of the commercial G20, launch of the RwP, and mediation with Turkey on the Iranian nuclear program), the total or partial absence of cohesion among the strategic elites, of recognition by peers and by the world's major powers all contributed to make Brazil less successful in confronting its graduation dilemmas. Finally, in two other situations (later on in the RwP debate, and in Brazil's pivotal role in relation to UNASUR), as the

perception about the issues changed so did the nature of the country's agency and engagement in relation to them, affecting the way Brazil faced the graduation dilemma: in the case of UNASUR, the changes became evident in the Lula-Dilma transition; in the case of RwP, the change could be seen as the Ministry of Foreign Affairs played down the previously announced norm in its official speeches, especially after the intervention in Lybia. Based on this framework, we claim that in the Brazilian case material capabilities, political will, and cohesion among the strategic elites are crucial dimensions of the international change trajectories and the successful confrontation of graduation dilemmas by non-nuclear countries situated on the second tier of international stratification.