

## Brazil's foreign policy (2003–2010) towards the IMF: rhetorical and political change during Lula government

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Brazil experienced significant financial turbulence in the 1990s, which made the Fernando Henrique Cardoso government seek assistance from the International Monetary Fund (IMF) in times of relatively collaborative and non-conflicting relationship with this agency. Lula's arrival in power raised a series of political questions on how his government would interact with the Fund. The objective of this article is to discuss Brazil's foreign policy towards the IMF, highlighting its domestic and systemic dimensions, through bibliographical research and an analysis of the official statements made by the president, chancellor and treasurers between 2003 and 2010.

Le Brésil a fait l'expérience de nombreuses turbulences économiques importantes dans les années 1990, qui ont poussé le gouvernement de Fernando Henrique Cardoso à demander l'assistance du Fonds Monétaire International (FMI), à une époque où le Brésil et le FMI entretenaient des relations relativement cordiales. L'arrivée au pouvoir de Lula a généré de nombreux débats politiques concernant la façon dont le nouveau gouvernement allait interagir avec le Fonds. L'objectif particulier de cet article est de discuter la politique étrangère du Brésil envers le FMI, et de mettre en avant ses dimensions domestiques et systémiques, à travers une recherche bibliographique et une analyse des discours officiels du directeur général, du chancelier et des trésoriers entre 2003 et 2010.

**Keywords:** The Lula government; Brazil's foreign policy; IMF reform

### Introduction

Brazil has maintained formal relations with Bretton Woods institutions since their negotiation conferences and formal creation. During the 1940s, President Vargas sent the Chancellor of the Exchequer, Arthur de Souza Costa, to represent Brazil at the Bretton Woods Conference, where he presided over the Organization and Administration Committee of the First Commission, which was related to the IMF. Since this time, subsequent Brazilian governments' relationships with the IMF have been of a dual nature: positions of relative autonomy and ability to criticize and, at the same time, permanent involvement with its institutionality. It has been observed that the different political and economic contexts, both international and domestic, have exerted a strong influence on the way that the different Brazilian governments have defined their foreign policies with the IMF. Throughout the history of Brazilian foreign policy, Brazil's relationship with the IMF was also directly influenced by the Brazil–US relationship, including an array of possibilities from alignment and alliance to autonomy and critical distance.

A new cycle in the relationship began during the period in which the Brazilian economy was stabilizing. During the Fernando Henrique Cardoso government, the

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Brazilian government had to deal with a succession of financial crises in emerging economies, including their own. With the aim of facing up to the serious crisis that Brazil was experiencing, the Cardoso government turned to the IMF in 1998, obtaining a support package of US\$41.5 billion. This agreement allowed a certain amount of economic stability, although it did not check the devaluation of the real (R\$) and produced serious repercussions within the scope of the MERCOSUL and in bi-lateral relations with Argentina. A further agreement for US\$15 billion support was reached in 2001.

Consequently, it was observed that the relationship between the Cardoso administration and the IMF continued in a cooperative manner, there being no political obstacle to the Brazilian government requesting support from the Fund whenever this was required. The Cardoso government sought to instill coherence in its foreign actions, consolidating the logic of autonomy through integration which Brazil sought internationally, greater financial and commercial integration, and full adherence to international regimes, allowing the convergence of Brazilian foreign policy with world trends and therefore averting its isolation from the international mainstream. It was believed that the country would benefit from direct investments in an environment open to international capital, as competition would force national industry to modernize, while, in turn, closure of the national market would only widen the difference from the rich countries and even from other underdeveloped ones. In the critical perspective of Cervo and Bueno (2010), this new logic for foreign policy is tied to the emergence of the paradigm of the “normal state” of Brazil’s international strategies, based on the neoliberal ideas of the Washington Consensus and the expectation that Brazil’s adherence to international regimes would produce a more favorable distribution of political power in international relations. The Cardoso government’s conformity with international and economic policy substantially contributed to a model of positive relationships with the IMF.

In 2003, the new stability that had been acquired the previous year was interrupted by the resurgence of the Southern Cone crisis. The non-existence of any agreement between Argentina and the IMF, as well as drainage of the Uruguayan banking system, with the closure of agencies and blocked deposits, meant that Brazil faced a new financial crisis, as well as an abrupt and significant decline in the parity of the real in relation to the US dollar. A new and necessary agreement was made with the Fund. However, the IMF was hesitant to establish this new agreement because of the strong possibility of Lula being elected as the president of the Republic. The Partido dos Trabalhadores (Workers’ Party, PT) historically defended a series of criticisms of the IMF, which the party considered to be a symbol of political domination and international submission. However, a renewal of the agreement with the IMF was obtained in the second half of 2002 but only following publication of a “Letter to the Brazilian People” by the candidate, Lula, in which he affirmed that he would respect contracts that had been taken on if he were to be elected. The Cardoso government attained formal support from all the presidential candidates following meetings that were held with each of them in Brasília and this was fundamental to the renewal of an agreement with the Fund.

As a condition inserted in the above-mentioned loan, Brazil committed itself to maintain the level of primary surplus at 3.75 per cent of GDP in 2003 and to its foreseeable return to budgetary guidelines during 2004 and 2005. In addition, the country would return approximately US\$10 billion of this loan in June 2003. Luíz Inácio Lula da Silva was elected as the president of Brazil four months after the new agreement had been established with the IMF. Despite formal support for the renewal of the agreement from the new president during his electoral campaign, there were still expectations and doubts regarding the form in which he and his government would be linked to the Fund. With eight years of the Lula government having elapsed, the following questions have emerged, which have directed this research and the principal results are presented in this article: how was the Lula government’s foreign

policy in relation to the IMF configured? How did the Lula government position itself with respect to reforms of this international institution?

Consequently, the central objective of this article is to analyze the principal discourses of foreign policy during the Lula government, on the Fund and Brazil's position regarding the current processes of reforms of this international agency, thus enhancing our understanding of the Lula government's strategy in its various musings on the IMF over the term of its mandate. Therefore, based on critical foreign policy analysis literature,<sup>1</sup> this article is structured in four parts: (1) a presentation of the methodological aspects of the research which has been carried out; (2) the first years of the Lula government; (3) keeping away from the IMF; (4) a new agenda for Brazil's policy towards the Fund. Final considerations are presented at the end of the article and suggestions put forward for future research.

### Methodological aspects of the research

Bibliographical research and, especially, content analysis methods were used in order to carry out this study. Bibliographical research took place through reading and a detailed analysis of books, articles, and journalistic articles which broached themes related to the IMF, Brazilian foreign policy, and the process of reform of international financial governance. The aim was to construct the broader context in which the object of this research is set in an abridged and preliminary format.

The documents used in this study and submitted to the method of content analysis<sup>2</sup> are the speeches, interviews, and presentations given by President Lula, the Foreign Secretary, Celso Amorim, and the Chancellors of the Exchequer, Antônio Palocci and Guido Mantega, which are available on the federal government's official websites,<sup>3</sup> as shown in [Table 1](#).

Following the model proposed by Bardin (1977), the content analysis which was developed passed through three distinct phases: pre-analysis followed by an analysis of the documents and, finally, addressing the results, inference, and interpretation.

The documents were organized in the pre-analysis phase. That is, initially all of the speeches, pronouncements, and presentations by the above-mentioned political authorities were filed electronically, comprising a total of 3,148 documents. Then all the documents that mentioned the IMF were separated using an electronic search mechanism, providing a set of 317 documents. These documents formed the body of the research and, therefore, were submitted to analytical procedures.

It should be emphasized that the speeches made by President Lula and the Foreign Secretary, Celso Amorim, are available in full on the federal government's website.

Table 1. Selected discourses and addresses.

Subjects	Type of documents analyzed	Total number of documents	Number of documents which mention the IMF
President Lula	Speeches	2,487	266
Secretary Celso Amorim	Speeches, interviews, and presentations	415	27
Chancellor Antônio Palocci	Speeches, interviews, and presentations	30	7
Chancellor Guido Mantega	Speeches, interviews, and presentations	216	17

Source: author's elaboration.

However, in the case of the Chancellors of the Exchequer, there are no regular publications of their speeches and many of the files contain only the presentations which were used but not complete transcripts. Therefore, an analysis of the material on Lula and Amorim could be carried out using both qualitative and quantitative procedures, while the speeches made by the two Chancellors of the Exchequer could be analyzed only in a qualitative manner due to irregularities.

Following a detailed reading of each one of these documents, the section which made reference to the IMF was extracted. All of the sections or cuttings formed new documents, separated by year and theme. A categorical analysis of these new documents was then carried out, comprising a breakdown of the discourse into categories, classified according to criteria. In this case the classification was semantic, and the cuttings from the speeches were grouped together according to the theme or subject which they broached in connection with the IMF. The themes found are presented in [Table 2](#).

Table 2. Themes related to the IMF which were broached by President Lula, the Foreign Secretary and Chancellors of the Exchequer.

Themes broached by President Lula	<ul style="list-style-type: none"> <li>The probability of not renewing the agreement with the IMF</li> <li>Defense of a change to the IMF's accounting method</li> <li>The unnecessary new agreement with the IMF</li> <li>Defense of new instruments to combat hunger and poverty</li> <li>Early payment of the IMF loan</li> <li>IMF reforms</li> <li>No further debts with the IMF</li> <li>Brazil's change in position regarding the IMF in times of crisis</li> <li>Criticism of the IMF: conditions and economic policy</li> <li>Brazil's loan to the IMF</li> <li>Brazil's attainment of the right to veto at the IMF</li> <li>Reminders of militancy against the IMF</li> <li>The IMF's inefficiency regarding the world crisis which began in 2007</li> </ul>
Themes broached by the Foreign Secretary, Celso Amorim	<ul style="list-style-type: none"> <li>Comparisons between the World Trade Organization (WTO) and IMF</li> <li>Defense of a change to the IMF's accounting method</li> <li>IMF reforms</li> <li>Defense of new instruments to combat hunger and poverty</li> <li>The IMF's inefficiency regarding the world crisis which began in 2007</li> <li>Brazil's loan to the IMF</li> <li>Defense of the Economic and Social Council's (ECOSOC) closeness to the IMF</li> </ul>
Themes of speeches made by Mantega and Palocci	<ul style="list-style-type: none"> <li>Non-renewal of agreements, without breaking away from the IMF and its economic policy</li> <li>Early payment of the IMF loan</li> <li>IMF reforms</li> <li>The importance of not renewing agreements with the IMF but with security and without a break-up taking place</li> <li>The IMF's inefficiency regarding the world crisis which began in 2007</li> <li>Criticism of the IMF: conditions and economic policy</li> <li>Brazil's loan to the IMF</li> <li>Fulfillment of agreements and maintaining an economic surplus policy</li> </ul>

*Source:* author's elaboration.

After this procedure and following Bardin's model (1977), the second stage of the research began, which was an analysis of the material. During this stage, registration<sup>4</sup> and context<sup>5</sup> units were defined, the categorization and codification system<sup>6</sup> was established and the registration units in the documents were identified. Finally, an analysis of the results, inference, and interpretation was carried out, allowing for the preparation of tables and graphs which summarize and highlight the information which was provided for analysis, as we will see in the following sections.

### **The first years of government: macroeconomic stabilization and political continuity**

As can be observed in Tables 3 and 4, the increase in absolute and relative frequency of remarks relating to the IMF in President Lula's speeches and those of his Foreign Secretary, Ambassador Celso Amorim, indicates the growing importance which this institution had for the government's political agenda. In fact, Lula was elected as president at a time of increased economic instability. The real (R\$) was highly devalued during the 2002 electoral period (it reached R\$4.00 against the US dollar) and the country's risk exceeded 2,000 points, causing a strong increase in the interest rates accessible to Brazil on the international financial market. Brazil was liable for more than 20 per cent of the total number of IMF loans during this period, being the International Monetary Fund's second highest debtor, closely behind Turkey.

On taking over the government in 2003 and in contrast to the "monetary terrorism" predicted by speculators, Lula structured his economic policy based on the precept of continuity in relation to the previous government. In order to minimize the concerns raised by international rating agencies, Lula appointed Henrique Meirelles, an internationally well-known figure and former president of the Bank of Boston, as president of the Central Bank (Banco Central do Brasil). It is important to note that Meirelles was the Brazilian Social Democrat Party (Partido da Social Democracia Brasileira, PSDB) candidate who had received the most votes for the position of congressman in Goiás State but did not

Table 3. Speeches given by Lula.

	2003	2004	2005	2006	2007	2008	2009	2010	Total
Speeches given (total/year)	288	320	284	257	341	319	312	366	2,487
Speeches which mention the IMF	5	7	20	28	39	47	53	67	266
Percentage of speeches which mention the IMF	1.7%	2.2%	7.0%	10.9%	11.4%	14.7%	17.0%	18.0%	10.7%

*Source:* author's elaboration.

Table 4. Speeches given by Celso Amorim.

	2003	2004	2005	2006	2007	2008	2009	2010	Total
Speeches given (total/year)	54	69	64	84	45	31	28	40	415
Speeches which mention the IMF	1	2	3	3	1	6	5	6	27
Percentage of speeches which mention the IMF	1.9%	2.9%	4.7%	3.6%	2.2%	19.4%	17.9%	15.0%	6.5%

*Source:* author's elaboration.

take up his seat in parliament, having accepted President Lula's invitation. Apart from this, "the Brazilian government unilaterally established its commitment with the IMF to increase its primary surplus to 4.25 per cent of GDP. This increase signified a cut of R\$ 14 billion in the budget" (Gonçalves 2005, 174).

Lula appointed Antônio Palocci to take responsibility for the Treasury. From the beginning of his mandate, Palocci emphasized that the Treasury would respect all agreements with the IMF, and that there would be no alterations to Brazilian economic policy. This caused strong reactions from the national and South American left wing. In an interview with *Primeira Leitura* magazine, Palocci affirmed that:

The former government gave a negative image of the country when it spent four years without making a surplus and then started to make them in agreements with the IMF. This gave the idea that we were only making a surplus because the agreement demanded this. President Lula's government wants to make it clear to the country that we need to make a surplus every year because the country needs to do this. If the agreement with the IMF ends tomorrow, we will continue to make a surplus.<sup>7</sup>

President Lula made brief mentions of the IMF in five of the 288 speeches that he gave in 2003 and in the first of these, in May 2003, the president appears to justify the economic measures taken: "the terrorism that they created disappeared with some rational measures that we have taken because sometimes talking is easier than doing."<sup>8</sup> In another speech, this time on 18 June 2010, Lula explains the reason for the increase in primary surplus during his first year of government:

You remember . . . that I raised the primary surplus. At that time, my opposition said: "But Lula is raising the primary surplus. He is giving money to the bankers when he should be giving money to the poor". If I did not make a primary surplus, firstly I wouldn't have given the idea of the integrity of the Brazilian economy and certainly we would not have arrived at this point today. We would have stopped in the middle because Brazil did not even have any money to pay for imports. Brazil had US\$ 60 billion in reserve and US\$ 30 billion of this was from the IMF.<sup>9</sup>

Thus, from the beginning, the new government's relationship with the IMF was based on respecting the agreements which had been established and its policy was non-confrontational. However, President Lula's desire to lessen the close relationship with the Fund could already be noted in September 2003. In the same month, the president gave two speeches on the possibility of not renewing the 2002 agreement with the IMF, which would expire in December 2003, but emphasized that this would take place without an "ideological collision"<sup>10</sup> and would be a result of "a political decision, with vision in the country's economy".<sup>11</sup>

As Almeida underlined, "as we know, the IMF constituted one of the principal objects of the PT's economic demonology throughout its history, opposing the party and its candidates in any agreements that limit Brazilian sovereignty" (Paulo Roberto De 2004). It can be deduced that the situation of maintaining agreements with the IMF was not comfortable for President Lula, due to frequent references to his history of protests against the Fund in his speeches, such as the one given on 25 September 2003: "It is important to remember that we spent part of our lives and especially mine, shouting: Out with the IMF."<sup>12</sup> In order to illustrate this argument, Figure 1 presents the absolute frequency of the theme "memories of a history of protests against the IMF" in Lula's speeches during his government.

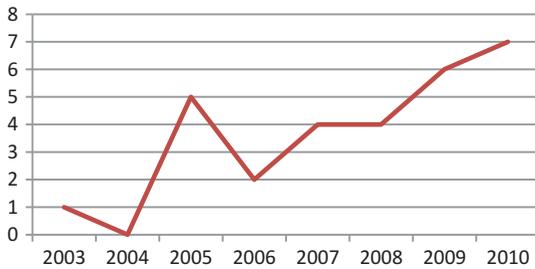


Figure 1. Number of Lula's speeches which refer to his militancy against the IMF.  
*Source:* author's elaboration.

The coincidence which is illustrated in Figure 1 between the time of the electoral campaign in 2006 and a reduction in any mentions of Lula's militancy against the IMF on the one side and the increased references when the Lula government confirmed its more sovereign and autonomous foreign policy on the other should be emphasized. This second period corresponds to a new phase of sustained economic growth, international recognition of Brazil, and a period of global crises, in which the IMF's role was publicly discussed and its failures regarding financial regulation were identified.

However, in 2004, the government, which was under the influence of Antônio Palocci's pragmatism, decided to extend its agreement with the Fund for a further 15 months, although there was no need to draw on further resources which were available during this period. Lula contacted various heads of state from developed countries with the aim of requesting support for a Brazilian proposal to review agreements established with the IMF in March of that year. This proposal advocated that investments in infrastructure were not accounted for as public expenditure, thus making the goal of primary surplus which had been agreed with the Fund more flexible.

Defense of such a proposal is the only theme in all of the seven speeches given by Lula which mention the IMF throughout 2004. In accordance with Gonçalves, this government movement to defend not accounting for investments in infrastructure as public expenditure caused great surprise, as the value programmed for investments during 2004 was R\$12 billion, a sum lower than the government had to save the previous year due to its voluntary increase in primary surplus. Gonçalves evaluates that:

The Brazilian president's initiative in 2003–2004 shows that the government, apart from replicating the former government's macroeconomic adjustment policy, does not have a solid and efficient strategy for working with the IMF. Instead of the country having a firm position regarding the reform of Bretton Woods institutions (the IMF and World Bank), the government appears to be lost in innocuous moves of presidential diplomacy, or, in other words, personal marketing. In this sense, the perception is that the country's foreign economic policy is overridingly determined by subjective factors which are related to the decision-maker's idiosyncrasies. (Gonçalves 2005, 176)

In April 2004, the Brazilian government was authorized by the IMF to present pilot projects for investments in infrastructure, with the benefit of the exclusion of disbursements with financial surplus calculations, if it could prove that such investments would have a financial return. The IMF approved the Brazilian pilot projects in February of the following year, discharging approximately US\$1 billion per year for the next three years for public investments in infrastructure and other areas with a potentially high return in

macroeconomic and fiscal terms. However, this did not mean that the IMF had altered its method of calculating countries' surpluses, or, in other words, investments in infrastructure would still be considered as expenses in other cases.

### **Keeping away from the IMF: the relationship with the IMF as part of Lula's electoral politics**

The first speech in which President Lula quoted the IMF during 2005, took place on 22 February and aimed to communicate that the Brazilian government would not renew its agreements with the Fund in March of that year. For some specialists, the non-renewal of the agreement made sense in so far as the country was no longer experiencing a crisis, was obtaining surpluses in current transactions, and had consistently reduced its external vulnerability; for others, external vulnerability was still high and the reason for which they judged the fact that the government would not renew the agreement as an error. However, when looking beyond aspects related to economic rationality, Gonçalves defends the determining factor of such an act as:

the political situation in general and conflicts of interest in particular, or, in other words, the Brazilian political cycle started to become influenced by the presidential elections of 2006. With the stigma of the IMF in view, the ruling group (the federal government) would not be interested in carrying the burden of having maintained an agreement with the IMF throughout its entire mandate and until the presidential elections of 2006.<sup>13</sup>

The relevance of this fact for the federal government can be perceived from its decision to communicate it on a national television and radio network. Chancellor Palocci made this pronouncement. If we take the mandates of Palocci and Mantega into consideration, this means of communication was used on only three occasions during an eight-year period. Palocci confirmed the following on 28 February 2005:

It is with great satisfaction that, on behalf of President Lula, I am able to communicate an item of great relevance to the Brazilian people at this time. Following years and years of depending on loans from the International Monetary Fund, our country has finally been able to balance its accounts and payments, placing its economy in order and no longer needing assistance from the IMF. Our last commitment will be finalized next Thursday, 31 March and we have already advised the Fund that this will not be renewed. However, we can never stop recognizing the great importance of the IMF's assistance during very difficult times throughout the history of our country. Strengthening our economy was fundamental to Brazil's growth, and overcoming this long cycle of financial dependence in order to follow our destiny, which is to be a great and strong nation.<sup>14</sup>

Another theme that was placed on the government's political agenda with the IMF from the end of 2004, and which gained more importance in 2005, was the defense of new mechanisms for financing development and combating hunger and poverty. This policy was communicated to different spheres and international institutions and was followed by the Brazilian government, starting to form part of Brazilian foreign policy agendas. All Foreign Secretary Amorim's three declarations referring to the IMF throughout 2005 broached these themes, as well as four of Lula's 20 speeches on the Fund during the same year.

Another decision was taken by the Lula government with regard to increased disassociation from the IMF at the end of 2005: approximately 10.8 billion in Special Drawing Rights (SDRs) (US\$15 billion) were paid in advance, relating to the loans taken up with

the Fund. This action also caused divergences among economists. The Treasury justified it on the basis that this payment to the IMF increased Brazil's autonomy when managing its macroeconomic policies and maximized international trust, strengthening its capital market and decreasing the country risk. According to the Treasury, this decision was taken based on:

The continued improvement in international reserves during recent years; the robust performance of exports; an improvement in the profile of external public debt, whose average emission period was in excess of eleven years; the rhythm of pre-financing the rollover of foreign debt predicted for 2006 and the Treasury's acquisition of foreign currency to pay interest and contractual debts with institutions.<sup>15</sup>

However, various economists and non-governmental organizations contended that the Brazilian government had given priority to paying a debt that did not need to be repaid at that time, merely because it was liable for a very low interest rate (4 per cent per year), as can be verified in Carneiro's article.<sup>16</sup> This argument was further strengthened when it was noted that the government anticipated new foreign funds to the value of US\$8 billion at the beginning of 2006 and would be paying interest rates of between 8 per cent and 12.75 per cent per year. Those who opposed the early payment also added that the Brazilian political economy had not altered in relation to that defined by the IMF, reinforcing the idea that there was no economic necessity at that precise moment for making this payment.

It can be concluded from this debate that, apart from economic arguments, the government's decision was clearly based on the domestic political importance of this advance payment to the IMF, as is confirmed in the speech given by President Lula on 23 December 2005:

but the most important gesture which was made in 2005 was the decision that we took of saying to the IMF: look, we do not want any more money as a safeguard. Brazil has already acquired its financial independence; we have enough money to withstand exports and so let's free ourselves from this agreement and take control of our own economic destiny. This was the best news of 2005.<sup>17</sup>

In a pronouncement to the nation on a radio and television network on 16 January the following year, President Lula started his speech with the following affirmation:

My friends, a few days ago Brazil paid off its debt with the IMF. By doing this, we have stopped paying interest and we are able to invest more in our people with this saving. We have turned a page in our history with sovereignty. Brazil will walk using its own legs. By returning the money that was available to Brazil from the IMF on account of the 2001–2002 crisis, we were demonstrating, among other things, that we no longer depend on foreign loans to continue growing; we can do that with our own resources.<sup>18</sup>

The "early payment to the IMF" theme became a type of mantra, which was repeated by Lula until the end of his period of government. [Figure 2](#) illustrates the frequency of the "early payment to the IMF" theme in President Lula's speeches mentioning the Fund from 2005 until the end of his mandate.

If we group together the "non-renewal of agreements with the IMF", "early payment to the IMF", and "no further debts with the IMF" themes, then we will have the frequency graph in [Figure 3](#) relating to presidential speeches which mention the Fund.

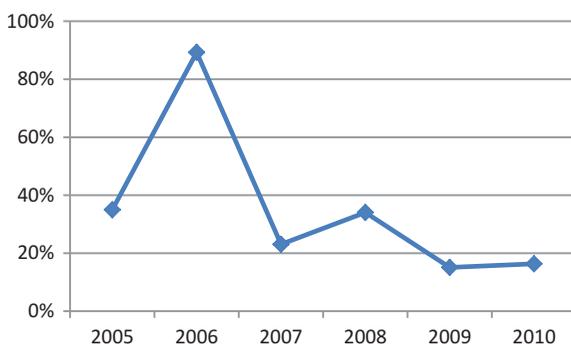


Figure 2. The relative presence of the “early payment to the IMF” theme in Lula’s speeches on the IMF.

Source: author’s elaboration.

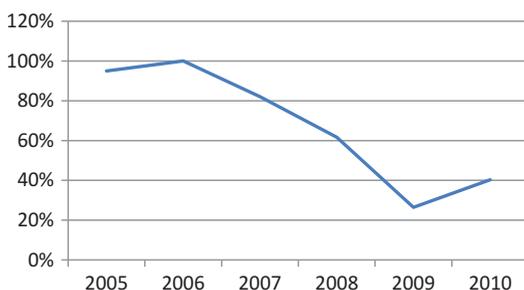


Figure 3. The relative presence of the themes “early payment to the IMF”, “no further debts”, and “the non-renewal of agreements” in Lula’s speeches on the IMF.

Source: author’s elaboration.

The increased importance given by Lula to expressing the disassociation between the federal government and the IMF, particularly at the end of 2005 and in 2006, which was an electoral year, can be noted from Figures 2 and 3. It was precisely following the non-renewal of agreements with the Fund that President Lula started to allude to the IMF in his speeches with greater frequency, as can be verified in Table 3. This was of great domestic political and electoral relevance, for a charismatic leader such as Lula not to show absolute conformity with the IMF’s policies and governance structures. In fact, the existence of two sub-themes connected to those that denote this search for a disassociation between the Brazilian government and the IMF can be observed in Lula’s speeches, and these are: “not breaking off with the IMF” and “conquering independence”. On making use of the arguments classified in the “not breaking off with the IMF” sub-theme, President Lula seeks to explain that the process of disassociating from the IMF took place without any resulting conflicts or ruptures, as can be verified in the sections of the speeches presented below:

And today, we even paid the IMF. I spent twenty years of my life raising the “Out of the IMF” flag; you must have seen photographs and I didn’t need to shout about it. In fact, I have become a friend of the IMF president. Rato has become my friend; the former president is now my friend.<sup>19</sup>

... which leaves Brazil in a highly privileged situation, settling its debts with the IMF and with the Paris Club, without any traumas taking place, proving that democracy and integrity are two efficient instruments so that we can make economies grow and populations are able to improve their lives.<sup>20</sup>

However, the “conquering independence” sub-theme is used by Lula to affirm that the non-renewal of agreements with the Fund, or the fact of no longer having debts with this institution, would result in greater independence and autonomy for Brazil. This meant that some of the punitive outcomes had been reduced, that the country would no longer need to comply with all types of prescriptions stemming from international institutions. An excerpt from one of his speeches with a highly nationalistic content and in which this sub-theme can be found is highlighted as follows:

We returned the money and we said to the IMF: in 1822 Brazil proclaimed its political and administrative independence and today, on the day that we did this, I declared that today we have completed our independence because we do not want any interference from anyone telling us what to do in our country.<sup>21</sup>

Figure 4 presents the frequency of the “conquering independence” and “not breaking away” sub-themes in Lula’s speeches broaching the topics “non-renewal of the agreement with the IMF”, “early payment to the IMF”, and “no further debts with the IMF”. It can be noted in this graph that the “not breaking away” sub-theme was present in almost 50 per cent of Lula’s speeches covering such themes in 2005, the year in which agreements with the fund were not renewed and the decision on the advance return of loans was taken. It is understood that the Lula government needed to emphasize to international investors that these decisions did not mean a change in Brazilian macroeconomic policies or in relationships with international lenders. As these concerns were minimized, the presence of the sub-theme in the president’s speeches also diminished.

The “conquering independence” sub-theme was present in more than 50 per cent of presidential speeches on the IMF in 2005, reaching almost 70 per cent in 2006, which was an electoral year, showing the political importance given to relations between Brazil and the Fund by the president who was a candidate at that time. Brazil’s relationship with the IMF is viewed by the government as a representation of the country’s “old and chronic economic dependence which would need to be overcome”.<sup>22</sup> It is relevant to note that this sub-theme lost its strength in presidential speeches and was substituted by

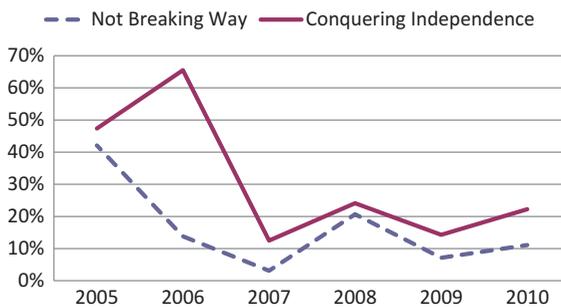


Figure 4. Frequency of the sub-themes “conquering independence” and “not breaking away” in Lula’s speeches.

Source: author’s elaboration.

others following the electoral period. Despite President Lula's efforts to highlight the end of the credit relationship between Brazil and the Fund, the non-existence of speeches which criticize recessive economic policies and a regime of IMF conditionalities is observed until 2007, whether by the president, foreign secretary or chancellors of the exchequer.

A further position by the federal government in relation to the IMF was identified within the core of Brazilian foreign policy agendas for reform of the United Nations (UN) during 2006. This was the case of defending this institution's increased dialogue with the United Nations Economic and Social Council (ECOSOC). In the words of Celso Amorim:

And they thought the same as us about the G-77, G-20 and other organizations: that we have a truly inspiring debate on economic themes. Because it is a false dilemma, a false question, when it is said that ECOSOC cannot give orders to the World Bank or the IMF. Nobody wants ECOSOC to give orders to the World Bank or the IMF. Who wants to give orders to the bankers? Everyone knows that it is very difficult but ECOSOC could inspire, could serve as inspiration. It is this power of inspiration that ECOSOC had and has been slowly losing. And it needs to recover . . . It is good that the United Nations Human Rights Council was created because it is one less organization for ECOSOC to supervise. So, perhaps all of these organizations should report directly to the General Assembly and leave ECOSOC to deal with its agenda: how economic and social development should be around the world and to inspire the institutions that really influence this, which is the World Bank, IMF and WTO. It does not exist to negotiate but to inspire.<sup>23</sup>

However, such a position cannot be considered a defense of IMF reforms, since he does not propose any alterations to the institution itself, whether in its *modus operandi* or in the distribution of quotas between countries. It is known that Chancellor Palocci defended an increase in quotas for Brazil's participation in the Fund. However, the only occasion in which President Lula defended an IMF reform, proposing an increase in Brazilian participation, took place during a meeting with the then director-general of the Fund, Rodrigo de Rato, in January 2006:

As you well know, Brazil wishes to have a more active presence within the IMF. We have indicated the need to increase quotas and the influence of developing countries, including our own, in the institution for several years. We have also defended the convenience of financing mechanisms to prevent financial crises, which are caused by sudden changes in international investors' conduct.<sup>24</sup>

The Chancellor of the Exchequer, Guido Mantega, made a speech at the IMF Governors' Assembly on 17 September 2006, affirming that "the management of crises has been the keynote of the IMF's actions during the twentieth century" and that "the prevention of crises should be taken as the principal objective for the twenty-first century".<sup>25</sup> Therefore, the chancellor defended the idea that the IMF should "complete its tool kit with a financing mechanism which aims to prevent crises".<sup>26</sup> In this speech Mantega also defended a reform of the quota system and the distribution of votes at the institution extending participation by countries considered to be under-represented, arguing that such a change would be fundamental to ensure greater legitimacy for the Fund. These positions, which were presented by Brazilian leaders, are in direct dialogue with some of the principal bases of Brazilian foreign policy, such as the defense of multilateralism and equality between states but are also a reflection of Brazilian demands for the democratizing of international institutions and greater political participation by developing countries in decision-making processes. However, a proposal for an agenda of

IMF reforms did not emanate from the government until the economic crisis of 2008, unlike the reforms to the UN Security Council and WTO.

It can be seen that the IMF did not constitute a priority on the Lula government's foreign policy agenda, at least until 2008, since the government's assessment was that the WTO and UN were priority institutions in the international system. This view can be confirmed in the following excerpt from a master class given by Celso Amorim to students at the Instituto Rio Branco in 2006:

You are going to see that Eugênio wrote in his itinerary that the UN and the WTO are the most important organizations of the multilateral system. And I was even doubtful at the beginning – and I worked twice as a WTO ambassador – I said “Would I be able to say that?” Let's say, not giving the World Bank and the IMF the same importance. I think that Eugênio's evaluation is correct because, basically, they really are the two most important institutions. It's not that the World Bank and the IMF do not have important functions. But, to start with, the decision-making process at these institutions is completely concentrated; they perform important functions for the multilateral system but they are not really at the centre of the multilateral system, as a decision-making process. And I would also say that, also from the point of view of where the true solution for poor countries lies, I think that it is more at the WTO than at the World Bank and at the IMF. Definitely not at the IMF. Because it is through a fairer and more open trade, in which the asymmetries and need for an adaptation period is recognized, that developing countries can really achieve conditions for their economic growth and for social justice.<sup>27</sup>

This non-prioritization of the IMF, compared with the UN Security Council and WTO, can also be noted by the frequency with which Foreign Secretary Amorim mentions the different international institutions in his speeches, presentations, and interviews, as seen in Figure 5.

Considering what has been demonstrated up to now, it can be verified that Lula's policy towards the Fund during his first mandate was governed by a double logic. The first was related to domestic political interests and sought to respond to concerns from the PT and sections of the country's population who interpreted relations with the Fund as the linchpin of political subordination and economic anachronism. Therefore, the president sought to make it clear through his speeches (especially during electoral periods) that his government did not depend upon the IMF. A second, concomitant logic was more concerned with the foreign setting, where the government maintained a pragmatic rationality with regard to the Fund. Lula's government used its credit services when necessary, did not directly criticize its policies or confront its interests, at the same time as it

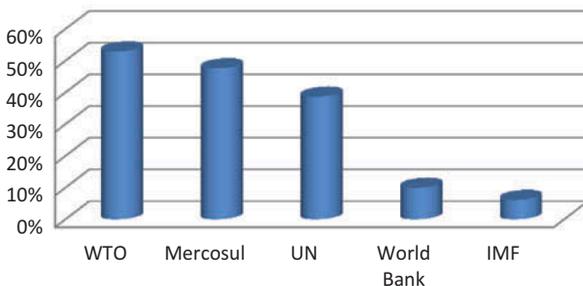


Figure 5. The frequency of different international institutions being mentioned in Celso Amorim's speeches.

Source: author's elaboration.

emphasized its respect for this financial institution. This second logic, of pragmatic rationality, sought to maintain trust in international marketing, hoping that it would be possible to secure an image of economic stability and higher rankings for Brazil with international rating agencies as a consequence.

The Lula government's diplomatic actions towards the IMF and the international financial system during the first mandate could be summarized as follows: to encourage the IMF directors to develop alternative mechanisms for financing poverty and development; to defend its closeness to the ECOSOC; to establish new forms of calculating surpluses for developing countries, or even moves towards reconfiguring power relations on the South American regional level through supporting the creation and development of the Banco do Sul. However, the Lula government did not maintain a foreign policy agenda actively directed towards a debate on proposals for more substantial institutional reforms of international financial architecture.

The Lula government's policy on the IMF did not alter in 2007 and there was continuity in relation to the first mandate. President Lula mentioned the IMF in 11.4 per cent of his speeches during this year, with 74 per cent of them broaching the themes "non-renewal of the agreement with the IMF", "early payment to the IMF" and "no further debts with the IMF". However, the Foreign Secretary, Celso Amorim, referred to the Fund only once during this year in pronouncements published on the Foreign Office's (MRE) website, at a time when he returned to his defense of this institution's closeness to ECOSOC.

#### **A change in course: a new agenda for Brazil's policy towards the fund**

However, it is apparent that the world economic crisis which commenced in the United States in 2007 modified Brazilian government policy towards the IMF. The crisis contributed to altering at least a part of the structure of economic dominance by the developed countries in the North in favor of greater importance for developing countries. The first and most immediate effect of this crisis on the Brazilian government's relationship with the IMF was a diversification in the themes of President Lula's speeches. Lula began to emphasize the change in Brazil's relationship with the Fund in times of crisis in this year and also started to develop strong criticisms of austere economic policies and IMF conditions:

Imagine, some time ago, if there had been a real estate crisis like they had in the United States; how many times the Chancellor of the Exchequer and the Minister for Planning would have needed to travel to New York or Washington in order to ask for money from the IMF? Not only did we not ask for more money, but we returned their money, which was here.<sup>28</sup>

I have just been to the Republic of the Congo, and the president said the following to me: "President Lula, it is difficult; how are we going to save our country? I am going to build a road, the IMF comes and says: 'You can't do it'. I want to build a school; the IMF goes there and says: 'You can't do that'. Everything is through fiscal adjustment". Or, that is, we are going to have to cry out that those who followed the IMF's guidelines during the 1990s have broken them. We have to follow our own guidelines because we don't need anyone to give us a lesson in integrity; a lesson in competence. How is it that a country which has a modern financial system, like ours, needs guidance from the Monetary Fund, which does not have this credibility today? It is the sovereign wealth funds which are gaining credibility, which Brazil has the great honor to be a part of.<sup>29</sup>

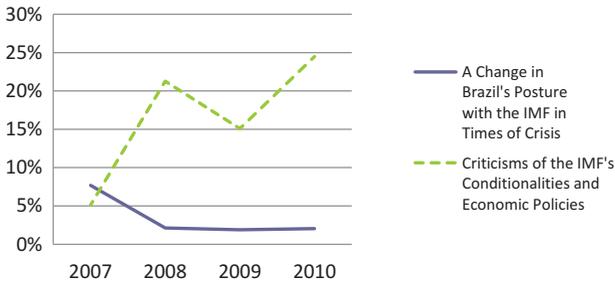


Figure 6. The frequency of the themes “a change in Brazil’s posture towards the IMF in periods of crisis” and “criticism of the IMF’s conditions and economic policies”.

Source: author’s elaboration.

The frequency of these two themes in Lula’s speeches from 2007 can be verified in Figure 6.

Another IMF theme which was frequently mentioned by the leaders of Lula’s government from 2009 was “the Fund’s inefficiency in relation to the economic crisis”:

Before, when we were the victims of the crisis, the IMF were present to give advice, the World Bank was present to give advice and foreign economic analysts were present to tell us what we had to do. And now that the crisis is at the core of the so-called developed countries, it seems that the institutions which knew everything when the crisis was here, do not know anything when the crisis is over there, or, at least, are not able to give the suggestions that need to be given, with the arrogance that they did here.<sup>30</sup>

During 2009 and 2010, 26 per cent and 10 per cent of Lula’s speeches on the IMF, respectively, broached this theme. However, the major effect produced by the world economic crisis that began in 2007 on Lula’s government policy towards the IFM was giving priority to the theme of institutional reforms within the IMF on the foreign policy agenda, which had not taken place until that time. As the Foreign Office confirmed, “Brazil noted the appearance of an opportunity for changing the financial system’s international financial and economic structure during the financial crisis.”<sup>31</sup> As a political mobilization strategy to defend the reforms, the Brazilian government began to engage in diplomatic efforts aimed at two distinct informal groups in particular: the financial G-20 and within the domain of the BRIC countries (Brazil, Russia, India, and China). The government started to “vigorously support the group’s work and acted as one of the principal actors in the G-20 consolidation process, as the principal forum to deal with international economic themes”.<sup>32</sup> Moreover, the country discussed convergent political actions within the BRIC, in the sense of pressurizing the IMF in favor of institutional reforms which they considered to be relevant. Some of these actions contributed to a new agreement on credit and loans to come into force in 2011, called “New Arrangements to Borrow” (NAB), within the Fund’s terminology.<sup>33</sup>

It can be perceived, especially following the first financial G-20 and BRIC meetings, that the “IMF reform” theme started to appear with greater frequency in President Lula’s and Foreign Secretary Celso Amorim’s speeches from 2008, no longer being restricted to pronouncements by the Treasury. Figures 7 and 8 show the relative importance that the reform of IMF institutions theme had in President Lula and Secretary Amorim’s speeches.

It can be noted from the figures that the more political demands for IMF reform decreased during 2010, which can be explained by the need to present more moderate

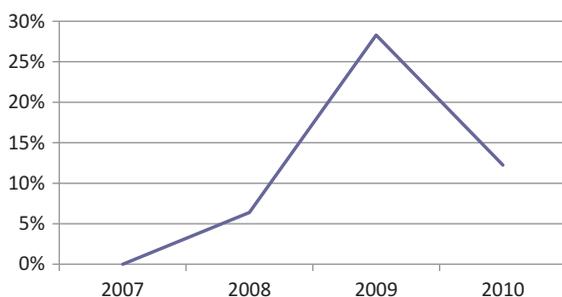


Figure 7. Frequency of the “IFM reforms” theme in President Lula’s speeches on the IMF.  
*Source:* author’s elaboration.

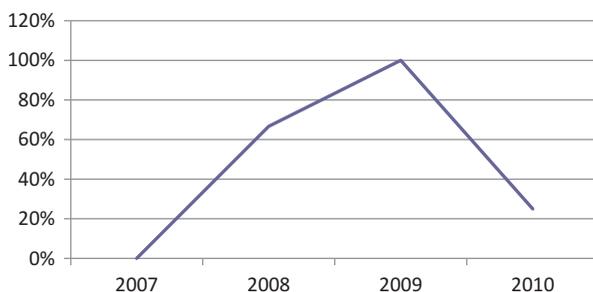


Figure 8: Frequency of the “IMF reforms” theme in Celso Amorim’s speeches on the IMF.  
*Source:* author’s elaboration.

proposals in an electoral year and due to the change in government leadership, which would be either José Serra or Dilma Rousseff. Before this time, and up until 2009, the Brazilian government started to defend significant reforms of the Fund and to place itself emphatically against any type of minimalist reform, “which simply has an effect at the edges”, arguing that this:

would put the Fund’s relevance and legitimacy into question. The developing countries, or many of them, would end up following their own paths, if they perceived that these reforms would not take place or that they are merely cosmetic. We will seek self-assurance by building high levels of international reserves and participating in regional monetary institutions. The fragmentation of the multilateral system, which is already appearing, will accelerate.<sup>34</sup>

The principal spokesperson for changes defended by the Lula government at this moment was Chancellor Mantega, Brazil’s official representative at the IMF. The principal points of these reforms, which have been upheld since this time, are the following:

- (1) a new formula to allocate participation quotas for the Fund’s member countries, distributing a larger quantity of quotas to developing countries;
- (2) a periodical review of the quotas every five years so that they reflect the member countries’ positions in the world economy;
- (3) the creation of a new liquidity instrument specifically conceived to support efforts to prevent crises;

- (4) revision of the way the director general and assistant director general is selected, adopting an open, transparent process based on merit, without taking nationality into account;
- (5) reform of the instruments and conditions for loans, minimizing excessive and intrusive conditions;
- (6) an increase in the Fund's resources;
- (7) maximized vigilance on developed economies.

The priority given to IMF reforms began to guide the Lula government's actions with the Fund, seeking to maximize Brazil's influence on this institution. At the G-20 meeting in London in 2009, the countries that had resources available decided to make contributions so that the IMF raised US\$500 billion. Chancellor Guido Mantega announced an agreement to take part in the Financial Transactions Plan (FTP) with the IMF in April 2009, which granted Brazil the position of lender to the IMF. Forty-seven of the 185 Fund members participated in the FTP at this time.

The FTP is the basic mechanism through which the Fund finances its loan operations. The IMF members who are part of the FTP decided to provide currency for free international usage (US dollars, euros, pounds or yen) up to the limit of its quota at the institution. In Brazil's case, the quota corresponds to US\$ 4.5 billion. In practice, the sums provided by the FTP participants are typically much lower than their quotas . . .

Only the countries which have a sufficiently robust balance of payments and international reserves are included in this plan. This evaluation is carried out quarterly by IMF staff and a list of the member countries considered eligible is submitted for approval by the executive board, having previously consulted the countries in question. Brazil's entrance to the FTP has acquired a special meaning during the difficult period which the world economy is currently experiencing. Firstly, it should be emphasized that the Brazilian economy maintains strong foreign accounts in the midst of the most serious international crisis since the Second World War in the IMF staff's opinion. On the other hand, Brazil's participation in the FTP indicates the country's disposition to contribute to a collective effort to finance the IMF and to combat the global crisis.<sup>35</sup>

Apart from the US\$4.5 billion quota, Mantega affirmed "that entry into the IMF's so-called Financial Transactions Plan did not nullify Brazil's decision to make an additional contribution to the institution, as part of an international effort to raise the Fund's financial capacity".<sup>36</sup> The value of this contribution was initially thought to be US\$10 billion but the Treasury announced that, following a discussion with the other BRIC members in November 2009, its contribution to the IMF would increase to US\$14 billion. Therefore Brazil would be able to become part of the New Arrangements to Borrow (NAB). In accordance with the statement issued by the Treasury:

Yesterday's meeting concluded a decisive stage of a negotiation process which was started approximately 9 months ago. Brazil acted in direct cooperation with the other BRIC members (Russia, India and China) during this process. The result of this cooperation was an important political victory of an unprecedented nature. For the first time in the history of the IMF, these four countries will have the effective capacity of veto in the institution. Only the BRICs, the United States, Japan and the group of countries in the European Union will have the power to veto the principal decisions in the new NAB . . . Brazil had been seeking three objectives while negotiating the NAB. Firstly, that the NAB was a temporary initiative, serving as a bridge to quota reform, which should be concluded by January 2011 and allowing for a rebalance of the decision-making power at the IMF in favor of the developing countries. Secondly, that the contribution of resources to the NAB could be made through acquiring either points or a bonus. Thirdly, that Brazil and the other BRICs have a real influence on

NAB reform, its governance and, specifically, on how this vast volume of reserves will be used. These three objectives were reached. With regard to the first item, it was decided that the new NAB would be in force until November 2012. A new negotiation on NAB rules should take place by November 2011. Brazil will also be made aware of the results of the quota reform on this date (in terms of redistributing quotas and votes between the member countries and, also, an increase in the total value of IMF quotas). In light of this, it will be able to decide whether it will maintain its participation in financing the Fund or not. If the result of the quota reform is satisfactory, Brazil could maintain its participation in the NAB or even convert its contribution to the NAB into an increase of its quota at the IMF. If this does not take place, Brazil can decide to end its participation with the NAB. With regard to the second objective, it was decided that the participants could choose between contributing through loans or by acquiring points issued within the domain of the NAB. With regards to the third item, it was established that the BRICs, as a group, would start to hold more than 15 per cent participation in the agreement. This percentage confers the power of veto on the principal decisions which will be taken by the NAB.<sup>37</sup>

This statement demonstrates the strategy of Brazil and the other BRIC participants of pressurizing the Fund to reform its quota system. This loan to the Fund became a very pronounced theme for the leaders of the Lula government. During 2009 and 2010, 45 per cent and 60 per cent of Lula's speeches on the IMF, respectively, broached this theme.

By way of a summary, it can be verified that the Lula government's policy in relation to the IMF was for slight adjustments at the beginning of its second mandate, not having produced significant changes to what had taken place during the first. However, with an intensification of the crisis which began in the United States, foreign policy underwent a more profound change, emphasizing the requirement for an institutional reform of the IMF. Therefore, firstly, a diversification of IMF-related themes can be observed in pronouncements made by Brazilian leaders, with the appearance of more decisive criticism of the Fund's actions, principally with regard to its prescribed economic policies, conditions, and regulatory apathy towards the systemic financial crisis. Furthermore, a demand for IMF reforms can be verified, strengthened in this phase of the president's second mandate and no longer exclusively embodied in speeches made by the Treasury but also appearing in those by the Foreign Office and the Presidency. Defense of IMF reforms definitely entered the priority agenda of Brazilian foreign policy in 2008. The government commenced discussions with the other BRIC members as a strategy to pressure for these reforms, becoming more and more present on the various Brazilian foreign policy agendas (commerce, technical and scientific cooperation, and international security, etc.).

However, the Lula government did not change its way of using its relationship with the IMF in its domestic policy. That is, the government kept emphasizing Brazil's non-subservience to the Fund to the Brazilian population. In fact, the message passed repeatedly to the Brazilian population throughout the second mandate was that the IMF would no longer dominate Brazil but, instead, Brazil would come to exert a greater influence on the Fund's financial and political dynamics.

### **Final considerations**

The objective of this article is to understand the principal characteristics of Brazil's foreign policy towards the IMF and its reform processes during the Lula government, using bibliographical research methods and, principally, an analysis of the content of speeches made by the main leaders of the Federal Executive Authority. The first conclusion is that the Lula government's policy towards the IMF had two distinct dimensions,

which were well-defined but mutually influenced each other: the domestic and external dimensions.

In its domestic dimension, it can be verified that policy towards the Fund was regulated by an emphasis on independence and national state political autonomy. The themes related to the Fund most frequently addressed by President Lula in his speeches sought to transmit the idea of Brazil's non-subservience to this institution and the historic transformation of the country's political and institutional relations with the IMF. However, when considering that the IMF is a highly controversial political subject – principally due to its leadership conducting an agenda of macroeconomic adjustment in developing countries during the 1980s and 1990s – and that its public image in Brazil was the target of various attacks by left-wing and nationalist groups, the hypothesis that President Lula had used the relationship with the Fund in a political-electoral manner can be raised, which is a further aspect of the domestic dimension of Brazilian foreign policy as regards the IMF.

Nonetheless, it should not be understood that the foreign dimension is subordinate to the domestic dimension, but, instead, one should consider them dialectically, with constant tension and contradiction throughout President Lula's two mandates. Foreign policy towards the IMF was pragmatic between 2003 and 2010, guided by the principles of macroeconomic policies and, at the same time, sought to join the Workers' Party's more traditional battle flags, principally since the second half of 2007. In fact, in its external dimension, the Lula government's policy towards the Fund could be divided into two periods: from the beginning of the government, in 2003, until mid-2007, which was a non-confrontational phase; and from the beginning of the United States' economic crisis until the end of the Lula government which was a period in which institutional reforms of the Fund were requested.

Foreign policy sought to respect agreements and avoid confrontations with the IMF in the first phase, aiming to avoid any obstacles, in order to re-establish international trust in the country's economy. The IMF was not a priority on the Brazilian foreign policy agenda at this time, with institutional reforms being defended by the Chancellors of the Exchequer in a disjointed manner and with little emphasis. In other words, it is suggested that, taking into account that the environment was not very permissive, a consolidated political project did not appear to exist in the heart of the government in order to define its relationship with the IMF at this time or that the systemic moment was not permissive.

However, following the 2007 crisis, and having re-established international trust and accumulated financial reserves, the government began to interweave decisive criticisms of the Fund, its liberal economic policies and inefficiency in relation to the crisis in particular. These criticisms were equally accepted by other emerging economies and "new powers" on the international scene, such as South Africa, India and Turkey. Following discussions at the financial G-20 and within the BRIC group, the government began to prioritize the theme of IMF reform, putting together the presidency of the Republic, the Treasury and the Foreign Office. The belief that the crisis would constitute a unique moment, with the potential to change the international financial system, led the Lula government to seek to maximize projection of its strategic interests. It is observed that such a position is in harmony with the directives of Brazilian foreign policy, in the sense of defending multilateralism, giving priority to south-south cooperation, and greater autonomy and voice to developing countries in the international economic and political system (Vigevani and Cepaluni 2011). Brazil's foreign policy was in this sense very much aligned with the BRIC group's pressure for the reform of the IMF; one can say that it contributed to this process, even though the subject matter is still under scrutiny by the US Congress in 2014.

Brazil established its policy towards the IMF, guiding its actions to ensure its presence in the debate on the institution's governance reform, such as deciding to grant US\$14 billion to the IMF in order to obtain an increase in its influential power, together with the other BRIC members. Corroborating the idea that foreign policy related to the IMF did not override domestic policy but that both were mutually reinforced, the fact that Brazil had become a lender to the Fund was widely used by Lula to demonstrate changes in the form of its relationship with international financial agencies, as well as publicly signaling a contrast with Fernando Henrique Cardoso's two mandates.

In fact, this political use of the relationship between foreign and domestic dimensions is an interesting and specific characteristic of the Lula government's foreign policy, since a rhetorical and strategic reconciliation between attacks and protection of the IMF and its policies is observed with increasing frequency in the president's speeches. Without a doubt there is also an element of idiosyncrasy from a trade unionist president, whose political culture has allowed him to deal directly with the conflict within government dynamics and, furthermore, the ability to reconcile and negotiate domestic and international plans. From the results of research which were presented here, it is unmistakable that some questions remained open, which should be covered in future projects: *inter alia*, what influence has Brazilian foreign policy been exerting on reform processes in progress at the IMF since 2008? In what form has Brazil constructed a policy to demand IMF reforms? How has Brazilian participation within the sphere of the G-20 been taken into account? How has the search for IMF reforms been dealt with by Brazil in the South American regional plan?

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#### Notes

1. The main authors that guide our analysis on foreign policy and the case of Brazil are Alden and Aran (2012), Hill (2003), Maria Regina Soares De (2000), and Milani and Pinheiro (2013).
2. Content analysis, a method of detailed document examination, "helps reveal what the content has to say about the phenomenon of interest and generates what has been referred to as knowledge deduced from content. Its purpose is to show meanings, associations and intentions that may not be evident on a straight reading of the document. Content analysis proceeds through a systematic, quantitative, objective description of the explicit content of the documents under analysis" (Gagnon 2010, 77).
3. The Board of Governors is the IMF's highest decision-making body, and its governors are appointed by member countries. Governors are usually the minister of finance or the governor of the country's central bank. In the case of Brazil, foreign policy is constitutionally the direct responsibility of the President, and is delegated to *Itamaraty* (Brazil's External Relations Ministry). The *Itamaraty* is the political institution that supports the President in foreign policy formulation, including in economic and trade matters. In this research, because of its focus on finance and the IMF, all the Central Bank's documents were consulted; nonetheless, official speeches by its governor were not included for the very simple reason that none of them between 2003 and 2010 dealt with the particular issue of political and institutional relationship

with the IMF. Officially the governor seconds the minister of finance to the IMF, but during Lula's mandate the governors played an exclusively technical role. It is also relevant to recall that career diplomats usually undertake the duty of coordinating international affairs in the ministry of finance (Duarte 2013). This diplomat (currently Ambassador Carlos Marcio Bicalho Cozendey) is normally Brazil's Sherpa in the G-20 (<https://www1.fazenda.gov.br/sain/index.asp>).

4. A registration unit is a unit of meaning that is to be encoded and corresponds to the segment of content that will be considered as a base unit, aiming for categorization and frequency data. A registration unit is variable in nature and size. The registration units correspond to the themes linked to the IMF in the discourses analyzed during this research.
5. A context unit serves as a unit of understanding to codify the registration unit and corresponds to the segment of the message, whose size (greater than the registration unit) should be significant, so that the exact meaning of the registration unit can be understood. Context units are broader sections from the discourses analyzed during this research, which allow for an understanding of the context in which IMF themes were pronounced.
6. Codification is the process of establishing codes for the different types of registration units identified (content segment), so that it is possible to measure the frequency of the different themes in the speeches that were analyzed.
7. Antonio Palocci, "O Homem do Plano Único". Interview given to Reinaldo Azevedo, Rui Nogueira, and João Carlos de Oliveira from *Primeira Leitura* magazine on 6 April 2003. Accessed August 7, 2010. Available at: <http://www.fazenda.gov.br/portugues/documentos/impressa/entrevistas/EnPriLei.asp>.
8. Luiz Inácio Lula da Silva, speech by the President of the Republic on a visit to Retiro de Itaiç, CNBB Indaiatuba (São Paulo, 1 May 2003).
9. Luiz Inácio Lula da Silva, speech by the President of the Republic at the inauguration ceremony of ThyssenKrupp CSA Siderúrgica do Atlântico (Rio de Janeiro, 18 June 2010).
10. Luiz Inácio Lula da Silva, speech by the President of the Republic at the inauguration ceremony for a new Pirelli factory (Feira de Santana-BA, 12 September 2003).
11. Luiz Inácio Lula da Silva, speech by the President of the Republic at the Council on Foreign Relations (New York, 25 September 2003).
12. Luiz Inácio Lula da Silva, speech by the President of the Republic at the Council on Foreign Relations (New York, 25 September 2003).
13. *Ibid.*, 178–9.
14. Antonio Palocci, pronouncement by the Chancellor of the Exchequer, Antonio Palocci, on a radio and TV network (Brasília, 28 February 2005).
15. The Brazilian Treasury, "O pré-pagamento do empréstimo do Brasil junto ao Fundo Monetário Internacional" (Brasília, 2005). Accessed July 5, 2010. Available at: <http://www.fazenda.gov.br/portugues/releases/2005/r131205.asp>.
16. Maria Lucia Fattorelli Carneiro, "Contradição inexplicável: Por que o Governo Lula acelera endividamento caro e quita antecipadamente dívida bem mais barata?" Accessed November 10, 2010. Available at: [http://www.cecac.org.br/MATERIAS/FMI\\_farsa\\_do\\_pagamento.htm](http://www.cecac.org.br/MATERIAS/FMI_farsa_do_pagamento.htm).
17. Luiz Inácio Lula da Silva, declaration to the press given by the President of the Republic during the Third Meeting with Waste Pickers and Street Dwellers at Christmas (São Paulo, 23 December 2005).
18. Luiz Inácio Lula da Silva, pronouncement to the nation by the President of the Republic on a radio and television network regarding payment of the debt with the IMF (Brasília, 16 January 2006).
19. Luiz Inácio Lula da Silva, speech by the President of the Republic at the World Economic Forum on Latin America (São Paulo, 6 April 2006).
20. Luiz Inácio Lula da Silva, speech by the President of the Republic in a plenary session at the World Economic Forum in Davos on new strategies for eradicating hunger (Davos, Switzerland, 26 January 2007).
21. Luiz Inácio Lula da Silva, speech by the President of the Republic at a ceremony related to the renovation and modernization project at the São Francisco do Sul port in Santa Catarina (São Francisco do Sul, 17 March 2006).
22. Luiz Inácio Lula da Silva, pronouncement to the nation by the President of the Republic on a radio and television network for Workers' Day (30 April 2005).

23. Celso Amorim, speech made by the Foreign Secretary at the opening of the 61st United Nations Seminar entitled *The United Nations: Peace, Human Rights and Development in a new International Setting* (Brasília, 24 October 2006).
24. Luiz Inácio Lula da Silva, speech by the President of the Republic during a meeting with the Director General of the IMF, Rodrigo de Rato (Brasília, 10 January 2006).
25. Guido Mantega, speech given by the Chancellor of the Exchequer of Brazil at the International Monetary and Financial Committee (IMFC) (Washington DC, 17 September 2006).
26. Ibid.
27. Celso Amorim, master class given by the Foreign Secretary to students at the Instituto Rio Branco (Brasília, 2006).
28. Luiz Inácio Lula da Silva, speech by the President of the Republic at an opening ceremony at the 5th National Meeting of the Program to Stimulate the National Petroleum and National Gas Industry (Programa de Mobilização da Indústria Nacional de Petróleo e Gás Natural, Prominp) (Brasília, 7 November 2007).
29. Luiz Inácio Lula da Silva, speech by the President of the Republic during a meeting with Brazilian businessmen (Brasília, 24 October 2007).
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