

# Brazil Stands At a Crossroads

by Silvia Palacios

Brazil faces life-and-death decisions, which will define its future in the short term. Until now, President Fernando Henrique Cardoso has sought to keep his promises to the international banks, to maintain a liberal free-trade economic policy, under the illusion that this will ensure the financial flows needed to cover the country's enormous balance of payments deficit. These flows are becoming ever more tenuous, however, given the explosive international financial crisis, and the way in which this is hitting Brazil and its neighbor, Argentina.

At the same time, Cardoso seeks to "manage" the growing pressure against globalization coming from domestic diplomatic, industrial, and agricultural sectors, which are tired of handing the public and private patrimony over to foreign interests, as has occurred since the irresponsible policy of economic "opening" was adopted in 1990. Thus, in his foreign policy, Cardoso is developing "alternatives" to rampant globalization, around a strengthening of Brazil's relations with nations including China, Russia, South Africa, and India.

Brazil's choices emerged during President Cardoso's first meeting with George W. Bush on March 20 in Washington, followed by Chinese President Jiang Zemin's private visit to Brazil on April 11, as part of his tour of six Ibero-American nations.

At the meeting with Bush, Cardoso was treated roughly, raising the specter of the "Big Stick" policy characteristic of the colonial era of Teddy Roosevelt at the beginning of the 20th Century. The Bush government seeks to force Brazil to adhere unconditionally to a Free Trade Accord of the Americas (FTAA), as a precondition for the intended dollarization of the hemisphere.

The conflict which dominated the meeting was captured in the crude comments by U.S. State Department officials which followed. *O Estado de São Paulo* reported on April 3, that Assistant Secretary of State for Inter-American Affairs Peter Romero "had a negative evaluation of the conversation between the Presidents, making clear the sentiment of frustration which the Brazilian leader's visit to Washington left behind at the State Department." Romero said the visit "added nothing new, and was as if it had not occurred." He used the term "schizophrenia," to describe Brazil's attitude toward the subject of Colombia.

The New York Council on Foreign Relations joined the

chorus of threats. In an April 9 interview in *Jornal do Comercio*, Kenneth Maxwell, the coordinator of the CFR task-force which recently issued a study recommending how the United States should handle Brazil, said: "The study recognizes that the Brazilian globalization is recent and vulnerable. The issue before Brazil, is: What are the alternatives? Will it remain outside? Close itself off? Would a return to autarky better its income distribution? Unfortunately the world is not going to wait. Or, worse, it won't care."

Cardoso's evaluation of his meeting with Bush was also negative. In an April 5 interview with *O Estado de São Paulo*, Cardoso said that Brazil "needs space at the global level." He compared President Bush to his father, who "perhaps has a broader capacity to understand things" than his son. Cardoso added: "Today, U.S. supremacy is such, that it has transformed the President of the United States into a man responsible for practically everything, more, even, than when his father was President. This is going to require very great agility on the part of the U.S. government. For example: What should be done with Africa? Should it be left out of globalization? And the FTAA? What do we do with the poorest regions of the continent? Do we build an integration which excludes even more areas? These are questions which require very great social sensibility."

## Independent Nations Build Big Things

Cardoso's meeting with Bush provided a sharp contrast to the fraternal tone of Jiang Zemin's visit. In welcoming the President of China, Cardoso said, "China being the largest country in Asia, and Brazil in Latin America, shows that there is a great convergence of interests between the two countries, which cannot be ignored in the new world order." Jiang Zemin emphasized: "We share the same historic responsibility and a good basis for cooperation in respect to maintaining world peace and promotion of joint progress."

One notable aspect of the meeting was the recognition that both nations aspire to develop great infrastructure projects. As a symbol of this, Cardoso gave Jiang Zemin a photograph of one of the turbines which is being made for China's Three Gorges Dam hydroelectric plan by Siemens of Brazil. Brazilian technicians have been working with China, passing on their experience in managing Brazil's Itaipú hydroelectric plant, until now the largest in the world, which served, in part, as a model for the Three Gorges Dam.

The most advanced area of collaboration between China and Brazil is their aerospace program, a joint project to build and launch satellites. To strengthen this collaboration, an accord for cooperation in the areas of information technologies, biotechnology and genomes, and advanced materials was signed. Brazil's Minister of Science and Technology Ronaldo Sandenberg said, "The agreement is another step in the deepening of scientific-technological relations between Brazil and China, opening up perspectives for important advances in the short term for the governments of both countries."