

President Trump's Losing Strategy: Embracing Brazil

And Confronting China

Introduction

The US embraces a regime doomed to failure and threatens the world's most dynamic economy. President Trump has lauded Brazil's newly elected President Jair Bolsonaro and promises to promote close economic, political, social and cultural ties. In contrast the Trump regime is committed to dismantling China's growth model, imposing harsh and pervasive sanctions, and promoting the division and fragmentation of greater China.

Washington's choice of allies and enemies is based on a narrow conception of short-term advantage and strategic losses.

In this paper we will discuss the reasons why the US-Brazilian relation fits in with Washington's pursuit for global domination and why Washington fears the dynamic growth and challenge of an independent and competitive China.

Brazil in Search of a Patron

Brazil's President, Jair Bolsonaro from day one, has announced a program to reverse nearly a century of state directed economic growth. He has announced the privatization of the entire public sector, including the strategic finance, banking, minerals, infrastructure, transport, energy and manufacturing activities. Moreover, the sellout has prioritized the centrality of foreign multi-national corporations. Previous authoritarian civilian and military regimes protected nationalized firms as part of tripartite alliances which included foreign, state and domestic private enterprises.

In contrast to previous elected civilian regimes which strived – not always successfully – to increase pensions, wages and living standards and recognized labor legislation, President Bolsonaro has promised to fire thousands of public sector employees, reduce pensions and increase retirement age while lowering salaries and wages in order to increase profits and lower costs to capitalists.

President Bolsonaro promises to reverse land reform, expell, arrest and assault peasant households in order to re-instate landlords and encourage foreign investors in their place. The deforestation of the Amazon and its handover to cattle barons and land speculators will include the seizure of millions of acres of indigenous land.

In foreign policy, the new Brazilian regime pledges to follow US policy on every strategic issue: Brazil supports Trump's economic attacks on China, embraces Israel's land grabs in the Middle East, (including moving its capital to Jerusalem), back US plots to boycott and policies to overthrow the governments of Cuba, Venezuela and Nicaragua. For the first time, Brazil has offered the Pentagon military bases, and military forces in any and all forthcoming invasions or wars.

The US celebration of President Bolsonaro's gratuitous handovers of resources and wealth and surrender of sovereignty is celebrated in the pages of the Financial Times, the Washington Post and the New York Times who predict a period of growth, investment and recovery – if the regime has the 'courage' to impose its sellout.

As has occurred in numerous recent experiences with right wing neo-liberal regime changes in Argentina, Mexico, Colombia and Ecuador, financial page journalists and experts have allowed their ideological dogma to blind them to the eventual pitfalls and crises.

The Bolsonaro regime's economic policies ignore the fact that they depend on agro-mineral exports to China and compete with US exports ...Brazilian agro-business elites will resent the switch of trading partners.. They will oppose, defeat and undermine Bolsonaro's anti-China campaign if he dares to persists.

Foreign investors will takeover public enterprises but are not likely to expand production given the sharp reduction of employment, salaries and wages, as the consumer market declines.

Banks may make loans but demand high interest rates for high 'risks' especially as the government will face increased social opposition from trade unions and social movements, and greater violence from the militarization of society.

Bolsonaro lacks a majority in Congress who depend on the electoral support of millions of public employees, wage and salaried workers ,pensioners,and gender and racial minorities. Congressional alliance will be difficult without corruption and compromises ...Bolsonaro's cabinet includes several key ministers who are under investigation for fraud and money laundering. His anti-corruption rhetoric will evaporate in the face of judicial investigations and exposés.

Brazil is unlikely to provide any meaningful military forces for regional or international US military adventures. The military agreements with the US will carry little weight in the face of deep domestic turmoil.

Bolsanaro's neo-liberal policies will deepen inequalities especially among the fifty million who have recently risen out of poverty. The US embrace of Brazil will enrich Wall Street who will take the money and run, leaving the US facing the ire and rejection of their failed ally.

The US Confronts China

Unlike Brazil, China is not prepared to submit to economic plunder and to surrender its sovereignty. China is following its own long-term strategy which focuses on developing the most advanced sectors of the economy – including cutting edge electronics and communication technology.

Chinese researchers already produce more patents and referred scientific articles than the US. They graduate more engineers, advanced researchers and innovative scientists than the US based on high levels of state funding . China with an investment rate of over 44% in 2017, far surpasses the US. China has advanced, from low to high value added exports including electrical cars at competitive prices. For example, Chinese i-phones are outcompeting Apple in both price and quality.

China has opened its economy to US multi-national corporations in exchange for access to advanced technology, what Washington dubs as ‘forced’ seizures.

China has promoted multi-lateral trade and investment agreement ,including over sixty countries, in large-scale long-term infrastructure agreements throughout Asia and Africa.

Instead of following China’s economic example Washington whines of unfair trade, technological theft, market restrictions and state constraints on private investments.

China offers long-term opportunities for Washington to upgrade its economic and social performance – if Washington recognized that Chinese competition is a positive incentive.

Instead of large-scale public investments in upgrading and promoting the export sector, Washington has turned to military threats, economic sanctions and tariffs which protect backward US industrial sectors. Instead of negotiating for markets with an independent China, Washington embraces vassal regimes like Brazil's under newly elected President Jair Bolsonaro who relies on US economic control and takeovers.

The US has an easy path to dominating Brazil for short-term gains – profits, markets and resources, but the Brazilian model is not viable or sustainable. In contrast the US needs to negotiate, bargain and agree to reciprocal competitive agreements with China ..The end result of cooperating with China would allow the US to learn and grow in a sustainable fashion.

Conclusion

Why has the US chosen the road of embracing a backward-looking Brazil rather than a future leader- nation?

Basically, the US is structurally embedded in a high militarized political system which is driven by the quest for world domination – ‘imperialism’. The US does not want to compete with an innovative China, it seeks to coerce China to dismantle the institution, policies and priorities which make China great.

Washington demands that China surrender the relative autonomy of the state, increase US penetration of strategic sectors and rely on free market bankers and academics. US economic policy is shaped by bankers, corrupt speculators and lobbyists for special regional interests, including regimes like Israel. China's economic policy is shaped by industrial interests, guided by the strategic goals of the central state authority capable and willing to arrest hundreds of top officials on the take.

The US cannot contain China's upward trajectory with military encirclement – because Beijing's economic strategy neutralizes US military bases and defeats tariff constraints through the diversification of major new trading deals. For example, China is negotiating with India to vastly increase imports of agricultural commodities, including rice, sugar, milk, soy beans meal and cotton. India currently has a major trade deficit with China especially machinery and industrial goods and is eager to replace US exporters. China has major trade and investment agreements throughout Southeast Asia, South Korea, Japan, Pakistan, Russia and Australia as well as Africa, Latin America (Brazil and Argentina) and the Middle East (Iran, Iraq and Israel).

The US has little leverage for 'squeezing' China, even in high tech sectors as China is less dependent on the US know-how. Washington has secured agreements with China, increasing exports of cars and entertainment; China can easily agree to enforce curbing so-called 'property theft' especially since it is no longer an important factor since most of China innovations are domestically created. Moreover, big business and Wall Street demand the Trump regime reach an open markets agreement with China and ignore its autarkic enemies.

Given China's continued buoyant economy (6.5% GDP in 2018), its increased emphasis in expanding social services, the consumer market and easing of credit, Trump's coercive tariff policies are doomed and the military threats will only encourage China to expand and upgrade its military defense and superior space programs.

Whatever temporary and limited trade agreements emerge from US-China negotiations, the Trump regime will continue to pursue its unipolar imperial agenda of embracing vassal regimes, like Brazil, and confronting China.

The future belongs to independent, innovative and competitive China not to vassal, militarized and submissive regimes like Brazil.