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Region Uneasy with Brazil's New Role as Economic Powerhouse

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"Some news doesn't happen every day," said Brazil's Minister of Finance Guido Mantega, upon learning that on Dec. 26 the London-based Centre for Economics and Business Research (CEBR) had said the South American giant had just displaced Great Britain for the number-six spot among the world's largest economies. In the CEBR's latest World Economic League Table, only the US, China, Japan, Germany, and France rank higher than Brazil.

No sooner had the news of the new CEBR ranking broken than Mantega said that by 2015 the country might move ahead of France to take fifth place on the global list. "The International Monetary Fund (IMF) expects Brazil to be the fifth-largest economy by 2015, but I think that will happen earlier, there are elements to support it happening sooner," said the minister.

In the region, Brazilians are considered extreme exaggerators. To discredit them, any Bolivian, Paraguayan, Argentine, or Uruguayan living near the Brazilian border says sarcastically, and in Portuguese, that everything Brazilian is "the largest in the world." This time, Mantega's statements do not warrant sarcasm. Brazil's growth is obvious and its presence is overwhelming throughout the region, which fears the possible reappearance of the hegemonic spirit indicative of the empire. (Brazil achieved independence from Portugal in 1822 and went from a monarchy to an empire, which lasted until the end of the 19th century, when it became a republic.)

The formidable development of the last decade has not, however, reached all of society. The country has large contradictions, and, like the US and China—the world's two major economic powers—has inequality indices similar to the poorest Third World countries.

Throughout South America, but also in Central America and Africa, large infrastructure projects proliferate—underground trains, hydroelectric plants, roads and bridges, mining projects—that are carried out by Brazilian firms and financed by the Brazilian government. These include the metro in Caracas, Venezuela, dams in Peru, roads and bridges in Bolivia, and mining operations in Mendoza, Argentina. This sweeping presence brings inevitable suspicions.

Brazil's former President Fernando Henrique Cardoso (1995-2003) said that Brazil could occupy spaces abandoned by the US because of its own crisis and its military operations in Iraq and Afghanistan. "It's very likely that that's how it will be, but not like the Americans, who are hegemonic and who also meddle in political control. In that regard, Brazil is more subtle. However, it will have to be very careful not to transform its regional dominance into hegemony, that's not good for us, it would generate conflict, and it's not necessary to have permanent tensions for the country to grow," said Cardoso.

Brazil's leadership recognized throughout region
Brazil is perceived as having the best leadership in Latin America and the Caribbean, and for that reason it is the most feared. In a survey released in early November 2011 by the Chile-based
international consulting firm Latinobarómetro, 20% of Latin Americans from 18 countries said Brazil had the best leadership, but in the four neighbors with the greatest intercommunication—Bolivia, Argentina, Paraguay, and Uruguay, the last three Brazil's associates in the Southern Cone Common Market (MERCOSUR)—almost 52% of respondents had that same perception.

Rubens Barbosa, Brazil's ambassador to Washington between 1999 and 2004, admits that there is a basis for the lack of trust, and he says, "That will continue and perhaps increase." The US, he said, "does not have the intention of being a hegemonic power, it is a hegemonic power. Brazil's influence will continue increasing, thus we do not need to say that we want leadership, the leadership will come because of Brazil's specific influence, and that cannot be stopped."

"The terms with which Brazil takes the reins of combatting drug trafficking in our country are almost identical to those of the DEA [US Drug Enforcement Administration] before it was expelled from the country (NotiSur, Sept. 19, 2008)," wrote the Santa Cruz daily El Día in a marked anti-Brazilian tone. Santa Cruz is a border department with strong economic relations with Brazil. The right-leaning daily expressed this sentiment on April 1, just a day after the governments of Bolivian President Evo Morales and Brazil's President Dilma Rousseff signed a highly advantageous agreement for Bolivia.

Soon after, former Bolivian President Carlos Mesa (2003-2005) said in a forum to which he was invited by Cardoso, "We Bolivians see Brazil as an expansionist and imperialist country." In Paraguay, Brazil's partner in the Itaipú hydroelectric plant, campesinos denounced the growing presence of Brazilian producers who occupy their lands to create soy plantations (NotiSur, July 16, 2010), and the far-right daily ABC Color refers to Brazil as "Brazilian imperialism."

In Peru, Brazil is also the distrusted neighbor. "We do not want a repetition regarding Brazil of the Mexican saying, 'Poor Mexico, so far from God and so close to the United States,'" said President Ollanta Humala before he was elected. On April 8, in an interview with the daily Folha de São Paulo, Humala said that Brazilian economic groups wanted "to take advantage" of the weakness of some Peruvian business owners to acquire their businesses. "We don't want bosses, we want associates," he said. Since taking office, however, he is maintaining close relations with the Rousseff administration.

**Bank provides huge comparative advantage**

Key to the ostensible presence of Brazilian businesses in the region is the state Banco Nacional do Desenvolvimento (BNDES). When a Brazilian company participates in a public auction in any country, it does so with great advantages. Along with its proposal, the financing is taken care of, provided by BNDES. In the first decade of the century, during the two terms of ex-President Luiz Inácio Lula da Silva (2003-2011), the bank's credits for infrastructure projects increased 1,082% and in 2011 were valued at close to US$1 billion.

"BNDES loans are not given directly to the countries, they are offered to Brazilian businesses that are installed in, or have projects in, other countries. The objective is to support Brazilian businesses' internationalization strategy in the region," Luciene Machado, BNDES superintendent of foreign trade, told BBC Mundo.

Many analysts agree that BNDES is a power tool, and Thiago de Aragão, of the private consulting firm Arko Advice, says, "It is clearly an instrument to gain power and influence in Latin America.
and on the African continent." Former President Cardoso rounded out the idea: "BNDES is an important tool for businesses; its support is an invaluable comparative advantage for national companies versus other countries that lack similar instruments."

Brazil is preparing to end the second decade of the third millennium having become a major power of world influence. "Ours is a country that is growing and conquering the world," said President Rousseff on Sept. 16 in marking 1,000 days until the 2014 soccer World Cup takes place in Brazil.

Domestically, however, the country still has social debts that cloud its shining future. Neither during the eight years of the Lula administration nor in this administration has the Partido dos Trabalhadores (PT) found a way to relieve the formidable social debt that touches 23% of the 190.7 million Brazilians, according to the 2011 general census.

This January, the devastating floods, which occur cyclically as human-caused climate change castigates humanity, have again taken hundreds of lives, left tens of thousands homeless, and brought costly economic losses.

"Of the more than 150 works considered absolutely critical after the January 2011 floods, and which should have been carried out, perhaps a dozen have barely been started and in no way finished (NotiSur, Feb. 11, 2011). The official neglect is total," Agostinho Herrero, president of the private Conselho Regional de Engenharia, Arquitetura e Agronomia do Estado de São Paulo (CREA), told news agency Deutsche Presse-Agentur (DPA) on Jan. 13, after the deaths of 38 people in Minas Gerais and Rio de Janeiro—the second- and fifth-richest states in the country.

Days earlier, data from the final 2011 census had shown unacceptable economic, social, and cultural inequality for a country that celebrates having become the world's sixth-largest economy. For example, the richest 10% of the population has 44.5% of income, while the poorest 10% has just 1.1%. The salaries of the same top 10% are 39 times higher than those of the poorest 10%.

Whites earn an average of US$900 per month, while blacks—the absolute majority of the population with 50.7%—receive less than US$500 and indigenous just over US$400. On average, women earn 70.6% of what men earn in the same job. While 5.9% of whites are illiterate, among blacks the figure is 14.4%.

It is shocking that, given this picture, Defense Minister Celso Amorim has adopted the same discourse used by the xenophobic leaders of the declining Europe and the US in crisis to ask, on Jan. 13, that "the government redefine its immigration policy so that the news [of Brazil's position as the sixth-largest economy] does not attract illegal immigrants."

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