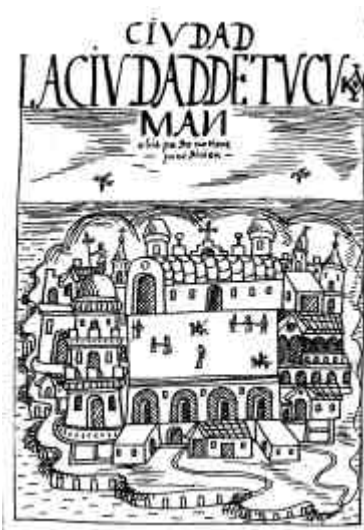


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**BRAZIL AND THE UNITED STATES: FROM
DEPENDENCY TO EQUALITY**

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BRAZIL AND THE UNITED STATES: FROM DEPENDENCY TO EQUALITY

Brazil under President Lula is seeking an ambitious new role for itself on the regional and global stage. How will it negotiate this change with the United States, its fellow-giant to the north? To mark the Free Trade Agreement of the Americas (FTAA) summit in Miami, a respected Brazilian scholar examines the past, present and possible future of this special relationship.

The military governments that ruled Brazil for lengthy periods in the late 20th century elaborated the concept of greatness as defining the national purpose. But in truth, the idea of the country's eventual emergence as a great power was embedded in the psyche of the Brazilian elite long before the first *coup d'état* in **1930**, and it persists as a goal to be pursued long after the military's political demise.

Brazil's ambition, increasingly strong since the apogee of its economic success, the 1970s – to secure an increasingly autonomous world role and a prominent place in the international structure of power – has strongly shaped her relationship with the United States. This ambition still persists as the underlying determinant of Brazil's foreign policy into the **21st century**.

Since the 1930s, Brazilian leaders evolved the conviction that to realise its aspirations – fulfil its manifest destiny – the country had to loosen, and ultimately break, the ties of economic dependence with the US. Brazil's determination to gain progressively greater autonomy, to move upward in the international power structure, **grew** from this time.

An inevitable consequence of that conviction has been the gradual withering away of the 'unwritten alliance' with the United States that was the guiding thread of Brazil's foreign policy from the early 20th century until the 1950s.

Brazil's rapid economic development after the second world war allowed her largely to overcome Argentina as the pre-eminent economic force in South America. Yet Brazil always refrained from displaying overt ambitions to continental leadership, and indeed identified clearly with other South American nations, especially those situated in the Rio de la Plata basin. One practical result has been the creation of the customs union **Mercosur** – the second attempt, after the European Union, to unite nations in a single economic block. This project has been a supreme priority of Brazil's economic and foreign policy, and her decades-long search for global status.

Brazil and her neighbours

But to understand **Brazil's** weight and role as a middle or regional power in Latin America, it is useful to recall three dimensions in the power hierarchy among states: territorial, economic, and military. These factors allow states to conduct autonomous actions that influence their neighbours and rivals, and help determine the way in which the condition of being an international power expresses itself. How does Brazil appear in the context of these factors, and of its own modern history?

Brazil, with more than 173 million inhabitants (2002), is larger in territory than the continental United States (slightly smaller if Alaska is included) – about 8.5 million square kilometres, with a coastline of 7,491 kilometres. She shares 14,691 km of land boundaries with all South American countries except Ecuador and Chile.

It is a tribute to the skill of Brazilian diplomacy that – in contrast to other states, in the region and elsewhere – those borders are entirely uncontested between Brazil and her neighbours. Within this vast territory, the natural resources are bountiful – fertile agricultural lands and colossal reserves of iron and metallic minerals, uranium, petroleum, besides enormous hydroelectric resources.

Brazil's economy is the world's ninth or tenth largest according to the criterion of purchasing power parity used by the **World Bank**, and the ninth largest market-based centre of production [its \$1.34 trillion (2001) GDP is over three times more than Argentina's \$391 billion (2002), larger than Canada's \$923.3 billion (2002), Mexico's \$ 923 billion (2002), and

Spain's \$828 billion (2002), and slightly smaller than Italy's \$1,438 trillion (2002), Britain's 1,520 trillion (2002) and France's \$1,540 trillion (2002).

Since the **mid-19th century**, Brazil's interests have always conflicted with those of the great industrial powers, especially Great Britain and the United States.

By 1850 Brazil resisted pressure from the United States to open the Amazon river. In 1863, after two decades of friction, Brazil severed diplomatic relations with Britain, withstanding aggressive pressures to renew a trade agreement derogated in 1842. The relations between the two countries were only re-established in 1865, during the War of the Triple Alliance against Paraguay (**1864-1870**), when Brazil needed loans for purchasing military supplies.

This war, waged alongside Argentina and Uruguay, had dire consequences for Brazil's economic and political situation, even though she emerged victorious (and Paraguay devastated). The war left Brazil economically weakened and indebted, while Buenos Aires (where Brazil had wasted so much money supplying troops) became richer and able at last to unify, organise, and centralise the Argentine state.

Thus, during the last two decades of the 19th century, Argentina made rapid progress to the extent that for the first time it could really match Brazil. Both countries remained predominantly rural until the early decades of the 20th century; their insertion into the world economy was in exporting commodities and importing manufactured goods.

Brazil and Argentina – historically and geographically bound by common frontiers, with economies which to a large extent were complementary due to differences in soil and climatic conditions – always kept close bilateral trade relations from colonial times. But the different nature of their main exports led to links of dependence on the markets of rival industrial powers. The latter's competing interests put further stress on the relations between Argentina and Brazil, where tendencies for conflict and co-operation were long set against each other and reciprocally neutralised.

From the second half the 19th century, Argentina became a kind of informal colony (the 'Fifth Dominion') of Great Britain. Britain purchased most of her meat exports (about 76% by the 1920s), wheat (34%) and other cereals. Brazil, by contrast, became increasingly dependent

on the North American market for a large proportion of her exports (from 32.2% in 1913 to 47.1% in 1927). The relationship with the United States reflected a real **economic symbiosis**.

Yet both Brazil's "traditional friendship" with the United States and her "secular rivalry" with Argentina constituted, to a great extent, an ideological stereotype which was formed mainly for the purpose of influencing the two South American countries' foreign policy, and the hemisphere's system of international relations more generally.

An uneasy relationship

The relationship between Brazil and the United States was very close and cooperative from the second world war until the mid-1970s, when it entered a period of substantial **stress**. During the war, Brazil's importance to the United States was enormous strategically as well as politically – largely due to her geographical situation, lying immediately below the Equator and the mouth of the Amazon, stretched far into South America, and having easterly extensions (Natal and Recife) close to Africa.

The relations were not always smooth; even in this period, Brazil did not always accept US preponderance in a passive way. The demand for a certain reciprocity underlay the relationship from the Brazilian side, with divergences between the two countries traceable from the early days of **Getulio Vargas's** first government, after the 1930 revolution.

In the 1930s, President Vargas maintained links with Nazi Germany, and adopted a neutral position in the world war until **1942**. He hoped during the war to expand Brazil's international influence and freedom of action, and through this to create better conditions for her development as a regional power. At that time, President Vargas also declared that a permanent place should be allotted to a South American country – doubtless Brazil – in a World Security Council, but the United States did not support the idea at the Dumbarton Oaks or at the San Francisco Conference, even though President Franklin Roosevelt favoured it.

President **Eurico Dutra**, Vargas's successor, adhered to a strictly pro-US foreign policy. But Brazil begrudged the fact that the United States gave post-war economic aid (through the Marshall Plan) to defeated enemies, Germany and Italy, while Brazil – an allied country that

had cooperated more fully than any other Latin American nation with the war effort – got no further assistance in its continuing industrialisation.

The difficulties in United States-Brazilian relations became more acute during the late **1950s**. The main point of contention was the nationalist policy adopted by Vargas [elected to a second presidential term (1951-1954)], whose priority was Brazil's economic development rather than the political and military issues considered fundamental by the United States.

Brazil's aspiration to an enhanced international status in the Americas and the world, and a redefinition of relations between the United States and Latin America, flowed from its emerging identity as a capitalist power during this period. Vargas committed suicide in 1954 in the middle of a political crisis, but his successor **Juscelino Kubitschek** – supported by the same political forces (*Partido Social-Democrático* / Social Democratic Party and the *Partido Trabalhista Brasileiro* / Brazilian Labour Party) – won the subsequent election and in his period of office (1956-1961) pushed forwards the industrialisation process.

Kubitschek's proposal for a Pan-American Operation (1958), Brazil's withdrawal from the International Monetary Fund [IMF (1959)] and the re-establishment of commercial relations with the Soviet Union all demonstrated that Brazil was a mature country which deserved to be taken seriously by the great powers. This tendency became stronger during the short administration of President **Jânio Quadros** (January-August 1961), whose independent foreign policy sought to achieve domestic support for his government and a better bargaining power vis-à-vis the United States.

In his brief term of office, Quadros reinforced the thaw in Brasilia-Buenos Aires relations that Kubitschek had initiated, and formalised their cooperation in an agreement with the Argentine president, **Arturo Frondizi** (1958-1962), at the frontier town of Uruguaiana (April 1961).

The independent character of Brazilian **foreign policy** was emphasised by its defence of the sovereignty and self-determination of Cuba after Fidel Castro's revolution. Washington knew that Quadros's foreign policy was designed to appeal to the Brazilian left in a way that might buy domestic consent to financial programmes required by the IMF and US institutions. However, American authorities still worried about the uncertain results of such

political calculations. Then, eight months into his term, Quadros resigned – hoping that this drastic act would force Brazil's Congress to give him extra-constitutional powers.

But the independent foreign policy remained intact even after Quadros's resignation. The military chiefs tried unsuccessfully to prevent vice-president **João Goulart** (leader of the Brazilian Labour Party) from taking office. Once in power, Goulart emphasised national interests as the foundation of Brazilian foreign policy, and articulated a strategic requirement for development, social reconciliation, and economic emancipation of the working classes.

Goulart restored diplomatic relations with the Soviet Union, began commercial exchanges with the People's Republic of China and continued to resist American pressure for sanctions against Cuba. Foreign policy then became a factor of friction between Brazil and the United States. Brazil continued to refuse to support any invasion of Cuba.

Brazil's opposition to the policy of crushing Fidel Castro's regime by force, and the nationalist measures enacted by Goulart's government frightened the United States. The relations between the two countries could only deteriorate. The increasingly tense situation in Brazil was aggravated further by the intervention of the North American business community in internal social struggles and the CIA's covert spoiling operations. These contributed to the *coup d'état* of 1964.

The fall of Goulart and the assumption of the presidency by General Humberto Castelo Branco (**1964-67**) thus signified a victory for the United States – but not truly a defeat for communists in Brazil who, as the US state department well knew, never possessed the means to take power. It was however also a defeat for the nationalist tendencies which had been encouraged both by the industrialisation process so necessary for Brazil, and by the social struggles that unfolded at a critical moment when the nation was both suffering from a shortage of resources and marked by the impact of the Cuban revolution.

The United States was in this period dominated by a cold war mentality and feared the spread of revolutionary trends over South America. Its policy-makers often confused communism with nationalism, and increasingly endeavoured to transform Brazil into a bulwark against Cuban influence rather than a functioning democracy. Its military programmes had the fundamental objective of encouraging Latin American forces to

dedicate themselves to the task of maintaining security against communist, Castro-inspired subversion, and contributing to regional defence, as well as promoting socio-economic development.

US technology, training and support combined to encourage the Brazilian military to take power and establish control over the country's internal affairs. In this context, General-President Humberto Castelo Branco unveiled the military government's own foreign policy—the 'diplomacy of geopolitical inspiration'; this was based in turn on the theory of 'ideological frontiers' and the elimination of areas of conflict with the **United States**.

Castelo Branco justified the policy as follows: "in the present context of a bipolarised confrontation, with a radical political-ideological breach between the respective positions, the preservation of independence requires accepting a certain degree of interdependence, in the military, economic and political fields." He believed that misunderstandings with the United States had been caused by Goulart's embrace of statism and nationalisation, both of which discouraged foreign investment. What was needed, by contrast, was a "rapid and sometimes difficult transformation in our foreign policies."

The general-president liberalised the Brazilian economy, severed relations with Cuba, sent troops to support the US intervention in Santo Domingo and advocated the creation of an inter-American "peace force". The principle that "what is good for the United States is good for Brazil" was enunciated by **Juracy Magalhães** when Brazilian ambassador in Washington (and later foreign minister). That view, in fact, became the overarching principle of Brazilian diplomacy during the period following the military coup that the United States had openly fostered in 1964 against Goulart's government.

Thus, Castelo Branco tried to restore the old policy of marching to Washington's tune, which had been proclaimed as early as 1914-1915 as the reflex of economic complementarity (Brazil then sent 60%-70% of its coffee exports to the United States and depended to a similar extent on the American market). However, after the industrialisation boom of the 1950s, fuelled principally by the steel sector, this old foreign policy stance had been made obsolete.

The search for a global role

The economic complementarity waned and the automatic alignment on the United States could not be maintained; it simply did not correspond any longer to the national interests and aims of a developing country like Brazil, which entertained aspirations of her own to become a world power, inheriting the ideological tradition of the Portuguese empire and perpetuated by the Brazilian elite. The Castelo Branco government could therefore only be a “brief and aberrant interlude”, as US ambassador John Crimmins once acknowledged. In such circumstances, the reversing of the policy of close identification with the United States became inevitable.

In 1967, General **Artur da Costa e Silva** succeeded Castelo Branco in office. A version of nationalism returned, manifesting itself through a radically right-wing military faction. Brazil again assumed a competitive stance toward the industrialised powers: by expressing solidarity toward ‘third world’ aspirations, and by conceiving again of global foreign power as the best way to assure rapid economic growth. By contrast, Argentina in this period fell under military control after Frondizi’s fall in 1962, and the country remained economically stagnant and politically divided.

The inauguration of the Costa e Silva government (1967-1969) represented a victory for military “hardliners” in **Brazil**. From then on, this faction determined the trends of the authoritarian regime. The guidelines of Castelo Branco’s foreign policy were overthrown, and were replaced by concepts quite similar to those of the periods of Quadros and Goulart – even to some extent restoring the principles which had oriented Brazilian-United States relations in the Getúlio Vargas and Juscelino Kubitschek eras.

Costa e Silva stressed that “development and security are closely linked concepts, the latter being dependent on the former.” Brazilian foreign policy in this period, under a minimum of political and ideological constraints, thus forged economic links with Africa and the Middle East, and tried to enlarge exports markets as an instrument for economic growth; and instead of operating within cold war categories, as the Castelo Branco government has done, Costa e Silva grounded his foreign policy on national interests as perceived by the nationalist right-wing faction in the army.

One result was commercial conflict with the United States, as lobbyists pressed the Washington administration to limit imports of Brazilian instant coffee. But the conflict also concerned defence issues.

Brazil had nuclear ambitions. President Costa e Silva said that atomic energy was “the most powerful resource to be placed within the reach of developing countries, by which they could reduce the distance between themselves and the industrialised ones.” The country’s economic growth and her determination to achieve world-power status led her to reject the policy of non-proliferation of nuclear technology proposed by the United States and the Soviet Union, because any commitment in that direction would imply a new form of dependence.

Thus, at the Geneva Conference on Disarmament in **1969**, Brazil sided with neutral countries such as India and the United Arab Republic against joint projects by the United States and the Soviet Union to limit nuclear testing. Later, Brazil refused to support the **Nuclear Non-Proliferation Treaty**, despite heavy pressure from the United States.

These Brazilian policies did not change substantially during the General Emilio Garrastazu Medici government (**1969-1973**). Brazil reinforced her economic ties with western industrial countries and international financial capital, but maintained her opposition to the crystallisation of power centres in the international system.

Brazil’s position was that true peace could not be defined as the mere freezing of a status quo in which the United States-Soviet Union nuclear duopoly would guarantee the two superpowers’ predominance. At the same time, the country did not seek the overthrow of the international order, but rather a significant improvement of her own position in the hierarchy of world power.

This aspiration was boosted by high rates (9%-11%) of economic growth between 1968-1973. But this very success, and the associated search for new export markets – found mainly in Africa and the rest of Latin America – reinforced tensions with the United States. Brazil exported not just agricultural products (coffee, soybeans, citrus) but also high-technology weapons, and started to compete strongly in the world market for shoes, textiles and steel.

This manufacturing success continued into the administration of President Ernesto Geisel (1973-1979). It was met by protectionism from the United States and the (then) Economic European Community (EEC). The diplomatic result was a pragmatic and ecumenical stance—one excluding “the fatalism of automatic, a priori, positions,” as Geisel stressed in 1975.

The relations between Brazil and the United States faced increasing difficulties during the Geisel period. Brazil undertook diplomatic initiatives without any attempt to assuage Washington’s feelings – recognising the revolutionary governments of Angola, Mozambique and Guinéa-Bissau (after their liberation from **Portuguese rule**), signing a nuclear agreement with the Federal Republic of Germany, and abrogating the military agreement with the United States amidst controversy over the latter’s approach to human rights and nuclear issues.

The interests of state enterprises, particularly those producing war material, flourished under the military regime. The petroleum supplies and manufactured goods produced by these enterprises helped shape Brazilian foreign policy toward Africa, Middle East and Latin America.

Several factors enhanced Brazil’s autonomy vis-a-vis the United States in the 1970s. The absorption of Brazilian exports by the American market diminished, due partly to the fall in coffee imports. The overall proportion of Brazilian exports going to the United States, at its peak (53%) in 1944, had declined to 23% by 1972; by this time, over 50% of exports were going to Europe (both east and west). The US supplied 15%-21% of Brazil’s imports in this period. The 1970s made Brazil a global trader, with its already enormous agricultural export sector becoming matched by industrial products constituting over half of her exports.

The period of General João Batista Figueiredo (1979-1985) saw continued frictions with the United States. Brazil, though under a right-wing military government, opposed US policy (under President Reagan) towards Nicaragua and El Salvador, continued supporting leftist regimes in Angola and Mozambique, and adopted positions on the Middle East **divergent** from those of the US.

At the time, Brazil also took the initiative to end the tensions with Argentina and Paraguay over the **Itaipu hydroelectric dam**, and the countries concluded a Tripartite Treaty. President

Figueiredo's state visit to Buenos Aires in 1979 paved the way for a close agreement between Brazil and Argentina. During the 1982 war over the Falklands/**Malvinas Islands**, Brazil was nominally neutral but tilted toward Argentina – even secretly aiding its neighbour (including militarily). Unlike the United States, Brazil recognised Argentina's sovereignty over the disputed islands, although without supporting the use of force to validate this sovereignty.

The improvement in relations between the military governments in Argentina, Brazil, and Uruguay after the Falklands/Malvinas war continued as civilian rule returned. José Sarney, the first civilian president of Brazil since Goulart's overthrow in 1964, and Raúl Alfonsín, Argentina's leader after the collapse of the junta, signed a series of economic and trade agreements in 1986 that aimed to integrate both nations into a customs union and, eventually, a common market.

This was a real possibility. The 'growth pole' around the Rio de la Plata basin, running from São Paulo to Buenos Aires, was the richest and most developed region in South America, with integrated transport systems, abundant energy, and consumers' markets with strong purchasing power. In the years that followed, Brazil's ties with Argentina were extended to other South American countries beyond the Rio de la Plata basin.

The Mercosur era

The **period** of Fernando Henrique Cardoso's presidency was marked by a mixed pattern of cooperation and tension with the United States. As a power with nuclear technology but no interest in producing nuclear weapons, Brazil signed the Non-Proliferation Treaty in 1998, thus removing one factor of suspicion between the two states. Other themes of President Cardoso's foreign policy – like democracy, human rights, and protection of the environment – also encouraged **cooperation**.

However, trade disputes continued to exist, and even became sharper. These concerned the US's protectionist measures against Brazilian industrial exports to the North American market and to effective competition in third-country markets, but also Mercosur; some US policy-makers perceived this Brazilian-Argentine initiative as a weapon against **global free trade**.

The United States extended steady influence on trade policy in Latin America since the first Summit of the Americas in Miami (**1994**), when President Bill Clinton encouraged the continent's heads of government to create the Free Trade Area of the Americas (**FTAA**) – the world's largest free-trade zone, extending from Alaska to Patagonia – by 2005.

Any US government knows that its ability to create jobs and sustain the living standard of its people depend on its success in capturing the trade opportunities offered by the emerging markets, like those in Latin America. As the former US trade representative **Charlene Barshefsky** said, the principle underlying Clinton's trade policy “must be to support U.S. prosperity, U.S. jobs and the health of U.S. companies.”

In this light, it is not surprising that some people in the United States perceived Mercosur as a threat to American interests. Alexander Yeats, principal economist of the World Bank's International Trade Division, cited Mercosur as an example of the allegedly “perverse” effects of **regionalism**. Barshefsky herself pointed out that it has “a clear strategic objective regarding commercial expansion and a stronger position in world affairs.” Henry Kissinger expressed a concern that Mercosur would turn into an effort to exclude the United States from bilateral dealings with other traditional partners in the region.

In her mind, Mercosur meant Brazil. In the event, Brazil resisted all pressures to accept the timing that President Clinton wanted to launch the FTAA (a process also delayed by Clinton's domestic difficulties). In November 1997, the prospect of a lost vote in Congress led him hastily to withdraw the bill requesting the ‘**fast-track authority**’ he needed to negotiate with (among others) Latin American countries.

This was a sign that the balance of power on trade was shifting toward a South America which (led by Brazil) was seeking to consolidate Mercosur, not merely as a free trade area but as a single market, like the European Union. At the second Summit of the Americas, in Santiago (**April 1998**) – which marked Chile's entry into the North American Free Trade Agreement (Nafta), Clinton found that he could not impose the agenda he wanted, such as an earlier date for achieving the FTAA.

The 1990s was a decade of free trade liberalisation and economic reform throughout South America – from privatisation and the liberalisation of trade, finance, and capital markets, to

foreign direct investment, deregulation and fiscal discipline. The severe economic crisis and political instability of the late 1990s revealed their failure to have challenged the persistent poverty and extreme inequality of the region.

Almost every country was plundered by external debts and privatisation scandals in this period. General Charles E. Wilhelm, a senior military officer in the US army, conceded in testimony to the Senate in 2000 that in Ecuador (as in other nations in the region) “democracy and free market reforms are not delivering tangible results to the people”; many countries “are worse off economically than they were before the restoration of democracy.”

In fact, as **Henry Kissinger** argues in *Does America Need a Foreign Policy?*, “neither globalization nor democracy has brought stability to the Andes.” By the millennium, not only the Andes, but almost all South American countries were burning – from the war in Colombia to the collapse of **Argentina**. The neo-liberal model was condemned as leading to further poverty, unemployment, and bitter social polarisation.

For the Brazilians, Brazil first

As Bill Clinton visited Colombia to initiate a vigorous anti-narcotics strategy involving a programme of \$1.3 billion in military aid against narco-traffickers and leftist guerrillas (**Plan Colombia**), Brazil under President Cardoso was inviting twelve South American presidents to launch an ambitious bid for economic unity on the continent. The Brasilia Communiqué that resulted contained a pledge to create free trade as soon as possible, economically uniting 340 million people in an area with a combined economic output of \$1.3 trillion.

This near-coincidence of timing illuminates the differences in economic and geopolitical interests that sharpen the US-Brazilian rivalry. Cardoso’s claim that the summit heralded “an increasingly energetic process of integration among countries that live together in the same neighbourhood” was undesirable for the United States.

Many Brazilians perceived Cardoso’s foreign and economic policy in the 1990s as a mere accessory of US’s global and regional hegemony. But Washington had no illusions that Brazil was moving away from the United States, a process “discreet in its appearance, dangerous in

its tendency” (a phrase used by Oliveiros S. Ferreira to describe the Castelo Branco military regime in 1967).

President Cardoso simply could not avoid crucial divergences with the US over FTAA, whose establishment would affect deeply Brazil’s national interests. This was demonstrated during Cardoso’s first meeting with George W. Bush, in Washington on 30 March 2001. “The President (Cardoso) and I have made a decision that we’ll work closely to iron out any differences that may exist,” said Bush. **Cardoso replied:**

“I believe that – we have, of course, from time to time some difference. That’s normal between nations. Yesterday the President said, American – to be American first. Well, I would say the same, to be Brazil first. That’s normal. But then let’s see how to cooperate.”

It became clear that while Brazil must always cooperate with the United States, she is unable to accept FTAA in the form desired by Washington; and without Brazil, South America’s largest economy and political key player, FTAA would become irrelevant for the United States.

Brazil has the most diversified economy in South America, with an industrial structure that is more integrated and competitive than her neighbours. Brazil’s participation in the FTAA would seriously affect its export of manufactures to other South American countries. It was natural for Luiz Inácio Lula da Silva, then head of the **Workers’ Party** and presidential candidate, to say in 2002 that FTAA “isn’t really a free trade pact. Rather, it’s a policy of annexation of Latin America by the United States.” This was and is the majority opinion in Brazil.

A path to equality

As the October 2002 elections in Brazil approached, Luiz Inácio Lula da Silva (“**Lula**”) was routinely described by sources in Washington as a dangerous radical who, if he came to power, would form a second ‘axis of evil’ with the Cuba’s Fidel Castro and Venezuela’s **Hugo Chavez**. A newly-powerful regional power bloc of this kind, it was suggested, would threaten to transform much of the rest of Latin America as well.

Paul O' Neill, then US treasury secretary, was one who expressed concern over this potential development; several influential Republicans in Congress, along with conservatives who had identified with the Reagan administration's bellicose policies in Central America, called for Bush to take a tough stand against Lula.

Henry J. Hyde, of the House of Representatives, expressed to President Bush concerns "about the ten-year long association of Mr. Lula da Silva with Latin American, European, and Middle Eastern terrorist organizations in a forum which he convened and organized in silent partnership with Castro," and about the "real prospect that Castro, Chavez, and Lula da Siva could constitute an axis of evil in the Americas which might soon have nuclear weapons and ballistic missiles."

Constantine C. Menges, a senior fellow with the Hudson Institute, suggested in the Washington Times that if a "Marxist like da Silva" came to power in Brazil, one of the issues of the United States presidential election of 2004 might be: "Who lost South America?" The consequences of Lula's election, warned Menges, might include a radical regime in Brazil that renewed its nuclear weapon and ballistic missile programmes, and developed close links to sponsors of terrorism like Cuba, Iraq and Iran: "This could lead to 300 million people in six countries coming under the control of radical anti-U.S. regimes and the possibility that thousands of newly indoctrinated terrorists might try to attack the United States from Latin America. Yet, the administration in Washington seems to be paying little attention."

These **alarmist warnings** did not prevent **Lula being elected** (with, after Ronald Reagan, the largest popular mandate in the history of democracy). The relationship between the two states remained frigid as President Lula inaugurated his administration on 1 January 2003 with his first major project, the nationwide hunger-eradication programme **FomeZero**. But Lula's early policies also helped persuade George W. Bush's advisers that he was not as terrifying a leftist as the Washington ideologues had declared: he helped mediate an end to the general strike against Venezuela's President Chavez, resisted any default on Brazil's foreign debt, pursued sustainable macroeconomic **policies**, and continued the overall trends of Brazilian foreign policy.

In regional terms, President Lula emphasised Brazil's support for Mercosur and for closer links with her Andean neighbours, partly as a way of improving her bargaining position

with the United States. At the same time, he sought a positive bilateral relationship with George W. Bush, one that resulted in his visit to Washington in **June 2003**; the joint statement of the presidents affirmed that “the United States and Brazil resolve to create a closer and qualitatively stronger relationship” involving regular, high-level consultations on issues from counter-terrorism to aid for Africa.

“Without any question, I believe that we can surprise the world,” President Lula said of the two countries’ relationship after this meeting. However, divergent national interests and views **remain**. The joint statement, for example, made no mention of the US-led war on Iraq, which Brazil adamantly denounced, above all because it was not sanctioned by the United Nations Security Council.

Meanwhile, the establishment of the FTAA continues to be a crucial issue between the two countries. Brazil, along with other South American countries, has serious economic and political concerns about the project. Several obstacles threaten to derail the negotiations, among them the tariffs and restrictions imposed by the United States aimed at protecting the country’s **orange farmers** and steel producers. The presence of such interest groups in key swing states like Florida, California and Ohio that are crucial for the Republican Party in the forthcoming 2004 presidential elections make it unlikely that these restrictions will soon be lifted.

Brazil played a forceful role during the **Cancún ministerial summit** of the World Trade Organisation in September 2003, and in the formation of the Group of 21, the coalition of developing countries from around the world seeking to cooperate in favour of a fairer global trade regime. The **collapse** of the summit without agreement, which Brazil and its partners blamed on the intransigence of the United States and the European Union, mean that expectations of the FTAA meeting in Miami in November 2003 were correspondingly lowered. But even if Brazil (and other South American countries) make some progress in negotiation towards the formation of an open trading area throughout the hemisphere, the establishment of a genuinely equal **relationship** between Brazil and the United States still has some way to go.

The national purpose

Brazil's ambitions have always extended **more widely** than South America. Brazil and the United States – despite the pronounced asymmetry of the two nations' strength, commitments and international duties – are among the few nations that pursue foreign policies that are truly worldwide in their scope and character.

The permanent purposes of Brazilian foreign policy are clear: to ensure the international conditions that will facilitate economic growth and secure the country's independent room for manoeuvre in the world sphere; to gain recognition of Brazil's current stature as a mid-level power; to consolidate Mercosur; and to secure permanent membership of the Security Council of the **United Nations**.

These national purposes are accompanied by the perception that the United States can be either a prime support or a prime obstacle in their long-term achievement. The overall Brazilian assessment might be this: Brazil fears or suspects that the United States is not really prepared to accept a truly independent and strong Brazil as a new member of the world's powerful and influential states, and will work consistently to prevent the consolidation of Mercosur.

Brazil in the 21st century, however, reserves completely to itself the definition of her national interests in terms of her own perception of the world, and is convinced that the rigid, unequal **structure of power** and wealth in the world must be changed.

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