



Hard talk The G7 summit took place in an ambience of incivility rarely seen, that too at a time when the need for substantive cooperation is on the rise AFP/ANDREW HARNIK

STATES OF MATTER

Plunder and progress

Trump's dismissal of the environment crisis and Bolsonaro's decision to open up the Amazon forests show that the global community can do little when leaderships go rogue



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Addressing the media after the recent summit of the Group of Seven (G7) nations in Biarritz, France, US President Donald Trump vowed not to let an environmental fetish impede his country's progress. Built on the exploitation of energy that lay beneath the feet, the US would not sacrifice its prosperity for "dreams and windmills".

Miles away, Trump's southern soulmate, President Jair Bolsonaro of Brazil was operationalising his campaign promise from last year to open up the country's vast rainforests to commercial exploitation. As fires raged in the Amazon forests, Bolsonaro brushed off urgent calls for action from Biarritz with a scatological joke and a suggestion that the G7 focus instead on the reforestation of Europe. French president Emmanuel Macron's entreaties, more anxious than the rest, were rebuffed with a rude jibe about his wife's looks.

The G7 summit may have taken place this year in an ambience of incivility rarely seen. And this comes when the need for substantive cooperation is rising. Germany and the UK have gone through a phase of economic contraction, and the latter faces the imminent possibility of a chaotic break with the European Union. Italy is muddling through a collapse of its ruling coalition and a bid by the far-right to capture untrammelled power.

The decisive player, though, remains the US. As he cuts a fumbling, dissembling course through high office, Trump has persistently touted one seeming achievement. The buoyant markets, he claims, are a resounding endorsement of his leadership. And indeed, the sweeping tax cuts decreed among his early policy moves have pumped volumes of liquidity into company coffers, triggering stock buybacks that have been like a sugar high.

As in any open economy, budgetary profligacy within the US is channelled through the external account, into growing current and

trade account deficits. Accepting this has been rather difficult for a man who built his political constituency with wild accusations that the rest of the world, and especially China, with its burgeoning trade surplus, have been "ripping off" the US. In the Trumpian world view, a trade surplus bespeaks skulduggery, and import tariffs — an extra cost borne by US consumers — are a way of making errant trade partners pay.

Global supply chains built up over years are threatening to fall apart as the trade war intensifies. China's retaliatory tariffs are also imposing a budgetary cost on the US, especially to compensate farmers losing market shares.

In recent weeks, the mélange of confused actions and utterances, all emanating from the source customarily regarded as the leadership pole of the global economy, has proved impossible for the markets to support. Since mid-August, US stock markets, in a sign of growing stress, have registered their wildest swings in recent years amid gloomy forecasts of a sell-off akin to 2008.

Visibly rattled at the prospect of his one solitary achievement vanishing like a desert mirage, Trump demanded a rate cut from the autonomous monetary policy authority, the Federal Reserve. Unable to secure such assurance, he sharply denounced the Fed chairman as an "enemy" as lethal as Chinese president Xi Jinping.

When a Republican is in occupation of the White House, the US right-wing invariably allows all scruples about deficit financing to be swept aside in the momentary euphoria of tax giveaways. Loading up on debt is a painless option as long as the world remains prepared to buy dollar-denominated assets. The liability is one that future generations would have to bear, even if the capital assets built up

through the debt splurge were to prove useless for their purposes, even if valuable natural heritage is destroyed in the bargain.

As Trump and his cohorts fashion a milestone for future generations, Bolsonaro's arsonist proclivities threaten one of the world's most precious natural treasures. Early in August, the Brazilian president sacked the director of the country's space research institute after a public spat over deforestation data. The agency runs a network of satellites that monitors the health of the Amazon rainforests, and recorded a sharp rise in deforestation rates through the months of June and July. Bolsonaro dismissed these findings as "lies", part of a sinister international agenda to impede Brazil's development efforts.

Bolsonaro's radical rhetoric speaks of an intent to strip the Amazon rainforests for their money value, unmindful of its ecological consequences. For all the rosy prognoses advanced in recent years over the power of global civil society, this moment compels an admission that there is very little protection against the political leaderships going rogue in pivotal countries. The only deterrent the European Union has today is to deny

Brazil free trade benefits until it takes serious steps to protect the rainforests. That threat has worked in the past, but is proving futile today. Also, it has the implication that an invaluable part of global ecology could be reduced to the same scale of values as the trade in commodities. If civility is at a premium in the global dialogue today, so is clarity about what shared values could possibly guide the world community out of the current impasse.

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