September 13, 2024 |
Brazil and the Southern Cone, Democracy & Elections, Human Rights & Social
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Brazil's Attempt to Control X: The Deterioration of the Liberal World Order

Elon Musk's clash with the Lula government raises the issue of how to promote democracy and free speech in the new technological era.

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both authoritarian and democratic to shield themselves from informational, commercial and legal vulnerabilities arising from a global connectivity whose effects are made increasingly pronounced by advances in digital technologies.

Elon Musk versus the Lula Government in Brazil

The attempt by the Lula government to control the content of the social media platform "X," and the escalation of the fight to involve Starlink, possible international legal battles involving Brazilian state assets, and even the National Football League, illustrates the complexity of the battle between the state and international agents, each partially vulnerable to the other. The Lula government initially attempted to oblige "X" to remove content that it maintained falsely challenged the integrity of its electronic voting system, by threatening to fine the company's offices in Brazil or arrest its representatives. When Elon Musk, its CEO, shut down X's offices in Brazil to reduce that vulnerability, the Lula government used the telecommunications authority Anatel, and the court system, including a ruling by a Supreme Court panel, announced by the body's head Alexandre de Moraes, banning use of the platform in the country, which the Brazilian government attempted to enforce by telecommunications providers and other information services companies with legal exposure in Brazil, from supporting the App in the country. Indeed, it demanded that Apple and Google remove the X App from their App stores, while Anatel would inspect Brazilian telecommunication companies to verify they had removed X from their services.

To avoid circumvention of its regulation through the use of Virtual Private Networks (VPNs) allowing the download of X by making the user appear to be in a different country, the Lula government criminalized use of VPNs to access the app, threatening an enormous fine of 50,000 Reais ($9,000) per day on those caught doing so.

In an attempt to maintain leverage over X, including the collection of fines imposed on it, which by late August had exceeded $3 million, the Lula government escalated the conflict by freezing the financial assets in Brazil of Starlink, a questionable action insofar as that the later is arguably an unrelated company owned by Space X, in which Musk is only a 40 percent shareholder.

Musk's response to the action against Starlink, threatening action in international courts to seize Brazilian state assets (including Lula's Presidential aircraft) for the improper taking of his own by Brazilian courts, highlights how in the current fight, and more broadly, the State has leverage over international entities when they operate in its territory, yet the State is also exposed where through its commercial and other activities, it has submitted itself to international jurisdiction, whether in commercial matters or criminal ones, through agreements such as extradition

matters of legal jurisdiction, States are constrained in their assertion of sovereign prerogative, by the reaction of investors and others in the broader international community on which the functioning of their economies and other matters upon which their political stability and objectives depend.

Broader Global Issues

When Elon Musk termed the actions against X and Starlink "tyrannical," he highlighted the connection between the Lula government's action, and those of the People's Republic of China and other governments struggling to control the information flows into and out of their countries, and the challenges to political power, legitimate or subversive, that such information poses. Indeed, X, as well as other social media apps have been banned in China, India, Iran, North Korea, and Turkmenistan, among others. The move to ban the Chinese-owned App TikTok in the United States due to intelligence and other concerns, and charges in France against Telegram owner Pavel Durov over the illicit activities enabled by the secure (encrypted) communications enabled by his App, are reminders that the assertion of state authority against transnational agents in the information domain is not limited to dictators seeking to isolate their populations from democratic ideas.

Nor is the struggle by the state to limit its international exposure limited to the information domain. The work by the PRC and illiberal partners such as Russia, Iran, Venezuela, Bolivia, and Brazil (among others) to develop alternatives to the U.S. dollar for commercial transactions and associated payments, reflect a drive to limit their exposure to sanctions and financial vulnerabilities that accompany that system. The move by the Honduran government of Xiomara Castro to unilaterally withdraw from its extradition treaty with the U.S., even if done to protect its government officials for prosecution over their possible involvement in narcotrafficking, reflects a similar impulse.

Although as noted previously, democratic states are also complicit, the current assertion of state sovereignty reflects an unraveling of the liberal global order, with profound consequences for the relative prosperity and progress it has facilitated since the end of the Second World War. The system of international agreements and institutions which permitted information flows, financial movements, and the resolution of commercial and criminal legal matters across countries have always, at their core, conflicted with state sovereignty. Yet the apparent demonstrated value of that system in facilitating global commerce, investment and other forms of cooperation, and the fiction that such cooperation could be adjudicated objectively beyond national borders, led to a general acceptance of risks in ceding some sovereignty for the hoped for benefits.

Three interdependent dynamics have fundamentally undermined the broad international acceptance of the risks of globalization:

engagement with the PRC. As those regimes have increasingly sought to protect themselves from the perceived informational, legal and other vulnerabilities of the liberal world order, it has put unconstrained information flows at risk.

Finally, the evolution of technology enabled by, and acting through that connectivity, has expanded the disruptive effects of that connectivity. This is particularly true for including social media and artificial intelligence. Even while technology's expanding capability has brought benefits, it also contributes to counter-reactions as important segments of society felt threatened by those effects.

Each of these dynamics will likely strengthen in the coming years. They will likely continue to fuel an expanded struggle between the State and the forces of globalization which will play out differently in each national context. This dynamic will further political polarization, "decoupling" between the U.S. and China, and facilitate the further advance of illiberal regimes. The accompanying decomposition of the liberal order that has shaped global progress, but also conflict, for the past 80 years, will take the global strategic environment into uncharted new territory.

Implications for Latin America and U.S. Engagement

For Latin America and the Caribbean, the struggle between the Lula government in Brazil and Elon Musk is likely only the beginning of a series of such battles which will play out across a spectrum of regimes, from dictatorships in Venezuela and Nicaragua, to those with varying shades of democratic character, including Honduras, moving in an authoritarian direction, Brazil, Mexico (where the Morena party will enjoy a near supermajority in Congress to change laws governing information flows and multinationals and likely elected judges to interpret them). The complex policy decisions taken by these governments in the region will present policy dilemmas for U.S. policy dilemmas for the US, particularly when US-based companies are involved. U.S. attempts to tell its Latin American partners the right balance between state sovereignty and international connectivity on issues of information, money and law will be particularly problematic in a region sensitive to "gringo intervention," particularly with the PRC arguing that regimes shouldn't be judged (except if they speak or act against Chinese equities).

For U.S. policymakers oriented toward Latin America, among other regions, Elon Musk's clash with the Lula government raises the transcendental issue of how to promote democracy and free speech in the new technological era in a way that both resonates in the region and doesn't contradict choices that the U.S. is making on the same issues at home. More broadly, it highlights the U.S. challenge to maintain informational, economic and legal cooperation in the hemisphere to which its prosperity and security is most closely tied, as the liberal order which has underlir

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