



## **Analysis of Brazil's Economic Performance: Professor Patrice Franko at INSS Round Table**

Senior Fellow Jay Cope hosted a round table discussion with Colby College's Professor Patrice Franko on 15 April at INSS. Franko is the Grossman Professor of Economics, Chair of the Economics Department and International Studies Program, and Director, Oak Institute for Human Rights. Her popular text "*The Puzzle of Latin American Economic Development*" is in its third edition (2007). Brazil's growing economic experience and its implications for US-Brazil relations have been a primary interest.

In light of Brazil's emergence as a global economic power, Professor Franko discussed the strengths and weaknesses of Brazilian political economy, as well as the future opportunities and challenges in U.S.-Brazil relations. She noted that good management of macro-economic fundamentals at home has created policy space for the Lula administration to act on a global scale and at home.

Brazil has gained a better control of its exchange rate, inflation, and risk premium as well as reformed the financial sector and instituted fiscal responsibility. This is seen in the growth of private-public sector cooperation and market diversification, along with dramatic decreases in poverty and economic inequality. The nation has benefited from globalization, although serious fault lines in physical, social, and administrative infrastructures still exist. Many analysts are concerned about hubris – the state overreaching with commitments exceeding capacity.

As the government carefully intertwines its commercial and foreign policies, Brazil is emerging as a global and regional economic player. Professor Franko effectively uses a soccer analogy to describe the situation. Brazil can be seen as a traveling "premiere league player," not as just a neighborhood star. In the inevitable increase in US-Brazil competitiveness, both countries must guard against being pushed into a formal zero-sum game.

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The Center for Strategic Research Western Hemisphere team includes Senior Fellow Jay Cope, Adjunct Fellow Ambassador Luigi Einaudi, Research Assistant Eva Silkwood, and Interns Karina Van der Plas and Luis Contreras. The views expressed are their own and do not reflect the official policy or position of the National Defense University, the Department of Defense, or the U.S. government.