

[SUBSCRIBE](#)[GIVE A GIFT](#)[LOG IN TO ACCESS
THE DIGITAL ISSUE](#)[SIGN UP
FOR AQ UPDATES](#)[RSS FEED](#) 

- [Subscribe](#)
- [About](#)
- [Blog](#)
- [News](#)
- [Contact](#)
- [Advertise](#)
- [Archive](#)
- [Partners](#)

ARCHIVE

From issue: **Latin America Goes Global** (Spring 2013)

■ AQ FEATURE

Brazil's Second-Best Financial Strategy

by

[Seth Colby](#)



Photo: Rika/Picture-Alliance/DPA/AP

Can smart monetary policy revive investment?

In November 2009, the cover of *The Economist* showed the iconic Christ statue overlooking Rio de Janeiro blasting off into outer space. This image, along with the cover headline, “Brazil Takes Off,” represented the *Carnaval*-like euphoria about Brazil that infected journalists and financial markets at the time, buoyed by the country’s impressive economic performance in the wake of the 2008 global financial crisis.

But since then, giddiness has turned to gloom. As the country’s economy begins to cool, Brazil bears are on the rise. Downbeat assessments, such as Nomura Bank’s recent prediction that Mexico will overtake Brazil as Latin America’s largest economy in the next decade, have cooled investor enthusiasm. GDP growth has screeched to a sudden stop, falling from 7.5 percent in 2010 to 2.7 percent in 2011 and 0.9 percent in 2012. Between January and November 2012, Brazil experienced a \$7.1 billion net outflow in portfolio investments, compared to a \$14.3 net inflow for the same period in 2011.¹

Brazil’s critics blame flat productivity growth, high taxes and low-quality public services for the country’s weakened performance.² They have called for reduced government spending, tax reform and an improved business environment. None of these are on President Dilma Rousseff’s political agenda, and they are unlikely to be meaningfully addressed in the near future...

[View Endnotes](#)

Like 55 people like this. Be the first of your friends.

[Tweet](#) 3 17

[Comment on this post](#)

To read more, [subscribe and receive an instant digital copy of the latest issue](#). Already a digital subscriber? [Log in now](#).

1 Comment

Americas Quarterly

 Login ▾

Sort by Best ▾

Share  Favorite 



Join the discussion...



Accountant Newark • 3 months ago

Thanks for the information..

^ | ▾ • Reply • Share ›

ALSO ON AMERICAS QUARTERLY

WHAT'S THIS?

Transforming Monterrey's Landscape

1 comment • a month ago



amomexico — Muy buena noticia. Más probablemente mis hijos tambien va ir Tec porque el costo ...

The Best University Student in Mexico is an Inmate?

1 comment • a month ago



Daniela — Great news! Hey do you know what is the average cost to society to have someone in jail in ...

Can Venezuela's Economic Strategy Keep Protests From ...

1 comment • 8 days ago



El Bostonian — The Russians and Chinese will never see this loan paid back

Mexican Drug Cartels use Christmas to Expand Their Fan ...

1 comment • 3 months ago



Machita — In Tamaulipas over the holiday period three priests were disappeared, a fourth was beaten ...

 Subscribe

 Add Disqus to your site



**SUBSCRIBE
TO AQ**
**1-Year Print,
Digital, and
New App
Subscription
for only
\$20.95**
Save 30%!

Connect with AQ



Venezuela in Depth

View AQ Online's special in-depth page for updates on the crisis in Venezuela.

» [Read more.](#)

Sustainable Cities



NJ.com @njdotcom

8m

Pulaski Skyway corrosion results in 'paper thin' structural support nj-ne.ws/vwDwh

Retweeted by Andrea Bernstein

Expand



City Journal @CityJournal

4m

RT @landryst: Comedian & Podcaster Adam Carolla Takes on a #Patent Troll bit.ly/1h50vT3 #technology #innovation vs. #IP #Law



ARPA-E @ARPAE

5m

ARPA-E Acting Director Dr. Cheryl Martin is speaking at the @BloombergNEF Summit. Watch the livestream now: bloom.bg/Osr7AY #BNEF2014

Retweeted by David Biello

WEB EXCLUSIVES

- [Can Venezuela's Economic Strategy Keep Protests From Spreading?](#)

March 24, 2014

by [Thomas O'Donnell](#)



Thanks to Chinese and Russian loans, Venezuela's new Sicad 2 foreign exchange system may mitigate shortages, but will it keep protests from spreading?

- [Venezuela's Escalating Protests, Violence and Political Instability: The Legacy of Chávez](#)

March 7, 2014

by [Mariana Rodríguez](#) and [Jonathan Hiskey](#)



Data from the Latin American Public Opinion Project show that political instability in Venezuela was a likely outcome after Chávez' death.

[MORE WEB EXCLUSIVES »](#)



[Read our new series of first-person articles.](#)

Most Popular

MOST POPULAR ON AQ ONLINE

Most Viewed

Past: **1 day** [1 week](#) [1 month](#) [1 year](#)

Business Innovator: Lenddo, United States and Colombia (140 times)

Colombian Oil: Scraping the Bottom of the Barrel (96 times)

Challenges facing Hillary Clinton for President (79 times)

Brazil's Long To-Do List (63 times)

Monday Memo: Costa Rican Elections – U.S. Deportations – Cuban Twitter – Venezuela-Spain Spat – FIFA Delays (52 times)

[AQ Course Packets: Now Available for Your Classroom!](#)



[Browse our catalogue.](#)

NOW ON AS/COA ONLINE

[Press Release - Unity of Nature: Alexander Von Humboldt and the Americas](#)

2 hours ago

Guest Curators Georgia de Havenon and Alicia Lubowski-Jahn Press Preview and Reception: Tuesday, April 29, 5:00 p.m. New York, ...

[Por qué los precandidatos presidenciales apuestan a Estados Unidos](#)

by Julieta Nassau and Mauricio Caminos - Apr 04, 2014

Los casi 8500 kilómetros que separan Buenos Aires con Nueva York parecen ser insignificantes para los políticos argentinos, ...

[Weekly Roundup: Chile's Earthquake, LatAm's Mega-Cities, Cuban Twitter](#)

Apr 04, 2014

Amid Protests, Maduro Seeks Support from International Community As protests continued this week, Venezuelan President Nicolás ...



AQ MEDIA PARTNER

FINANCIAL TIMES

World

[Picture site Imgur raises funds to expand](#)

Apr 03, 2014

Andreessen Horowitz and community news platform Reddit are investing \$40m for a minority stake in the five-year-old ...

Companies

[Death knell for Brazil's economic strategy](#)

Apr 06, 2014

Question facing investors in Brazil is how quickly policy makers can unwind the new economic matrix and return to more orthodox ...