Chapter 4
Brazil: Economic Mirage or Jewel in the New Global Economy?

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ABSTRACT

Brazil is globally known for many reasons, varying from its sizzling Copacabana beach to its immense Maracana stadium. It is revered as the birthplace of world-famous soccer players such as Pele, Garrincha, Tostao, Socrates, and Ronaldo, and envied for its eye-popping carnival suits and mesmerizing samba dancers, but there is much more to this country. When considered from a business perspective, Brazil surfaces as one of the four most promising global economies, along with the other BRIC nations of Russia, India, and China, but how much of this vibrant economic picture is true? Having gained independence in the 19th century, there is much to be said about Brazil’s current internal economic climate and social system. This chapter takes a less-traveled road in its review of Brazil. By examining this nation from the inside out, a less frequently presented, vulnerable image of this gigantic country is presented. Brazil’s relationships with multinationals and with trading partners are reviewed against the backdrop of its lacking growth in national standard of living and its poor primary education system. Brazil is reviewed as the home of impressive industries, its ongoing technological dependency on other nations, and its performance as a supplier of natural resources to many industrial powers.

NATURAL RESOURCES: THE FINANCIAL EPITAPH FOR BRAZILIAN WORKERS

What positions Brazil on the map besides being the powerhouse of soccer and the exotic excitement of carnival? Is it the wonder of pristine beaches? Is it the cultural conglomerate of racial diversity? As one examines the national demographics, it becomes evident that Brazil is the largest “African nation outside Africa”. Brazil was discovered by the Portuguese nobleman navigator, Pedro Alvares Cabral, during a period of great European voyages of exploration known as the age of discov-
Brazil

ery. Consequently, Brazil became a Portuguese colony, strongly influenced to this day by outside forces from Europe and North America. In recent decades, an emerging new player, China, has positioned itself as a manufacturing powerhouse with significant global financial dominance specifically in the Brazilian political system and economy. China has done so because of its need for natural resources to support its manufacturing expansion.

Brazil never had to fight for its independence considering the only legitimate Brazilian liberation movement was strongly repressed. The members of this liberation conspiracy (Inconfidência Mineira) were inspired by the ideals of French liberal philosophers of the Age of Enlightenment and the American Revolution as they planned to revolt against the Portuguese tax collection system. While formally independent since 1822, Brazil has not yet changed its colonial status in regards to the systematic exploitation of its natural resources, maintaining a vicious cycle of visible social-economic gaps and little autonomy for the people. While the country experienced some grandiose economic episodes of promising developments and opportunities in the past, the Brazilian people in general have never gained autonomy because the foundation of these uplifting moments was based on the exploitation of natural resources following the manufacturing emergence of foreign countries.

This trend has recently manifested itself again with China as an emerging foreign economy. When reviewed from that perspective, it can be argued that Brazil has supported other countries’ economic development, but has kept its colonial status unchanged. As natural resources are being exploited and sent to other countries, so too are the jobs that could have provided opportunities for the Brazilian people to improve their social status, leaving them without any benefit of their country’s natural assets. As is the case in most countries, a small affluent minority advances, while the majority lives at or below the poverty line. The colonial culture has instilled a mindset of exploitation and selflessness that is still discernable in the political arena today by means of nepotism and corruption. This ongoing process of exploitation widens the gap between rich and poor, a very typical trend in colonial relationships. While frequently extolled, the globalization phenomenon is often contributing to the spreading of the poverty gap in all countries where major corporations and foreign interests predominate. The economic paradigm which indicates growth for a country does not necessary imply that most people in that country are participating in this process.

THE INCONVENIENT TRUTH OF THE BRAZILIAN INDEPENDENCE

It must be noted that Brazilian colonization was fundamentally different from the North American colonization in that settlers occupied North America with the purpose of adopting to a new country; however, in Brazil the purpose was to exploit quickly while maintaining roots in Europe. In addition, North American settlements were characterized by establishment of families in the New World, while settlement in Brazil was predominantly conducted by Portuguese males. The fact that families did not settle in Brazil the same way as they did in the United States indicates there was no interest in building a Brazilian community for future generations. Rather, the Portuguese settlers merely perceived Brazil as a rapid path to wealth. Due to this dominating mindset of exploitation among the Portuguese colonizers, Brazil’s history marks a more expanded and enduring degree of slave traffic from Africa than does North America.

With 11 British-American colonies gaining independence in 1776, and additional intellectual inspiration from the writings of the French Revolution, several dozen intellectuals including priests and military men from the Brazilian Minas Gerais’ elite conspired to take control of Vila Rica and, if successful, the Capitan of Minas Gerais and the country. The Brazilian independence movement against Portugal in 1789 was led by Joaquin Jose