

Recessão e semiestagnação no Brasil

Fórum de Economia da FGV ,
Setembro de 2016

Luiz Carlos Bresser-
Pereira
www.bresserpereira.org.br

The end of a state-society cycle and two crises (current)

▶ Democracy and Social Justice Cycle

It achieved democracy and reduced inequality, but coincided with quasi-stagnation of income per capita:

1930-1980: 4.1% 1981-2014: 1.2%

▶ Two crises:

1. Economic: GDP falling almost in 10%
1015-16
2. Political: Impeachment - a parliamentary
coup

Causes of the quasi-stagnation (or of the low investment rate)

Low private investment

caused by the macroeconomic trap

-high interest rates,

-long term overvaluation of the exchange rate

Low public investments

caused by low public savings

Why the macroeconomic trap?

▶ High interest rates

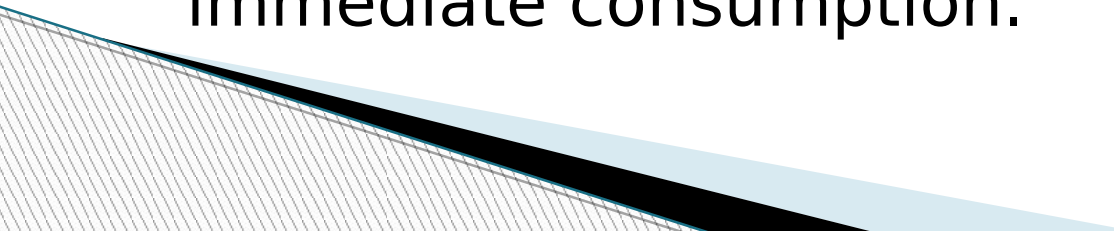
1. Political power of the **rentier** capitalists (traditional middle class and the very rich);
2. Required foreign indebtedness policy.
3. Long-term interest does not fall when there is excess liquidity.

▶ Long-term overvaluation of the exchange-rate

1. The Dutch disease
2. Three usual policies:
 - ▶ growth with foreign indebtedness (“savings”),
 - ▶ use the exchange rate to control inflation,
 - ▶ and high interest rate.

Why low public savings and public investments?


Because

- ▶ The **right** claims that the state is not supposed to invest
 - ▶ **The right** uses all additional tax revenues to pay interests to rentier capitalists
 - ▶ The **left** uses all additional tax revenues to increase social expenditures (not ready to make trade-offs between the short and the medium-term).
 - ▶ **Summing up**: cultural high preference for immediate consumption.
- 

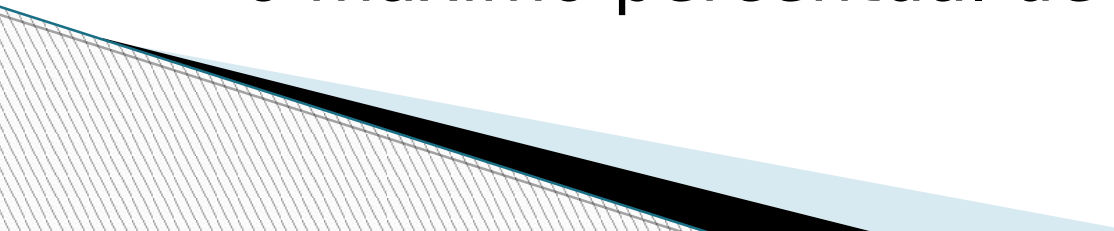
Why did PT's developmental strategy fail?

- ▶ Because it failed to overcome the high interest rate + overvalued currency trap:
- ▶ **Lula** accepted a brutal overvaluation of the exchange rate, which reduced radically the profit rate of the manufacturing industry
- ▶ **Dilma** tried to overcome the trap, but had no power for that. Instead, she
 - ▶ -irritated the rentier-financier elites
 - ▶ -lost the support of industrialists (low profits)
 - ▶ -caused a brutal increase in the fiscal deficit in 2013-14, which produced a fiscal crisis.
 - ▶ -made an orthodox pro-cyclical fiscal policy in 2015.

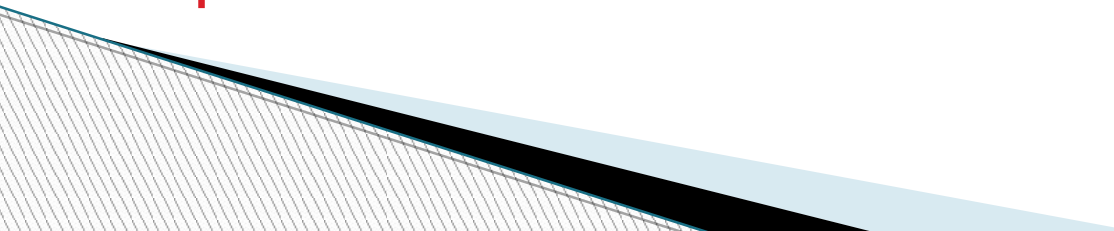
Causas da grande recessão

1. Brutal queda do preço das commodities em 2014,
 2. Queda da taxa de lucro,
 3. Longa sobreapreciação do câmbio desde 2007,
 4. Elevação da taxa real de juros quando a economia entrava em recessão
 5. Grande endividamento das empresas e das famílias
 6. Equivocada política fiscal
 7. Perda de confiança no governo,
 8. Equivocado ajuste fiscal equivocada de 2015, quando o país já estava em plena recessão,
 9. Fragilização financeira das empresas e famílias,
 10. Desalavancagem e paralisação dos investimentos.
- 

Que esperar depois do impeachment no longo prazo?

- ▶ Novo governo propõe mais do que uma regra fiscal e um ajuste fiscal, que são necessários.
 - ▶ Propõe
 1. Redução do tamanho do Estado pelo desmantelamento do Estado Social (teto).
 2. Derrogação da CLT.
 - ▶ Minha previsão:
 1. Não terá poder para esta reforma.
 2. A alternativa seria uma regra fiscal fixando o máximo percentual de despesa pública.
- 

Que esperar no curto prazo?


- ▶ Dada a queda dos salários e depreciação cambial (insuficiente), a economia **sai da recessão**, em 2016
 - ▶ O governo empurrará com a barriga até as próximas eleições.
 - ▶ O câmbio apreciado e os juros altos continuarão a não dar oportunidades para investimento lucrativo na indústria.
 - ▶ O país continuará **semiestagnado no longo prazo**.
- 

▶ End

▶ www.bresserpereira.org.br



2. Causes of the impeachment (or parliamentary coup)

- ▶ The impeachment was a juridical farce.
 - ▶ Its **real causes** were:
 1. Dilma's lack of "legitimacy" - after being elected, expressed in dramatic fall in popularity;
 2. The decision of the economic elites to put an end in the Democracy and Social Justice Cycle and in the rule of the Workers Party.
 - ▶ Its **immediate cause** the economic recession, and the lost of governability that the economic elites created.
 - ▶ Additionally, Dilma was politically awkward.
- 

The impeachment represents

- ▶ A major **shift to the right** and to economic liberalism.
- ▶ Thus, the **failure** of
 1. a social-democratic and
 2. developmental strategy, defined by class coalition of workers and the public bureaucracy with industrialists.