

## THE "MATUTO" AND THE MAGIC MOMENT

Luiz Carlos Bresser-Pereira

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**Does Lula realize it as well? And – what is more important – are Brazilians also aware of the losses they are suffering when they welcome foreign interests so well**

Brazil "experiences a magic moment", Brazil is "a winner", "the time has come for Brazil" - those are the phrases that we read today in the foreign press, this is the way foreign investors regard us. And President Lula is regarded as the great hero of this modern saga - as the political leader who, without abandoning his engagements with the poor, foreigners kindly say, proved to be fully reliable for rich people inside and outside the country. A full-page interview of Lula in the *Financial Times* celebrates this favorable climate to Brazil.

What will be the Presidents attitude towards all this? I ask this because Lula, endowed with a remarkable intelligence, has the "matutos" shrewdness, and must therefore be wary of so much praise. After all, why would Brazil be "the best of the BRICs", as foreign investors relentlessly state despite the fact that our growth rate is lower and our economy more unstable than those of the three other countries? It is true that nobody is indifferent to praise. And that an ambiance of euphoria may help him elect his successor. But Lula should very well know how dangerous it is to listen to flatterers.

But rich countries, their multinational corporations, their politicians, their journalists, are they all flatterers? Does it make sense to use such a word to define such distinguished people? Probably not. Maybe I am biased towards them. Yet, one fact is real: Brazil treats foreign investments very differently than China, India, or Russia. We

do not demand reciprocity we are, as they say, "the most welcoming country". So welcoming that this seems to compensate for the fact that our economy grows far less than the economy of the other BRICs.

This BRIC issue was a clever invention by a Goldman Sachs analyst, but it helped to "launch" Brazil in the international arena. As a matter of fact, the two most fragile BRICs - Brazil and Russia - are the ones that are using this opportunity to become more important at the international level. Incidentally, Russia hosted the first meeting of the four countries in the city of Yekaterinburg in June of this year. By identifying itself the new "title", the competent Brazilian diplomacy succeeded in transferring to Brazil a quality that belongs to the other three nations. Consequently, besides being a large country in terms of territory and population, and having an average income, we are now also regarded as a country with a remarkable growth.

I wish this were true. But it isn't. As the other three BRICs, we are already out of the crisis, but our growth remains lower than theirs. The main problem is that our growth lacks stability. The current exchange rate helps fight inflation, but apart from hindering growth, it gets the country into debt and makes it prone to new crises. Minister Guido Mantega is aware of that and he is worried nearly a month ago he even objected to that excessive praise. He realizes the risks of superpatriotism. Does Lula realize it as well? And - what is more important - are Brazilians also aware of the losses they are suffering when they welcome foreign interests so well - including the acceptance of this exchange rate? Are they aware of the losses and dangers they incur with that praise? I am not sure, but I think that they are becoming increasingly wary. After all, Brazilians are not always easily fooled. They are also "matutos", wary peasants, and they look mefious at "magic moments".