Brazil’s economic future is again attracting avid interest from investors, scholars and policymakers. The country’s size, impressive resources, sophisticated corporations, and solid macroeconomic management have generated expectations that Brazil will become one of the world’s economic superpowers alongside China and India in the coming decades. Yet, whether this comes to pass will depend in large measure on how Brazil integrates with the broader global economy and how it manages the domestic challenges that will accompany greater economic integration.

Historically, Brazilian policymakers have been skeptical of the benefits of economic openness and deep integration, and they remain conflicted about the role Brazil’s traditionally interventionist state should play in the economy. If Brazil is to become an economic superpower, Brazil’s leadership will have to make important choices about whether and how to integrate into world markets and about what role Brazil should play in the global economy. To build political support for such policies, they will also have to ensure that the benefits of growth are broadly shared at home and to deal effectively with the social costs of globalization.

This conference will explore four of Brazil’s key economic-policy challenges: (1) promoting leading positions in agricultural and energy markets, (2) designing a trade policy that promotes innovation and is an engine for employment, (3), moving Brazil closer to an equitable opportunity society, and (4) incubating and supporting vibrant multinational enterprises.

Whatever the role Brazil chooses to play in the global economy will matter for the United States and other countries in the region. Yet, the factors will determine these choices are inadequately understood in the United States. This conference aims at promoting a better understanding in the United States of Brazil’s economic future and to foster collaboration among Brazilian, U.S., and European academics and practitioners.
We wish to acknowledge the support of the Alcoa Foundation, Citi, Liberty Mutual, the Hewlett Foundation and Vale for their assistance in making this conference possible.
Program

Convened by
Lael Brainard, Vice President & Director, Brookings Global Economy and Development
Leonardo Martinez-Diaz, Political Economy Fellow, Brookings Global Economy and Development

April 28, 2008
Saul/Zilkha Rooms

6:00 – 9:00 pm  Reception and Keynote Dinner

Keynote address:
Bill Rhodes, Chairman, President, and Chief Executive Officer, Citibank N.A. and Citicorp Holdings

April 29, 2008
Falk Auditorium

8:00 – 8:30 am  Continental Breakfast

8:30 – 8:45 am  Welcome and Introductions

8:45 – 10:15 am  Panel 1
Brazil as an Agricultural and Energy Superpower

Agriculture is an important component of Brazil’s economy, and the sector has grown faster than overall GDP since 2001. Today, Brazil is the world’s fifth largest agricultural exporter, accounting for more than 80 percent of global trade in orange juice and over 30 percent of all trade in soy beans, sugar, chicken, and coffee. Growing demand for biofuels, especially ethanol, could provide Brazil with a major opportunity for export growth.

Questions for the panel:
• What strategies has Brazil followed to insert itself into global energy and agricultural commodity markets?
• How has this integration affected regional growth differentials, rural employment, and environmental sustainability in Brazil?
• What are the domestic political forces promoting and hindering this integration, and how is this political configuration evolving?
• How is Brazil’s changing role as energy exporter and importer shaping its foreign policy?
Brazilian policymakers have long sought balance bilateral, regional, and multilateral trade and investment agreements to best serve Brazilian interests and advance its role as a regional and as a rising global power. As the largest economy in South America, the anchor of Mercosur, and leading player in the WTO, Brazil is especially well positioned today to shape trade policy to its advantage.

Questions for the panel:

- How have different groups in the Brazilian economy shaped the country’s trade policy? Who is benefiting and hurting from the status quo?
- What role will Mercosur play in Brazilian trade policy going forward?
- Will Brazil continue to advance as a global exporter if multilateral trade negotiations stall for the foreseeable future?
Inequality of wealth, income, and opportunity has long been a severe problem in Brazil. Brazil is now beginning to see a decline in income inequality thanks to low inflation, federal cash-transfer programs, and spending in health and education. However, millions of Brazilians remain caught in poverty traps and access to education remains highly unequal. At the same time, the government’s drive for fiscal discipline has made the need for efficient social spending more urgent than ever.

Questions for the panel:

- To what degree have social safety nets reduced inequality and protected those dislocated by economic change? What are the political obstacles to their further strengthening?
- What does the evidence – both on outcomes and perceptions – suggest on the effectiveness and reach of investments in health and education?
- Is fiscal discipline compatible with necessary levels of social investments?

Moderator

Leonardo Martinez-Diaz, Political Economy Fellow, Global Economy and Development Program, Brookings Institution

Speakers/Paper writers

Marcelo Neri, Chief-Economist of the Center for Social Policies IBRE and EPGE, Fundação Getulio Vargas
Carol Graham, Senior Fellow, Foreign Policy and Global Economy and Development, Brookings Institution

Commentator

Francisco H.G. Ferreira, Lead Economist, World Bank’s Development Research Group
Brazil is home to a growing group of large major corporations that are fast becoming global players. These firms are becoming major foreign investors in the region and beyond and can help fuel Brazilian growth, generate employment, spur innovation, and promote integration with the global economy. Yet, there are still relatively few Brazilian multinationals, and Brazilian companies with global potential still face many obstacles to their development.

Questions for the panel:

- What role has government policy on innovation and other areas played in the success and shortcomings of Brazilian corporations with global aspirations?
- What strategies have Brazilian multinationals pursued to achieve success, and what barriers do they encounter domestically and as they expand regionally and globally?
- What contributions do Brazil’s global players make to growth, employment, and innovation?

**Moderator**

**Riordan Roett**, Director of Western Hemisphere Studies and the Latin American Studies Program, School for Advanced International Studies, Johns Hopkins University

**Speakers/Paper writers**

**Ben Ross Schneider**, Professor of Political Science, Northwestern University  
**Edmund Amann**, Senior Lecturer, University of Manchester

**Commentators**

**Alejandro Ruelas-Gossi**, Managing Director of Orkestra, the Basque Institute of Competitiveness  
**Leonardo Martinez-Diaz**, Political Economy Fellow, Global Economy and Development Program, Brookings Institution