# Brazil at crossroads:
# A critical assessment of developmentalist policies

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**Abstract**

Brazil with its policies of combining growth with income redistribution gained high attention especially since the Global Financial Crisis. These policies often have been labelled as developmentalist. Now, with a deep economic crisis, the question arises how far these policies were responsible for this downturn. To address this question, we first deliver a more precise definition of different variants of developmentalism. Second, based on stylized facts of the Brazilian economy in the period of three successive leftist governments between 2003 and 2016, we classify relevant macroeconomic, social and industrial policies. Thus we can see that different types of developmentalist policies came to application to a certain degree, with the dominance of re-distributional policies fostering domestic consumption. However, there were also orthodox policy elements to be found especially within macroeconomic policies and to a highly varying degree over time. Most remarkably, we found the later part of the period under analysis characterized by permanent changes in the policy mix, and a final and frustrated orthodox attempt to revert the crisis. We thus conclude that not developmentalism per se has been a fallacy, but rather its lack of conceptual clarity at the theoretical level, and incoherent policy coordination at the policy level in the case of Brazil.

Key-words: developmentalism; Brazilian economy; economic crisis

## 1. Introduction

Within few years, Brazil went through extreme ups and downs. At the beginning of the 2010s, the country had become an international reference not only for weathering rather well the effects of the Global Financial Crisis (GFC). The country especially gained attention for being able to combine economic growth with income distribution. This combination was so remarkable because it was going against the global trend especially in terms of income concentration. A few years later, the country found itself in its worst economic crisis for decades. Its per capita GDP was more than 10% smaller in the end of 2016 than in 2013. Both the share of industrial production at the national level and its participation in exports fell significantly. Beyond the political upheaval that ended with the impeachment of the president Dilma Roussef in August 2016 amid an extensive corruption scandal, there is a heated debate about the economic reasons of the crisis.

This debate encompasses supporters and opponents of the strategy followed by successive Brazilian governments over more than a decade and which many have labelled, even if sometimes with different prefixes, as "developmentalist" (i.e. Ban 2012; Bielschowsky 2015; Mercadante 2010). Following Fonseca (2014), developmentalism is a rather ambiguous term by definition, nurtured both by theoretical concepts and economic policy experiences. Yet, a common denominator, shared by academics as well as explicitly expressed by the Brazilian governments in this period (see

Ministério de Planejamento 2003) has been the aim to combine sustained economic growth with productive restructuration and income distribution, by giving the State an active role.

In this paper, we evaluate the recent experience of developmentalism in Brazil since the GFC. As there has been, in political terms, a continuum of four successive governments led by the *Partido de Trabalhadores* (PT, the Brazilian workers' party) since 2003, we will also include the years before the outbreak of the GFC. Our analysis covers the period from 2003 to Mid-2016, i.e. four terms led by the PT, the first two by the well-known Luis Inácio Lula da Silva and the others by Dilma Rousseff, whose second government last only one year and a half due to the impeachment process.

We ask *if* and *how far* a developmentalist approach can be blamed for the dramatic downturn at the end of this period. Hence, we address a lacuna in the current literature on the Brazilian case which try to explain this downturn at analyzing the economic outcome in terms of the complex interdependence among income redistribution, demand and changes of production patters. Differently, we look on the policies applied and ask how they can be classified in terms of their paradigmatic background.

To address our research question, we derive three main hypotheses. First, we assume a wide range of policies have been applied, of which some can be labelled as developmentalist, but it is needed further specification in terms of the type of developmentalist approach applied by policy makers. Our second hypothesis is that not all policies applied during this period can be labelled as developmentalist. Third, the significant and repeated changes of the policy course and policy mix over time have to be taken into account with care.

The following section presents the different variants of the concept of developmentalism. The third section presents stylized facts of the external context and macroeconomic outcomes of the Brazilian economy in the period under review while the fourth, after summarizing the economic and social policies applied over 2003-2016, proposes a periodization for the time span analyzed and a typology of policies along the different developmentalist and non-developmentalist variants. The fifth section concludes.

## 2. Concepts of developmentalism

### 2.a. The term and its classical approach

The concept of developmentalism is a rather ambiguous term per definition. It involves two perspectives, which are intertwined, but are not the same neither from an epistemological viewpoint nor in daily practice: i) a phenomenon of the 'material world', i.e. a set of practices of economic policies proposed and/or executed by policy makers, and ii) a phenomenon of the 'world of ideas', i.e. a set of ideas proposed to express theories, concepts or visions of the world. The former expresses itself also as political discourse, while the second seeks to form a school of thought (Fonseca 2014, p. 30).

The origin of developmentalism is related both to studies of development of the 1950s and the Latin American structuralist approach, which sought to understand the specificities of underdevelopment and how to overcome it. Classic developmentalism departed from the idea that the typical division of labor between developed and developing economies created a structural balance of payments constraint and constrained domestic growth. As a phenomenon of the 'material world', developmentalism translated to national-developmentalist strategies supporting that industrial development was the most efficient way to achieve an increase in productivity and in national income, retaining the 'fruits' of technical progress in peripheral economies. Latin American structuralism – also known nowadays as 'classic developmentalism' – used the metaphor center-periphery to translate the productive and technological asymmetries of the international order and saw industrialization as the only way for the peripheral economies gain access to part of the technical progress from center economies, allowing them to progressively raise the living standard of the population (Prebisch 1950; see also Ocampo 2001).

### 2.b. Recent concepts: social and new developmentalism

The recent debate is intensively nurtured and intertwined with the economic policy discourse and policy making especially in Latin American countries where leftist parties dominated governments. Updated concepts of developmentalism gained space in semi-mature economies of the continent which are featured by a more diversified productive structure and the risk of premature de-industrialization. This also resulted from profound discontentment with policies based on the economic orthodoxy, also dubbed as 'Washington Consensus'. Within the critical reflection of the orthodox agenda of domestic market liberalization, trade and financial openness and reduction of the role of the State, income distribution has come to the center of public debate, as the continent, since long the region in the world with the highest degree of economic inequality, experienced a stagnation or even further worsening of inequality though the period of liberalization.

Within this renewed debate, we identify two major new concepts: social developmentalism (SD) and new developmentalism (ND). These have updated classic developmentalism and added new dimensions. Both clearly reject the neoclassic idea of welfare maximization by specializing on comparative advantages at the global level, similar to classic developmentalism, at seeing structural external constraints caused by integration of developing economies in the global market as the cause of lacking economic dynamism at the domestic level. Thus, they support a national strategy of economic development with an active role of the state to achieve structural change towards (re-)

industrialization, resulting in social transformation by inclusion into the labor market and public policies (Fonseca 2014, p. 41, and Bielschowsky 2015).

For a better understanding, and as a reference for non-developmentalist policies to be analyzed in the fourth section, we casually include in our comparison of these recent concepts a simplified orthodox framework. To facilitate the analysis of policy coordination, we analytically disaggregate the concepts into three different layers of policy aims, targets and tools.[1]

When comparing SD and ND, they are rather similar in their policy aims, but clearly differ regarding the targets and tools to achieve these. Both seek to achieve productive change with income redistribution.

SD is closer to the classic developmentalist approach, as it continues focusing on the shortage of domestic demand to push investment into productive diversification. Yet, while the former sees income redistribution more as an outcome of structural change pushed by State action, SD gives the aim of a more equal income distribution a prominent role for increasing domestic mass consumption to push economic growth and productive change (Lavinas and Simões 2015). This should be reflected rather quickly in a significant reduction of the Gini index. The structural balance of payments' constraint would be mitigated by export growth induced by scale effects and industrialization as well as fostered by domestic demand, given the complementarity between domestic and foreign markets. It also could be supplemented, at least temporarily, by the expansion of the natural resource-intensive sector and its supply chains (Bielschowsky 2012; Biancarelli 2015).

Differently, ND has a predominantly macroeconomic perspective and is more inspired by the development path of Asian emerging markets with their marked strategy of export surplus. It sees two hindering factors for development: the tendency towards currency overvaluation as a result of the specialization in commodity exports[2], together with the tendency of wages to increase below the productivity rate due to the availability of an unlimited supply of labor. Here, the aim of (re-) industrialization is directly linked to the target of an export surplus of manufactured goods, pushing for further investment in this sector. With this, the country should be enabled to avoid incurring into external debt. In this view, the exchange rate plays the key role to influence both imports and exports. An improvement in the income redistribution basically would result from (formal) job creation in this sector and from wages increasing along productivity gains (Bresser-Pereira 2011).

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[1] For an extended comparative analysis and critique to the two recent developmentalist concepts see Fritz et al. (2017).

[2] This is also discussed as the phenomenon of Dutch disease (see also Palma 2005).

Regarding the policy tools attached to each of these approaches, Carneiro (2012) notes that the reflections regarding SD are rather fragmented. This holds especially for this first generation of papers (Bastos 2012; Bielschowsky 2012; Carneiro 2012), where the focus is exclusively on policies oriented directly towards redistribution and shifting production patterns at boosting domestic mass consumption.

- Wage policies, being the minimum wage a powerful policy instrument to foster wage increases especially in the lower income range;
- Social transfers targeted towards to poorer part of the population; and
- Stimulus to consumer credit.
- Public investment especially in (physical and social) infrastructure is seen key for directly creating demand, but especially for creating incentives for private investment.
- Industrial policies and subsidized financing by public banks are designed to further stimulate private investment.

Macroeconomic considerations are mainly included in a second wave on publications on SD. Rossi (2014) makes an explicit attempt to include monetary, fiscal and exchange rate policy tools, but this remains rather imprecise. Within ND, Bresser-Pereira offers a well-developed theoretical approach and clearly deduces the policy tools necessary for this strategy of export-led growth:

- Priority is given to real devaluation and subsequent maintenance of the exchange rate at a level where domestic industry becomes internationally competitive. This undervalued exchange rate should be supported by capital controls.
- Other macroeconomic instruments, such as monetary and fiscal policies, are thought to support this nominal and exchange rate level, at maintaining price stability.
- Industrial policies are targeted exclusively towards exports, as only these are seen as the engine for investment and growth at the domestic level, until catching up with advanced economies.
- Wages, at the short term, might lose in terms of purchasing power as a consequence of the currency devaluation. At the medium term, however, wages should grow along productivity gains to prevent spurring inflation and to maintain the functional distribution between wages and profits. Income redistribution is expected to stem from additional job creation in the manufacturing sector.

Redistributive policies are included as an addendum in later publications (i.e. Bresser-Pereira et al. 2015), reacting to the heated debate around re-distributional issues, but are not vital to the ND strategy of export-led growth.

## 3. Empirical assessment of outcomes based on stylized facts

Before analysing the policies adopted in Brazil from 2003 to mid-2016 in section 4, this section summarizes the changes in the external context overtime as well as the economic outcomes of the Brazilian economy during the analysed period through stylized facts regarding the most relevant goals targeted by developmentalist approaches.

### 3.a. External context

Over the analysed period, the external context underwent important changes. From 2003 to the threshold of the GFC, the international economy was featured by a very favourable scenario in terms of trade (high commodity prices and external demand) and capital flows. Yet, after the double speed recovery from mid-2009 to 2010, the global trade volume increased at a much lower rate in comparison to the pre-crisis setting and the new “twin boom” (of commodity prices and capital flows), fostered by that recovery as well as the quantitative-easing policies, was shorter: these prices begun to fall in 2012 and capital flows to emerging economies lost momentum from 2011 (Figure 1 and Table 1A).

Supporters and opponents of developmentalist policies agree on the positive influence of the benign external environment before the GFC on the Brazilian economy. However, they definitely diverge on the role of its deterioration since 2011 on the recent crisis: while the orthodoxy put the blame on these policies[3], socio-developmentalist authors stress the dominance of external shocks.

We followed herein a Keynesian-structuralist approach[4], which emphasizes the ‘center-periphery’ asymmetries of the international economy and the resulting higher vulnerability of peripheral economies to external shocks. Yet, in the post-Bretton woods’ era, although current account (specially, terms-of-trade) shocks have remained relevant, particularly in commodity dependent economies, financial shocks have assumed the leading influence due to the monetary and financial asymmetries.

The monetary asymmetry is a consequence of the so-called currency hierarchy, namely, currencies are hierarchically positioned according to their degree of liquidity, which relates to their ability to perform the three functions of money internationally. The key currency (currently, the US dollar) is placed at the top of the hierarchy, the currencies of other center countries or regions (such as the yen and the euro) are in intermediate positions and at the bottom are the currencies issued by

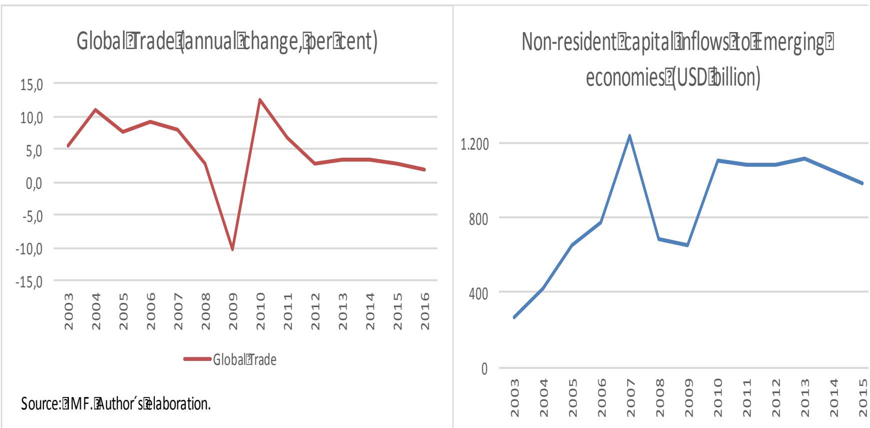
[3] For instance, see, respectively, Barbosa and Pessoa (2014) and Bastos (2015).

[4] For more details, see Fritz et al. (2017).

peripheral economies that are incapable of fulfilling those functions. Yet, this asymmetry has revealed itself more deleterious due to the financial asymmetries, which refers to the patterns and magnitude of capital flows to peripheral countries that joined the financial globalization setting, becoming ‘emerging economies’. Firstly, capital flows towards these economies mainly depend on exogenous sources, rendering them permanently vulnerable to their reversal by virtue of changes in the monetary conditions in the center as well as by the rise in the liquidity preference of global investors. Secondly, despite the residual nature of capital flows directed to those economies, their potentially destabilizing effects on their financial markets and exchange rates are significant, since the volume allocated by global investors is not marginal in relation to the size of these markets.

Therefore, according to this approach, the interplay of the monetary and financial asymmetries results in a key influence of the international economy dynamics on the performance of peripheral emerging economies, such as Brazil, mainly through the boom-bust cycles of capital flows. Consequently, these asymmetries also constrain the policy space in these economies, shaping the degree of autonomy of economic and social policies. Yet, the specific mix of policies adopted depends on domestic factors, among which the institutional framework and political power relations.

**Figure 1. World Trade and capital flows**




Source: IMF. Author’s elaboration.

3b. Stylized facts of outcomes

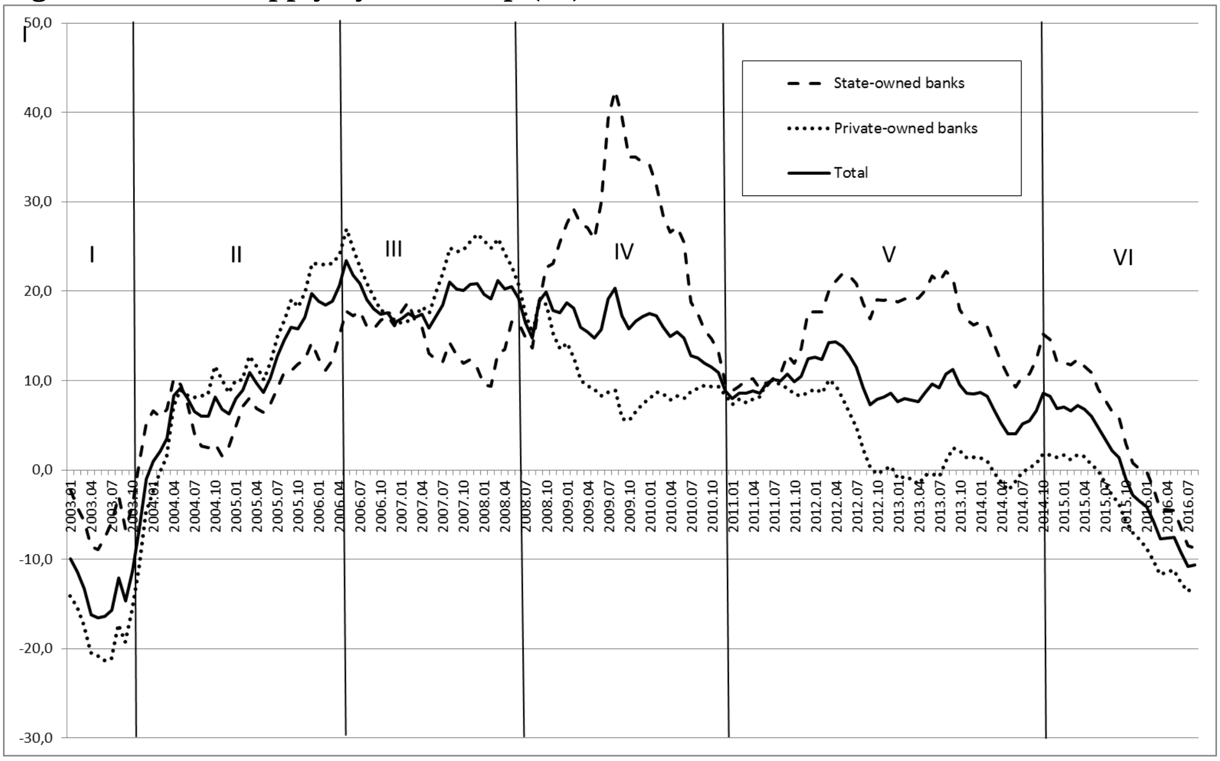
*Growth performance*

The Brazilian economy had an unprecedented performance from 2004 to 2008, with an average growth rate of 4.7% per year. During the pre-crisis boom, the main engine of growth was household consumption (which responds to the biggest share of the Brazilian GDP, around 60%). Another novelty of this period was the continuous credit growth to households and enterprises.

In line with other emerging economies (Canuto and Leipziger 2012), the recession caused by the contagion effect of the GFC was brief. In contrast, due to its different cyclical behaviour, investment recorded an abrupt reduction in face of the contagion effect of the GFC, being the main responsible along with exports for the recession in the first half of 2009, while household consumption mitigated the decline in aggregate expenditures. The economy recovered quickly and the GDP recorded in 2010 a growth rate of 7,5%; investment and consumption contributed to this prompt economic recovery.

Growth already began to slow down in 2010 and intensified in 2012. After a short rebound in 2013 the economy decelerated again, and turned into the worst economic recession since at least the Great Recession of the 1930s. (see Table A1) After the GDP growth of 3.9% in 2011, economic growth dropped to 1.7% p.a. on average in 2012-2014, while industrial output decreased 2.0% p.a. In 2015-2016the economy suffered a set of shocks - deterioration in the terms of trade, fiscal adjustment, acceleration of the inflation due to monitored prices, hydric crisis, currency devaluation, increase of Selic interest rate, etc. - that contributed to reduce even more the economic growth, declining sharply to -3.6% on average in the period. Due to the adjustment of monitored prices compared to free prices and the shock caused by the huge currency devaluation (exchange rate almost doubled from mid-2014 to end of 2015), IPCA increased from 6.4% p.a. in 2014 to 10.7% p.a. in 2015. The combination of recession (and reduction in works' income and firms' revenues) with increase in interest rates caused a huge slowdown in credit supply, that occasionally resulted in a credit crunch that has delayed the recovery of the economy (Figure 2).

**Figure 2. Credit supply by ownership (%)***




Source: Central Bank of Brazil (2016). Authors´ elaboration.
(*) Growth rate compared to 12 months before with data in real values (deflated by IPCA)

*Income distribution: functional and personal*

An important and unprecedented feature of the Brazilian economy performance over the analysed period was the reduction in inequality, a trend also observed in other Latin America countries (Fritz and Lavinas 2015). In the case of Brazil, the process of income redistribution encompassed both the personal dimension, with a reduction of the Gini index, and the functional distribution, with an increase of the wage share in total income, as can be seen in Table 1.

**Table 1. Functional income distribution: Wage Share***

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| 36.6 | 35.7 | 36.7 | 38.2 | 38.9 | 39.8 | 41.5 | 41.8 | 42.7 | 45.3 | 45.1 |

Source: Authors' calculations based on IBGE.
(*) Salary mass (deflated by INPC) divided by GDP (deflated by the implicit deflator).

However, analysing the dynamic of top incomes based on tax data, Gobetti and Orair (2015), based on personal income tax declarations between 2007 and 2013, conclude that the Gini index based on household survey data overestimates improvements in the personal income distribution. In other words, the level of inequality and concentration of income in Brazil is significantly higher than what has been estimated by these studies. Upon their estimation, the income concentrated by 0.1%

and the richest 10% comes to 10.9% and 54.1% of disposable income of households.

*Productive re-structuration and external vulnerability*

The third key aim of developmentalism is the so called structural change or re-industrialization that refers as to the reallocation of productive resources from the traditional sector (especially agriculture) to the manufacturing sector (mainly those segments of higher technological sophistication). Yet, over the period of 2008-2015, the fall of this sector' share in the GDP that had started in the 1990s gained momentum.

**Table 2. Manufacturing sector as share of GDP – 2003-2015**

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26,1 | 26,8 | 26,5 | 26,1 | 26,2 | 26,0 | 24,8 | 25,6 | 25,7 | 25,1 | 24,9 | 24,7 | 23,9 |

Source: IBGE/CEMACRO (2016).. Authors´ elaboration.

Moreover, since 2008, this descending trajectory has been accompanied by increasing deficits in manufacturing goods trade balance along with surplus in non-manufacturing goods, certainly fostered by the appreciation of the domestic currency in real terms until 2012 (see section 4). Even with a subsequent reverse in the appreciation trend, however, profitability of exports increased only slightly. In this setting, industrial output firstly stagnated and, from 2013, begun to fall. Meanwhile, retail sales and the import coefficient of industry inputs kept growing, indicating a substitution of domestic production by imports both in final and intermediary manufacturing goods (Paula et al, 2015).

In terms of external vulnerability, results are mixed. Considering external liquidity, the situation improved thanks not only to the policy of foreign exchange (FX) reserves accumulation (see section 4), but also to the reduction in the currency mismatch associated with a change in the composition of the short term gross external liability. This change stemmed from two simultaneous trends: a decrease in external debt and a rise in foreign portfolio investment in the domestic market. Further, the increasing current account deficit (CAD) between 2009 and 2014 was financed almost fully by foreign direct investment (FDI). In 2015 and 2016, the FDI was higher than the CAD (0.8 and 3.0 in percent of the GDP). Thus, in the short term, Brazil did not face an external constraint, what explains, along with the dirty floating regime, why a balance of payment crisis did break out despite the huge outflow of foreign portfolio investments amid a deep economic crisis (see Table 2 and A1).

On the other hand, external solvency deteriorated, as the growth rate of the total net external liability was greater than the one of exports. The situation rather worsens when considering only the exports of industrialized products, characterized by lower price volatility and higher income-elasticity than commodities. From this perspective, the country's capacity of generating autonomously foreign currency to serve its external liability decreased during the period covered (see Table 2).

**Table 2. External vulnerability indicators**

| | Solvency indicators | | Liquidity indicators | |
|---|---|---|---|---|
| | Net external Liability [1] /Total exports | Net external Liability/Manufacturing exports | Standard&Poors indicator [2] | Standard&Poors + Portfolio in the country [3] |
| 2003 | 3,65 | 4,66 | 2,7 | 5,4 |
| 2004 | 2,91 | 3,71 | 1,5 | 4,4 |
| 2005 | 2,52 | 3,25 | 0,5 | 2,9 |
| 2006 | 2,54 | 3,33 | 0,3 | 2,8 |
| 2007 | 3,08 | 4,17 | 0,3 | 2,5 |
| 2008 | 1,23 | 1,77 | 0,5 | 1,4 |
| 2009 | 3,65 | 5,49 | 0,3 | 2,1 |
| 2010 | 4,49 | 7,27 | 0,5 | 2,4 |
| 2011 | 3,20 | 5,54 | 0,4 | 1,7 |
| 2012 | 3,32 | 5,59 | 0,4 | 1,7 |
| 2013 | 3,06 | 5,07 | 0,4 | 1,6 |
| 2014 | 3,44 | 5,81 | 0,6 | 1,8 |
| 2015 | 2,50 | 3,98 | 0,5 | 1,2 |
| 2016* | 3,77 | 5,73 | 0,4 | 1,4 |

Source: Authors' calculation based on Banco Central do Brasil (2017)

Notes: (*) Position in September

1. Net international investment position
2. Gross External Financing Needs (GEFN)/External Reserves, where GEFN = Current account balance+ short term external debt + long term external debt repayment in the next 12 months
3. GEFN + portfolio investment in the country/External Reserves

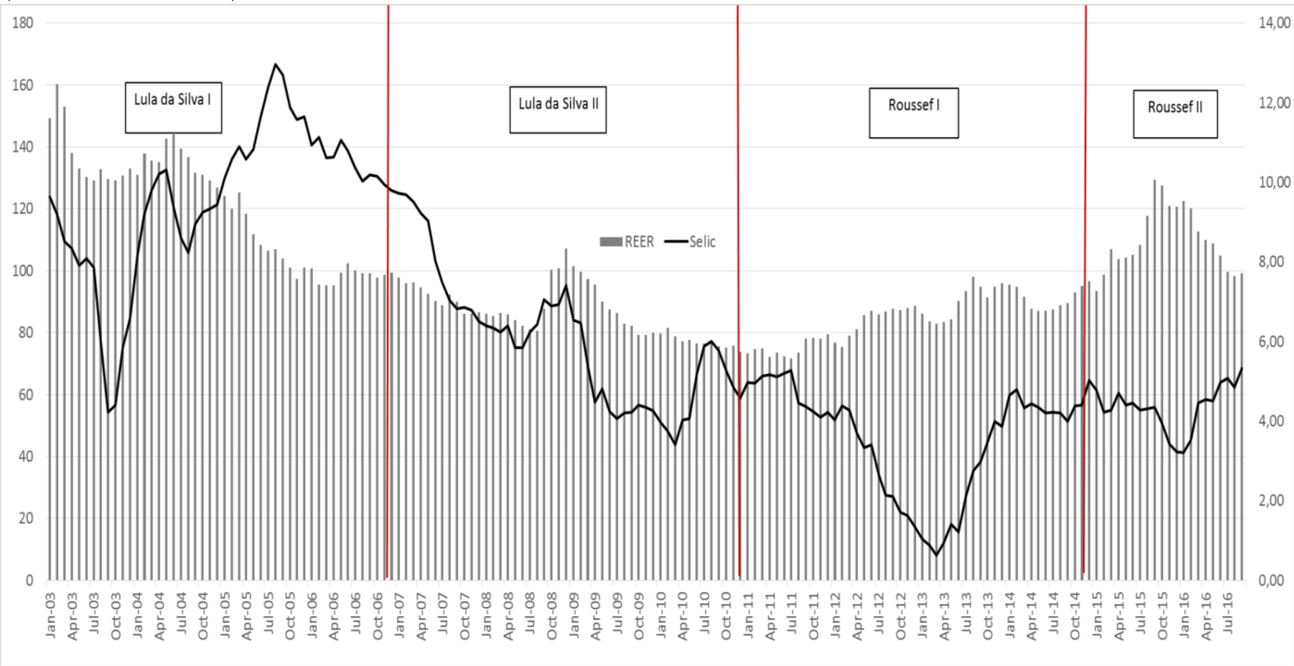
## 4. Public policies over 2003-2016

In this section, we analyze public policies implemented during Lula da Silva's and Dilma Roussef's terms. Based on this, we elaborate a typology of these policies along the different developmentalist and non-developmentalist strategies identified above.

### 4.1 Macroeconomic policies

The first term of Lula da Silva's government (2003-2006), following a confidence crisis of 2002 with a massive speculative attack against the Brazilian currency, was characterized by the continuity of the tripod of macroeconomic policy adopted after the 1999 currency crisis, namely, inflation targeting, primary surplus targets and a dirty floating exchange rate regime. Under this framework, both monetary and fiscal policy were kept mostly orthodox, featured by a wide primary surplus and the maintenance of a high real interest rate (albeit with a decreasing path), while the currency appreciated gradually (Figure 3 and 4).

**Figure 3. Policy rate (Real SELIC interest rate - % p.a.) and real effective exchange rate (June 1994 = 100)**




Source: Central Bank of Brazil (2017). Authors´ elaboration.

Amid a positive external environment in terms of trade and capital flows, the high interest rate stimulated speculative operations through portfolio investment and FX derivatives, along with the current account surplus, result in a significant currency appreciation[5]. The interventions of the monetary authority in the FX market since 2005 did not curb this appreciation, but came out with the buildup of FX reserves[6]. The so called precautionary demand for reserves contributed to the decrease of net public external debt (Table A1) and the improvement in the country external liquidity (see subsection 3b). In this period, credit expansion was stimulated with the implementation of payroll-deductible credit operations, which reduced bank risk and, consequently, the cost of loans to households.

Yet, both the currency appreciation trend and the credit boom were reversed in September of 2008, when the contagion effect of the global financial crisis resulted in huge capital outflows. This marked the beginning of the second phase under analysis here.

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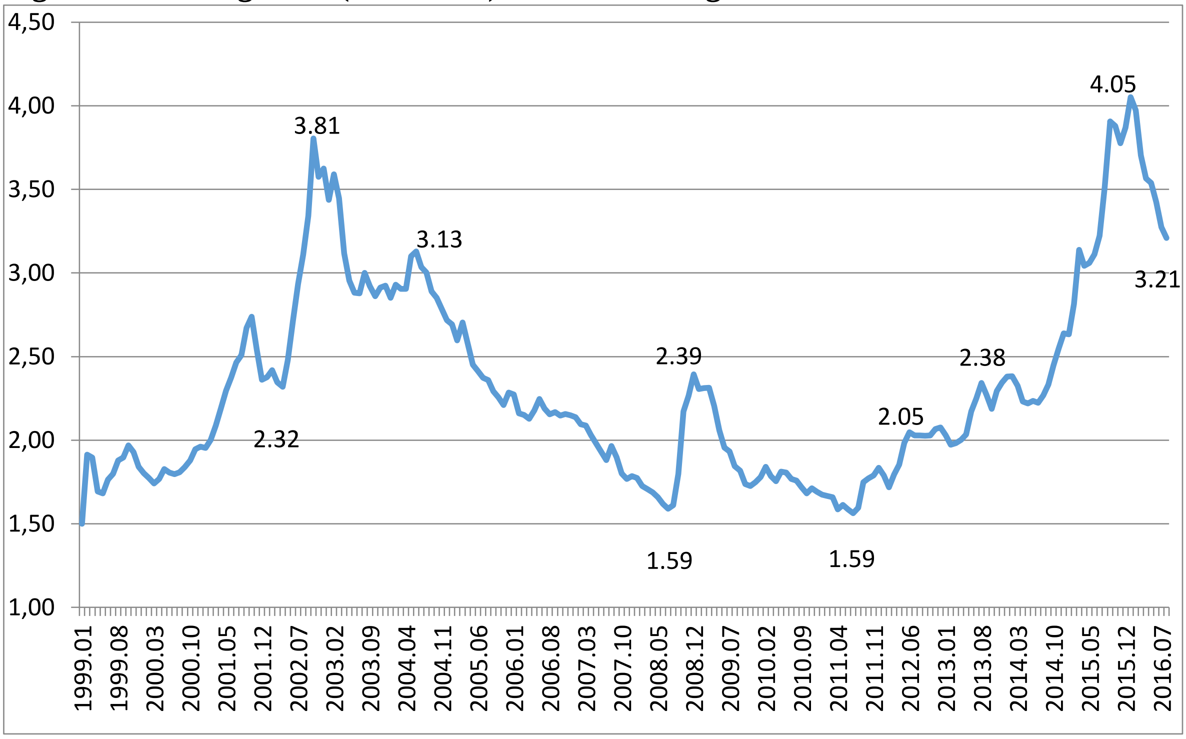
[5] On the role of FX derivatives on the Brazilian exchange rate dynamics, see Paula and Prates (2016)..

[6] Indeed, the currency appreciation was the main transmission channel of the monetary policy in this period.

**Figure 4. Exchange rate (BRL/USD) – Jan/1999-Aug/2016**




Source:  Central Bank of Brazil (2017). Authors´ elaboration.

The Brazilian authorities responded to the financial crisis by adopting a number of countercyclical measures (Barbosa, 2010; Paula et al., 2015): (i) to avoid the spread of the credit crunch, the Central Bank of Brazil (BCB) adopted a series of liquidity-enhancing measures; (ii) the BCB intervened in the foreign exchange markets; (iii) the state-owned banks  were encouraged to expand their credit operations to compensate for the deceleration in the credit supply by private banks (Figure 2); and (iv) the Ministry of Finance undertook fiscal measures to stimulate aggregate demand.

The government's countercyclical reaction was enabled by the policy space created through the shift towards the net creditor position in foreign currency, so the exchange rate devaluation favored public finance. In the context of quick recovery of the Brazilian economy and a new surge of capital flows to emerging economies from the middle of 2009, Brazil faced again huge short term inflows boosted by a still high differential between the internal and external interest rates. As the BCB resumed the exchange rate policy adopted before the crisis, Brazil's currency recorded a huge appreciation in 2009 (Figure 4).

In this setting, the Ministry of Finance started imposing regulations on capital flows, adopting a tiny financial transaction tax on foreign portfolio investments in October 2009. One year latter (still in Lula's second term), these regulations were strengthened with the first measure targeting FX derivatives operations and administrative controls. Moreover, the Brazilian Central Bank (BCB) adopted macroprudential regulations to curb the domestic credit boom, fostered by the countercyclical policies.

Already in Roussef's first term, who took office in January 2011, the regulatory toolkit on spot and derivatives' FX markets was further broadened with other measures, being the last one launched in July (Fritz and Prates, 2014; Paula and Prates, 2015). Indeed, in mid-2011 Roussef's government began a gradual change for what the government itself called the "New Macroeconomic Matrix", to boost growth: beside the managed exchange rate floating (enabled by this broad regulatory toolkit), it encompassed a progressive reduction both in the interest rate and the primary fiscal surplus, tax exemptions for manufacturing sectors, a nominal freeze of relevant public tariffs (energy and gasoline) for price stabilization purposes, the use of state-owned banks to reduce bank spreads, etc. Furthermore, to curb the deterioration in competitiveness of Brazil's manufacturing sector in both external and domestic markets, the BCB did not curb the currency depreciation trend (Figure 3).

Due to the economy's positive fiscal performance in the first half of 2011, the Ministry of Finance adopted several fiscal stimulus measures, especially tax exemptions that mainly favored the industrial sector, which gradually were extended to other sectors. In this first year, these did not change the overall fiscal policy stance. However, these policies were gradually extended to other sectors in 2013-2014. These fiscal measures were aimed at increasing the international competitiveness of the domestic industrial sector, damaged by both currency appreciation and greater competition in the external market.

Yet, in April 2013, due to an increasing inflation rate, the BCB restarted to rise gradual and continuously the policy rate (see figure xx), and withdrew regulations on FX operations due to signaling of Fed that would change its monetary policy ("tapering"). At the same time, the Brazilian government further enlarged tax exemptions, and tried to intensify investment in infra-structure. Moreover, affected by the decline of oil prices and the first effects of "Lava-jato" operation, Petrobras reduced its investments, with a strong impact in overall investment (Afonso and Fajardo, 2015).

Compared with the policies launched to counter the GFC contagion effect, the countercyclical fiscal policies implemented in 2012-214, with the use of tax exemptions instead of public expenditures, were very limited. The same holds for public investment, which was significantly higher in the first periods, compared to the third period of the Dilma government (Table 3). Yet, due to reduced growth and increasing interest payments, the public nominal deficit increased sharply in 2014 (see table 1A).

**Table 3. Rate of growth of public investments- 1994-2016 (%)***

| Period | Federal Goverment | State goverment | Municipal Government | Public Administration | Federal state-owned firms | Total |
|---|---|---|---|---|---|---|
| 1994-1998 | -0,2 | 5,9 | -0,9 | 2,3 | 8,4 | 4,2 |
| 1998-2002 | -0,2 | -8,4 | 7,9 | -0,9 | -0,7 | -0,9 |
| 2002-2006 | 0,3 | 2,8 | 1 | 1,5 | 0,9 | 1,3 |
| 2006-2010 | 28,9 | 17 | 9,1 | 16,7 | 26,7 | 20,3 |
| 2010-2014 | 1,0 | 3,3 | -1,0 | 1,3 | -1,1 | 0,3 |

Fonte: Orair (2016, p.16).

In 2015, after the re-election of Dilma Roussef, the government shift the economic policy somehow radically towards a more orthodoxy policies, with Joaquim Levy as Minister of Finance. The main aim of the economic policy was to implement a fiscal adjustment, mainly by the side of public expenditures, understood as fundamental for retaking the agents' confidence that was necessary of economic recovery. For this purpose Brazilian government committed to primary fiscal surplus of 1.2% of GDP, implementing a set of measures to reduce public expenditures (mainly by the budget contingency), re-adjusted some monitored prices (energy and oil), while Central Bank of Brazil, that was already implemented a restrictive monetary policy since April 2013, increased even more the Selic interest rate from 10.92% p.a. in October 2014 to 14.14% p.a. in August 2015. Due to currency devaluation in 2015, Central Bank of Brazil had to act in foreign currency market to reduce exchange rate volatility and to offer exchange rate hedge to the agents, with the use of swap operations. The efforts of fiscal adjustment failed somehow as the fiscal revenues dropped dramatically in 2015, so that Ministry of Finance had to revised the fiscal targets successively, and primary fiscal result worsened from -0.6% of GDP in 2014 to -1.9% of GDP in 2015, while nominal fiscal result reached -10.2% of GDP due to the increase of Treasury interest payments (Table 1A).

At the beginning of 2016, Nelson Barbosa, the new Finance Minister, announced his agenda of measures for the year: establishing a limit for the growth of government's current and personnel expenses, re-creation of the CPMF, untying of part of tax revenue, simplification of the tax system (PIS/Cofins), and pension reform, whose proposal was not presented for the public. Its great challenge was to establish a strategy of fiscal consolidation that, among other things, would be able to reverse the upward trend of increase in public spending that contradictorily compromised the capacity of the Brazilian State to implement public policies in the long term. As for 2016, the spread of political crisis virtually paralyzed the government's actions that could not implement any agenda of economic policy until the impeachment of President Roussef.

## 4.2. Industrial policies

After a long time span of almost complete absence of industrial policies, three programs of industrial policy were launched during the period analyzed here, each of them containing a different focus: Industrial policy in this period oscillated between two types of strategies: to prioritize high-tech sectors and to select national champions in industries with comparative international advantages, such as agribusiness, steel and mining, as well as to favor sectors damaged by strong foreign competition (Almeida and Novais, 2014, p.211).

The first program PICTE ("*Politica Industrial, Tecnológica e de Comércio Exterior*" - "Industrial, Technology and Foreign Trade Policy") was launched in 2004 aimed to address Brazil's external vulnerability, emphasizing an active policy of adding value to exports based on innovation. To this end, three areas were defined: (i) incentives for strategic sectors (capital goods, software, semiconductors, pharmaceuticals and medicines), through specific programs; (ii) horizontal actions to stimulate innovation and technological development, international integration via exports and modernization of institutional environment; (iii) priority to three areas considered relevant - for national technological development: biotechnology, nanotechnology and renewable energy.

With the rapid and intensive improvement of Brazilian terms of trade from 2004, which resulted in substantial surpluses in the trade balance, priorities for industrial policy changed (Kupfer, 2013). The "Productive Development Policy" (PDP) was launched in May 2008, in a context where, according to its previous diagnosis, Brazil had its economic fundamentals in order and newly won investment grade. The main policy objective was then set to foster growth and productive investment also in the domestic market. For this purpose, the PDP set ambitious investment goals (from 17.6% of GDP in 2007 to 21.0% in 2010) and increased participation of Brazilian exports in world trade[7].

The changing global scenario led to the launch of a third program, called "Plano Brasil Maior" (PBM – Plan Bigger Brazil), in August 2011, with continuous adaptions in the following years to worsening global economic conditions. The initial objectives of the PBM were creating capabilities aiming at the productive and technological consolidation of value chains, but the intensification of international competition in domestic and foreign markets forced the plan to be directed to the defense of the domestic market and the recovery of systemic competitiveness conditions (Kupfer, 2013). Given the speed of the penetration of imported goods in Brazil, the government adopted compensatory measures to minimize the impact on domestic manufacturing output. The measures

[7] Almeida and Novais (2014) criticized PDP for its absence of reciprocity mechanisms along the lines adopted in South Korea. According to Kupfer (2013) the PDP had a more countercyclical role and less the expected function of providing stimulus to the investment pattern of the economy.

included the expansion of subsidized credit by BNDES and further tax and social security payment exemptions, causing significant fiscal costs with limited effects on industrial production.

Kupfer (2013), in doing a balance of industrial policies in the periods analyzed here, concludes that industrial policy remained an auxiliary line of macroeconomic policies, but often in conflict with these. They had their effectiveness reduced by different systemic determinants that were outside their scope, the most important being the strong currency appreciation until 2011 and a very high level of interest rates in real terms.

4.3. Social policies

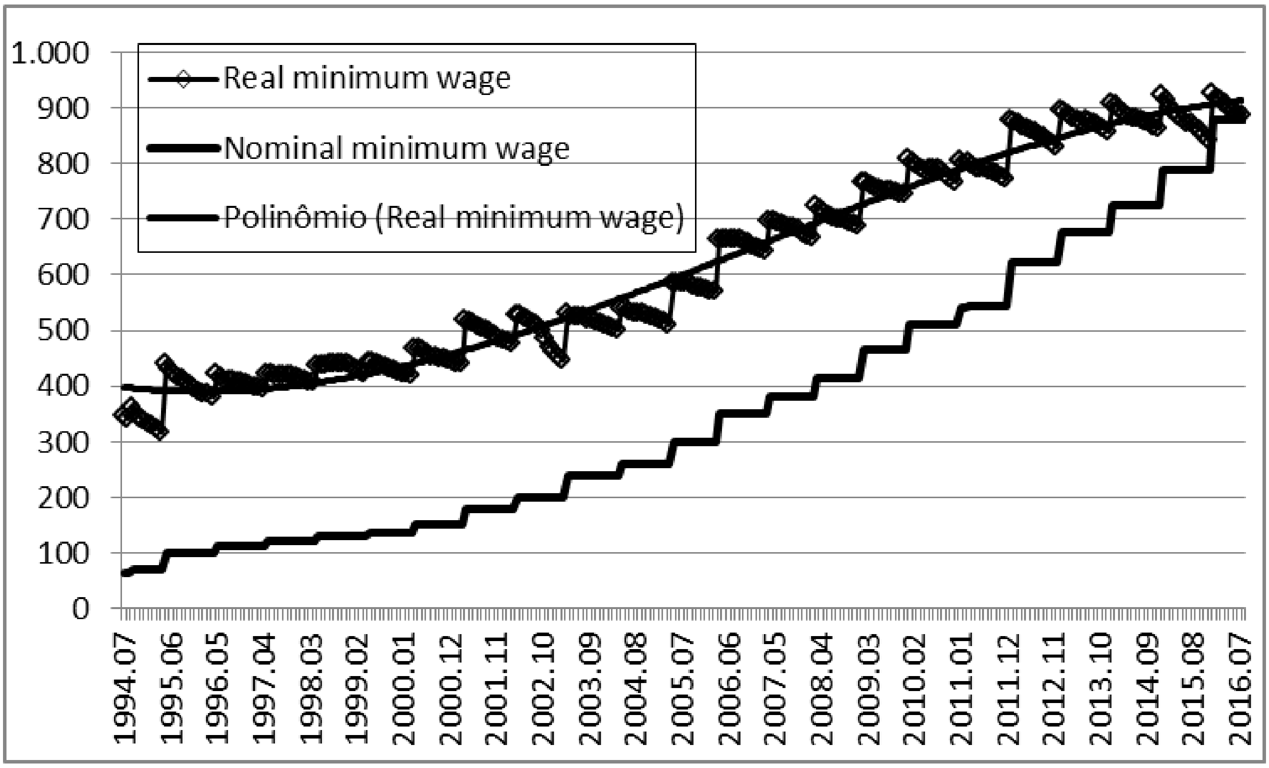
Highly active social policies have been one of the major traits of policy orientation during the analyzed period. These policies show a very clear link between the aim of income redistribution and the fostering of domestic consumption.

The most important instrument certainly was the increase in real terms of the minimum wage (Figure 5). Adjustment was realized over this period at compensating for inflation in nominal terms every year, and to increase it in real terms at the rate of GDP growth of the second to last year, so that high economic growth resulted in high wage increases. Wages of low qualified workers in the public and in the private formal and informal sector, as much as public pension payments are linked to the minimum wage. Within this institutional setting, minimum wage policy turned a powerful re-distributional instrument.

Another social policy instrument which gained high national and international visibility was the conditional cash transfer program *Bolsa Família.* It was designed to combat extreme poverty, and achieved an almost complete coverage of very poor families with kids in school age in the country. Its costs for public spending, however, together with other anti-poverty programs remained very low, as table xx shows (see also Lavinas, 2016).

The great absent in the area of re-distribute policies was fiscal policy. While in OECD countries taxes are responsible for the bulk of public re-distribution, in Brazil the tax system even has a slightly regressive effect, as Lustig et al. (2014) show.

**Figure 5. Mininum wage – nominal and real***




Source: IPEADATA (2017). Authors' elaboration
(*) Deflated by the National Index of Consumer Prices (INPC)

4.4. An assessment of public policies in the PT governments

When we assess the policies adopted during the four PT governments, we find significant and repeated changes of the policy course over time, even if for some aspects exact and uniform periodization is rather difficult. We also find that these changes were associated, largely, to the external context. As pointed out in section 3, it is possible to identify three different phases in the analysed period, which had defined the limits and possibilities of the domestic economic and social policies: the first one before the GFC, benign in terms of trade and financial flows to emerging economies; the second one, from September 2008 to 2010, featured by the GFC, the double speed recovery and the new "twin boom“; the third one, from 2011, with the deterioration of external conditions due to the slowdown of both world trade volume and capital inflows and the boost in commodity prices (see Figure 1 and Table A1).

Hence, this same periodization is used herein to elaborate a typology of policies along the different developmentalist and non-developmentalist strategies. Yet, the last phase (2011 to mid-2016) is split in two periods inasmuch the changes in economic policies in Dilma's second term were shaped, largely, by domestic factors (among which political coalitions and a confidence crisis in the private sector) (see Table 4).

The first period from 2003 to September 2008 was marked by an orthodox macroeconomic policy, yet following the path of other emerging economies from 2005 with the adoption of the precautionary strategy of accumulating FX reserves, whose was enabled by the favorable external context and had a key role in reducing external vulnerability. This policy stance was mixed with increasing elements of social-developmentalism, namely, the formation of a market of mass consumption. That was boosted by increasing the minimum wage in real terms, stimulus to private credit, as well as rising households' purchasing power in a setting of lowering prices of imported goods due to the currency appreciation. However, as industrial policy was mostly oriented towards strengthening exports, this policy field can be characterized as new-developmentalist, even if it has a secondary place in this perspective.

A second phase, from October 2008 to 2010, was the time when "we were all Keynesians". In the context of the contagion effect of the GFC, Lula's second term launched a more flexible fiscal policy, including an increase in public investment, promoted a countercyclical role of state-owned banks and boosted social policies, further increasing the real minimum wage and anti-poverty programs. These measures, coherent with social developmentalism, were taken with some pragmatism and departed from what we labelled as orthodox policies before the crisis. In a second moment, when the economy recovered, the government adopted price-based capital controls and macroprudential regulations on the credit market to curb, respectively, the currency appreciation and the credit boom. Although these two types of financial regulation (Ocampo 2012) were included to some degree in the conventional toolkit of macroeconomic recommendations after the 2008 global crisis (Blanchard et. al., 2010), they fit within the new developmentalist approach.

The transition moment from the second to the third phase (2011 –2014) is difficult to be set, and classification turns especially difficult in this period. This phase was characterized by strong oscillation in the macroeconomic policy between orthodoxy and developmentalism. One could interpret the so-called New Macroeconomic Matrix as influenced by new developmentalism prescriptions due to the currency devaluation enabled by the combination of a managed floating with a decreasing interest rate, but other elements of this approach were not present, especially regarding fiscal policy. This policy were not only increasingly expansive, but also supply side-oriented instead of focusing on rising public demand. Then, they even were criticized by social-developmentalists (Bastos, 2015). However, from 2013, a more orthodox approach in monetary and exchange rate policies towards inflation stabilization was resumed. At the same time, in the first Roussef´s government, the pillars of social-developmentalist" in the first two periods were maintained, i.e. minimum wage increases, stimulus to private credit, an active role of public banks and of industrial policies. Yet, public investment dropped in 2010-2014, so it is imprecise to define Roussef's macroeconomic policy in this field as social developmentalist.

As we have already pointed out, the second Roussef's government(2005-2006) was marked by a radical shift in the economic policy, with the implementation of orthodoxy policies, mainly in case of fiscal and monetary policies. As for the exchange rate policy, BCB implemented a strategy to reduce volatility and provide a hedge against exchange rate risk, but did not intend to determine the level of exchange rate. In terms of social policies there was no significant change in the workers' rights and in the government's program, such as "bolsa familia". As we have seen in the former section, minimum wage readjustment was in place, although high inflation in 2015-2016 maintained real wage stable in the period.

**Table 4. Typology of policies**

| Policies\external context | 2003 – Aug. 2008 | Sept. 2008 - 2010 | 2011 – Mid 2016 | |
|---|---|---|---|---|
| | Lula before GFC | Lula during GFC and double speed recovery | Dilma I<br><br>(2011 – 2014) | Dilma II<br><br>(2015 – 8/16) |
| Macroeconomic policies | | | | |
| Monetary policy | ORT | ORT; ND; ORT | ND; ORT | ORT |
| Exchange rate policy | ORT | ORT; ND | ND; ORT | ORT |
| Fiscal policy | ORT | SD; ORT | ORT; (SD) | ORT |
| Social policies | SD | SD | SD | SD |
| Public investment | SD | SD | (SD) | ORT |
| Financial policies | SD | SD | SD | ORT |
| Industrial policies | (ND) | SD | SD | (SD) |

Source: Authors' elaboration.
Notes:
- Strategy in parenthesis: influenced by a certain strategy.
- Classifications separated by ";": temporal sequence of strategies within one period.

## 5. Conclusion

Recent approaches of developmentalism are characterized in general terms by the aim to combine sustained economic growth with productive restructuration and income distribution, by giving the State an active role. Our assessment of the experience of policies during the long period of PT-led governments in Brazil from 2003 to 2016 (that is until the impeachment of President Roussef in

August 2016) shows that when using this broad definition, we should label this period as developmentalist.

However, when taking a closer look, we can confirm our first hypothesis. We find more than one recent type of developmentalist strategy available at the conceptual level. The two most relevant concepts we identified, social and new developmentalism, show significant differences. These regard especially the relevance of steering macro prices such as the exchange rate, and industrial exports pushing for economic modernization and income redistribution on this basis, which are given priority within the new developmentalist approach; and re-distributional policies fostering domestic demand and domestic diversified investment, favored by the social developmentalist approach. Moreover, we detect significant differences in almost all relevant areas to be taken into account when assessing policies realized in Brazil over this period.

So, when asking if developmentalism has shown to be a fallacy in the case of Brazil, the question should also take into account what type of developmentalist concept we should refer here. We consider this lack of common understanding at using the same label, and the absence of a broader attempt to bring these views together to a more consistent approach (which might inspire policies in a more coherent manner) weaknesses of this recent debate. Overall, it seems that the approach more explicitly took on a social developmentalist face. Not only social policies, but also sub-fields of macroeconomic policies such as public investment and financial policies regarding credit access of lower income households and the outstanding role given to public banks can be attributed to this concept. The core of new development policies, the policy of achieving an undervalued exchange rate, found application only for a rather limited period of time which started in the second period and ended rather quickly with the worsening of the external context.

Second, when concretely assessing the macroeconomic policies applied during this period, we find an astonishing mix that came into play over time. It is clear that key macroeconomic policies of the first period have been highly orthodox or conventional. But against widespread interpretation, we cannot find a clear pattern of shifting macroeconomic policies towards a more developmentalist stance in uniform terms over time. Rather, the second period of reaction to the spillovers of the financial crisis in advanced economies is shaped by anti-cyclical policies which were global standard in this period, but applied rather cautiously in Brazil especially with regards to monetary policy. And the third period is characterized by a mix of policies which changed in an astonishingly quick manner and include all kinds of paradigmatic orientation, including orthodox policies. This for instance applies for the monetary policy from the second half of 2012 on, and even for shorter moments of fiscal policy which were oriented towards austerity or supply-driven measures.

This takes us to conclude that our third hypothesis has higher relevance than expected. To our surprise, we encountered amounting difficulties to find clear criteria both in terms of classification and periodization, as the policy changes especially in the areas of monetary, exchange rate and fiscal policies were highly frequent and irregular. It is clear that policies should not to be expected to be a pure result of theoretical considerations, but are highly dependent on institutional path dependency and concrete circumstances, in interplay with specific interests. Yet, the amount of changes of the policy mix certainly could not increase investors' confidence in public policies in Brazil in this period, due to an astonishing lack of clearness regarding its economic strategy.

The swift shifts in the relevant macroeconomic policy fields in the third period certainly have to do with necessary adjustments to an again volatile international environment, characterized by instable and turning international capital flows and decreasing commodity prices on the one side, and the need to reactivate the domestic economy which became more pressing over these last years, on the other side. Beyond this, however, they may also reflect acuminating domestic conflicts among economic actors over the re-distributional aims and outcomes of public policies, which grew acute with the enlarging of the political corruption affair involving the governing parties.

Of this we conclude that it is difficult to interpret developmentalist approaches per se as a fallacy, even if this recent experience in Brazil might not be helpful in further spreading such concepts. We detect the major weaknesses rather in the lack of conceptual clearness regarding the approach, and in the lack of clear and coherent policy strategy formulation at the level of policy formulation and execution.

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**Table A1. Brazil: economic indicators**

| Economic Indicator/Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ECONOMIC ACTIVITY** | | | | | | | | | | | | | | |
| Inflation Rate (IPCA), % | 9,3 | 7,6 | 5,7 | 3,1 | 4,5 | 5,9 | 4,3 | 5,9 | 6,5 | 5,8 | 5,9 | 6,4 | 10,7 | 6,3 |
| GDP growth* (%) | 1,1 | 5,8 | 3,2 | 4,0 | 6,1 | 5,1 | -0,1 | 7,5 | 4,0 | 1,9 | 3,0 | 0,5 | -3,8 | -3,5 |
| Agricultural | 8,3 | 2,0 | 1,1 | 4,6 | 3,3 | 5,8 | -3,7 | 6,7 | 5,6 | -3,1 | 8,4 | 2,8 | 3,6 | n.a. |
| Industry | 0,1 | 8,2 | 2,0 | 2,0 | 6,2 | 4,1 | -4,7 | 10,2 | 4,1 | -0,7 | 2,2 | -1,5 | -6,3 | n.a. |
| Services | 1,0 | 5,0 | 3,7 | 4,3 | 5,8 | 4,8 | 2,1 | 5,8 | 3,5 | 2,9 | 2,8 | 1,0 | -2,7 | n.a. |
| Unemployment rate (%) | 12,4 | 11,0 | 9,7 | 9,7 | 8,6 | 7,9 | 8,0 | 6,2 | 5,5 | 5,4 | 5,1 | 5,0 | 8,1 | n.a. |
| Capacity utilization (%) | 80.3 | 82.4 | 83.5 | 83.3 | 85.1 | 85.2 | 80.2 | 84.8 | 84.0 | 83.9 | 84.3 | 83.4 | n.a. | n.a. |
| Investment rate (% GDP) | 16,6 | 17,3 | 17,1 | 17,2 | 18,0 | 19,4 | 19,1 | 20,5 | 20,6 | 20,7 | 20,9 | 19,9 | n.a. | n.a. |
| Manufacturing sector (% GDP) | 26,1 | 26,8 | 26,5 | 26,1 | 26,2 | 26,0 | 24,8 | 25,6 | 25,7 | 25,1 | 24,9 | 24,7 | 23,9 | n.a. |
| **MONETARY AND CREDIT INDICATORS** | | | | | | | | | | | | | | |
| Interest rate (Selic), average (%) | 16,5 | 17,8 | 18,0 | 13,3 | 11,3 | 13,8 | 8,8 | 10,8 | 11,0 | 7,3 | 10,0 | 11,8 | 14,3 | 13,8 |
| Domestic credit (% GDP) | n.a. | n.a. | n.a. | n.a. | 34,7 | 39,68 | 42,62 | 44,08 | 46,48 | 49,19 | 50,85 | 52,21 | 53,65 | 49,39 |
| Household credit (% GDP) | n.a. | n.a. | n.a. | n.a. | 15,88 | 17,18 | 18,8 | 19,96 | 21,06 | 22,33 | 23,38 | 24,44 | 25,2 | 24,82 |
| Corporate credit (% GDP) | n.a. | n.a. | n.a. | n.a. | 18,82 | 22,5 | 23,82 | 24,11 | 25,41 | 26,86 | 27,47 | 27,77 | 28,45 | 24,57 |
| **EXTERNAL SECTOR** | | | | | | | | | | | | | | |
| Real effective exchange rate** | 137,4 | 135,0 | 110,3 | 98,5 | 91,4 | 88,9 | 88,4 | 77,1 | 75,0 | 84,1 | 89,9 | 91,2 | 111,4 | 105,7 |
| Commodity price index (% growth p.a.) | 10,2 | 4,8 | 13,7 | 26,0 | 8,2 | -23,4 | 33,0 | 29,0 | -12,2 | 4,2 | -3,4 | -9,3 | -19,1 | 13,6 |
| Brazil's terms of trade (% growth p.a.) | n.a. | -1,7 | -18,3 | -10,7 | -7,2 | -2,7 | -0,6 | -12,8 | -2,7 | 12,2 | 6,9 | 1,4 | 22,1 | |
| Trade balance (US$ billion) | 19,029 | 28,217 | 35,542 | 35,709 | 25,381 | 6,941 | 5,384 | -11,665 | -9,541 | -22,748 | -45,984 | -54,736 | -19,249 | 14,588 |
| Net public external debt (US$ billion) | -115 | -105 | -47 | -3 | 94 | 109 | 143 | 185 | 250 | 260 | 240 | 229 | 225 | 237 |
| Manufacturing import coeficient (%)*** | 16,9 | 17,8 | 17,4 | 16,6 | 16,6 | 16,5 | 15,3 | 15,0 | 13,9 | 12,6 | 12,3 | 11,7 | 11,4 | n.a. |
| Current account (% GDP) | 0,67 | 1,7 | 1,52 | 1,18 | 0,03 | -1,81 | -1,57 | -3,43 | -2,95 | -3,02 | -3,04 | -4,31 | -3,31 | -1,3 |
| Foreign Direct Investment (% GDP) | 1,83 | 2,73 | 1,71 | 1,76 | 2,59 | 2,84 | 1,25 | 4,00 | 3,87 | 3,52 | 2,80 | 3,95 | 4,16 | 4,37 |
| Foreign reserves (US$ billion) | 46,684 | 52,411 | 53,145 | 84,463 | 163,526 | 190,929 | 228,644 | 276,148 | 343,180 | 362,064 | 349,029 | 354,805 | 348,844 | 353,851 |
| **PUBLIC FINANCE** | | | | | | | | | | | | | 0,85 | 3,07 |
| Primary fiscal result (% GDP) | 3,2 | 3,7 | 3,7 | 3,2 | 3,2 | 3,3 | 1,9 | 2,6 | 2,9 | 2,2 | 1,7 | -0,6 | -1,9 | -2,5 |
| Public debt service (% GDP) | -8,4 | -6,6 | -7,3 | -6,7 | -6,0 | -5,3 | -5,1 | -5,0 | -5,4 | -4,4 | -4,7 | -5,4 | -8,4 | -6,5 |
| Nominal fiscal result (% GDP) | -5,2 | -2,9 | -3,5 | -3,6 | -2,7 | -2,0 | -3,2 | -2,4 | -2,5 | -2,3 | -3,0 | -6,0 | -10,2 | -9,0 |
| Gross public debt (% GDP) | 71,5 | 68,0 | 67,0 | 64,6 | 63,0 | 61,4 | 64,7 | 62,4 | 60,6 | 61,6 | 59,6 | 61,6 | 71,7 | 77,2 |
| Net public debt (% GDP) | 54,3 | 50,2 | 47,9 | 46,5 | 44,5 | 37,6 | 40,9 | 38,0 | 34,5 | 32,2 | 30,5 | 32,6 | 35,6 | 46,0 |
| **SOCIAL INDICATORS** | | | | | | | | | | | | | | |
| Gini index (%) | 0,58 | 0.57 | 0.57 | 0.56 | 0.56 | 0.55 | 0.54 | n.a. | 0.53 | 0.53 | 0.53 | 0.52 | n.a. | n.a. |
| Wage share**** | 36,55 | 35,7 | 36,68 | 38,15 | 38,87 | 39,81 | 41,53 | 41,81 | 42,68 | 45,28 | 45,14 | n.a. | n.a. | n.a. |

Source: Banco Central do Brasil (2017), except investment rate and Gini index (IPEADATA), manufaturing import coeficient (CEMACRO) and terms of trade (FUNCEX)

Notes: (*) For 2016, IMF estimatives; (**) yearly average; June 1994 = 100; (***) ratio "total value of imports of industrial sector" over "total value of domestic output of industrial sector"

(****) Salary mass (deflated by INPC) divided by GDP (deflated by the implict deflator).