A defense of capitalism in a time of crisis



Neoliberal, Não. Liberal: Para entender o Brasil de hoje e de amanhã (*Neoliberal, No. Liberal: Understanding the Brazil of Today and Tomorrow*). Carlos Alberto Sardenberg. Editora Globo, 168 pages, R$28 (US $14).

Carlos Geraldo Langoni

Sardenberg's new book is an exciting study of different facets of the economies of Brazil and the world. The methodological background is the debate between free market and state intervention. He explains clearly that after the Chinese economic revolution and the fall of the Berlin Wall, the ideological divide — capitalism "versus" socialism — lost relevance.

Sardenberg is a highly regarded journalist and columnist. He is not afraid to say that the organization of production and consumption based on competition and free choice is undoubtedly superior to centralized planning led by an omnipresent State and a suffocating bureaucracy.

The severe global crisis does not seem to intimidate him. There are no doubts that distortions and inefficiencies in the operation of the market may generate bubbles and can even destabilize the financial system. Nothing, however, he says, points to the imminent end of capitalism. Modern and dependable regulatory frameworks and even occasional and transitory government interventions to correct market distortions are not new in economic history.

The balance of globalization is still largely favorable not only in terms of wealth creation but also in its social aspects: poverty reduction and better distribution of income.

With his bright style and at the same time rigorous foundations, Sardenberg presents a broad view of issues so that we Brazilians can better understand where we are and where we are going. With elegance and grace he addresses the importance of consistent economic policies, the main components of which are control of public accounts and price stability anchored in an independent central bank. He also explains the pragmatism of the Chinese change from socialism to capitalism while keeping its authoritarian political system, which is controlled by a party that is increasingly more technocratic and less "Communist."

Of particular interest to the American public, Sardenberg draws attention to the institutional advancement produced by the continuity of Brazil's economic policy for almost two decades, despite the radical transition from the administration of Fernando Henrique Cardoso to that of Lula's Workers' Party. This strategic decision explains the reduction of Brazil's vulnerability, the conquest of the investment grade from international rating agencies, and the jump in growth, which has been interrupted only recently by the external financial cataclysm. The book also contains a profound and creative analysis of the relationship between growth and income distribution, demolishing myths along the way.

Finally, Sardenberg makes a plain and nonideological assessment of Brazilian privatization, emphasizing its logic directly associated with the bankruptcy of state entrepreneurs and the economic and social benefits.

Neoliberal, No. Liberal is a stimulating book, and very current. Sardenberg's intense participation in a variety of media allows him to decipher masterfully for the general public issues previously restricted to the hermetic language of academic economists. Certainly for the American public, the book is an excellent introduction to the Brazil of today.

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