

## Editors' Note

LAST MONTH Brazil's economic agenda was once again held hostage by political developments. The ever-expanding investigation of money laundering and corruption at state-oil company Petrobras, the opening of the process to impeach President Rousseff, and the exit of the Brazilian Democratic Movement Party from the government's coalition further complicated the already complex picture of the Brazilian economy.

In this troubled scenario, some points deserve reflection. For one thing, Brazilian society has changed radically since the Constitution of 1988. That Constitution spelled out entitlements for Brazilians that were no doubt just but it also mandated government spending on them without identifying how they were to be paid for. Another point is that access to information, through the technological advances of the Internet and social networks, has become increasingly important for most Brazilians but its effects are difficult to measure in their entirety. The third point is that the rise to power of the Workers Party, to which Rousseff belongs, accelerated the process of social inclusion that

had started in the Fernando Henrique Cardoso administration. In other words, the demands of Brazilian society today are quite different from those of 30 years ago. And this fundamental point must be taken into account in public policies in the future.

Today, given the seriousness of the political crisis and the deteriorating economic situation, there is no doubt that comprehensive reform is needed. The great challenge is how it can be done. Is it possible to clean the house and at the same time respond to the aspirations of society and also address Brazil's political problems?

The country is paralyzed by the fierce dispute between those in favor of and those against the impeachment of the president. Whatever the outcome, it is unlikely that the economy will be able to recover quickly. There is great risk of deepening polarization that has been fed since last year from both ends of the political spectrum. That would certainly prolong the country's suffering with a political fight that could drag on until the presidential elections in 2018. That would be the worst of all worlds. We hope it will not happen.



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