

# Geography the positives and the negatives term paper sample

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## **Brazil's Economy: Is the economic rise good or bad for the country?**

Brazil is a classic example of the division between rich and poor. Brazil has three states on the Atlantic coast that make a lot of money from producing oil. Those states are Rio de Janeiro, Espirito Santo and Sao Paulo. Brazil has 27 states in all and now only 9 of those are getting royalties from oil. The divide is deep. For example, in 2010 Rio de Janeiro received 2/3 of the total oil royalties. That amounted to about \$1.9 billion (Fick and Jeffris, 2011).

Inland states with much smaller revenues are lobbying for a share of Brazil's wealth. With a fairer sharing of the money the whole country could see an improvement in services like infrastructure and education.

Now the oil producing states are predicting even more income. That may or may not happen but the problems raised in Congress will only get worse unless richer states are willing to share their wealth with the states inland. Competition between Brazilian states can lead to resentments and battles that will boil out of Congress into the streets.

There is a possibility the President of Brazil will bring former President de Silva's royalty amendment to a vote. The amendment proposes a more fair division of the royalties between all 27 states. That might make the atmosphere more volatile rather than calming the situation. (Fick and Jeffris, 2011)

Life is great for the rich in Brazil. They can even afford to take an airplane for shopping sprees in other countries. Meanwhile the poor and working classes are facing doubling of apartment rents in Rio de Janeiro in the last four years.

The cost of a luxury like canned soda pop may no longer fit into a family's

budget. (Lyons, 2011)

Foreign investors have been pouring money into banks and real estate leading to people feeling more confident in taking higher risks but what happens when the bubble bursts?

There is definitely a dark side to the deepening divide between rich and poor. Regular people in Brazil are facing problems that people in the United States have gone through. Lyons reported on a wife and mother of two whose husband had kidney failure. She ended up starting accounts with four credit cards which she couldn't afford. Overall he reports a " 20% rise in consumer-loan defaults in Brazil so far this year." (Lyons, 2011)

Her story sounds scarily familiar. That kind of experience has people protesting in the Occupy Wall Street demonstrations across the US.

The positive advantages to the big cash flow to Brazil seem to only benefit the rich. The negative side is the effect it has already had on the middle class leading to the consumer-loan defaults for example. The idea that states receiving big oil royalties but don't want to share them with the rest of the country is pretty shocking. The articles don't mention the poor but they must be feeling even poorer, if that is possible.

## References

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