Good essay on country economic analysis

Business, Marketing

Brazil is the largest country both in the Latin and South America regions. It is also the fifth biggest country both by population and geographical area in the same region. In addition, it is the seventh largest economy in the world but, it is still classified as a developing nation. The country is one of the BRIC group. BRIC is an abbreviation for Brazil, Russia, India and China. These are emerging economies that have demonstrated superior economic development. They are also the fastest growing economies in the world. Brazil's national development bank is a major player in the country's economic prospects. The county's tourism sector also plays a major role in the development. It has diverse wildlife and a variety of protected habitats where endangered fauna are protected. In Latin America, it is the major power and, a middle power in the international community.

The economy of Brazil is very large. It has a large internal market and a rapidly rising middle-class community. In addition, the country has a large chunk of exports to the whole world, though China is its major export market. This makes this country have a huge demand for inputs. Therefore, developments in China are having a very significant effect in the economy of Brazil. Another major contributor to the economy of Brazil is the development of commodity prices. In the last 10 years, the per capita rise in GDP has stood at 2. 6% (" Brazil Country Report".). While the performance of the economy is good, the country is having some issues. Just like any capitalistic country, Brazil has inequalities. The gap between the rich and the poor is fast expanding. This has made government to consider policies that can reduce this gap. Therefore, it is under intense pressure.

The government of Brazil has a lot of work cut out for it. The medium term issues that are under its consideration are fiscal sustainability and, national savings. The government must find ways to improve the fiscal structure of the country and, encourage its citizens to save more. This is because the national saving is very low (about 20%) (" Brazil." Country Report: Risk Analyses by EH Economic Research). Another issue is infrastructure improvement. It is considering transport improvement and, eliminating bureaucracy. Though recently the country has experienced some sluggish growth, its economic prospects are still very high. For instance, the consumption of the household remained constant at 0. 9% (" Brazil's Economy", n. d.). Though many economists argue that the recent situations do not have much effect on the growth of the country, there are other economists that argue that the opposite is true. It has experienced moderate growth in recent time. Though investments in 2012 contracted, in 2013 it was the major economic driver. Exports also reduced in 2012 but rose in 2013. The overall growth was +2. 7%. It is estimated that it will be +3. 3% this year (Grunwald, 47).

The policies that the government is considering include macroeconomic stability policies that are meant to stabilize the fiscal sector. Others are performing commodity markets and, structural reforms. Since Brazil is a mixed economy, government involvement is limited up to some point. Though it should be involved enough to stimulate economic growth, the government must limit its involvement. The government of Brazil has managed to set its boundaries (Baer, 78). Though it is involves in financially huge projects and, the ones that are very sensitive to the country, it has left market forces to determine demand and supply. Sensitive areas like security and, medical care have been left to the government. Conservation of fauna and, other national heritage projects have also been left to its charge. This is how the government of a country should be. It must get involved realistically but still let the market and, the economy at large function on its own.

There is a general agreement among economists that the government involvement in the economy must be limited. Since the government of Brazil is a government chosen by the people, they have a responsibility to look out for the good of the population. If it does not, then it will have lost its primary mandate. Therefore, the government of Brazil must not lose its responsibility. The privates sector must be left to operate without any hurdles. However, the government must check the private sector's activities. The main reason for this is because the private sector is a profit seeking sector that does not care much about the welfare of the populace. That responsibility has been left to the government (Baer, 74).

In conclusion, the economy of Brazil has suffered a major downturn in recent times. In fact, data shows that the economy's activities have been reduced by up to 1. 3% (" Brazil." Country Report: Risk Analyses by EH Economic Research). The 2010 economic growth was 7. 5%. This slowed down because of a number of reasons. The major reason is the slowed growth rate of China. China is a major trading partner of Brazil; most of Brazil's exports land in China. Therefore, if the economy of China slows down then it means the economy of Brazil will also slow down. Consumer companies in the country have also suffered a great deal because of the slowed growth. When the country's job market is shrinking, it means that people will not have the income to buy the goods. This makes the companies to suffer too.

Nevertheless, this does not spell doom for the country. It is on its way to recovery. The estimated growth rate has been 3. 3% this year (" Brazil." Country Report: Risk Analyses by EH Economic Research), a good sign of economic growth. Employment rates will increase and the general welfare of the country's people will also increase. The government's involvement in economic activities will also increase. Though it must be kept at a certain limit, the government has to provide essential services and, goods such as medical care and, infrastructure. In the long run, the general population will feel the effect of an improved economy.

Works Cited

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