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Trends. Bailing Out of a Bailout: The Case of Brazil

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As with most international bailouts of a nation, aid is provided as contingent on behavior. Or so it is announced by the providers of aid. In other words, they announce, aid can be increased, slowed down, or stopped dependent on the compliance of a nation-recipient with its own behavioral promises.

However, this announcement of inestimable logic that links aid to behavioral compliance is an inauthentic depiction of political economy. The announcement suggests that providers and recipient are discrete entities, independent actors on orthogonal stage s whose fates are carried out on different planes of existence. This suggestion is contradicted by the very rationale for a bailout: not a humanistic beneficence but a calculation that what bodes ill for one nation can either be exploited by others through aid or bodes ill for these others.

In this rationale lie the seeds of a nation's noncompliance with the terms of a bailout. If the nation reneges, aid providers may hold off on further aid--but to their own detriment. Exploitation is no longer allowed by the nation, the ill of the nation may spread to the aid providers, and what has already become sunk costs of the aid providers sink even deeper.

And so with Brazil. What would Brazilian noncompliance with the demands of the International Monetary Fund, the World Bank, the United States, and close to 20 other countries reap? Perhaps termination of aid. But such termination would reintroduce the very ill and spread of ill that may have largely motivated the providers of aid.

So how likely is it that providers can bail out of such a situation? If they do, their worst fears may be realized. If not, they can hope for the best. In essence, even bailing out of a bailout leaves the providers out on bail. Is this to become a common moral of a so-called global economy? (See Abed, R.T. (1997). Suicide as altruism: A Darwinian perspective. *Irish Journal of Psychological Medicine*, 14, 144-146; Cialdini, R.B., Brown, S.L., et al. (1997). Reinterpreting the empathy-altruism relationship: When one into one equals oneness. *Journal of Personality and Social Psychology*, 73, 481-494; de Vos, H., & Zeggelink, E. (1997). Reciprocal altruism in human social evolution: The viability of reciprocal altruism with a preference for "old-helping-partners." *Evolution and Human Behavior*, 18, 261-278; Peters, H. E. (1995). An economic approach to the study of child well-being: Gary Becker on altruism and household production. *Journal of Family Issues*, 16, 587-608; Sanger, D.E. (November 14, 1998). Gamble for U.S. in bailout of Brazil. *The New York Times*, <http://www.nytimes.com>.) (Keywords: Bailout, Brazil, Economics, IMF, International Monetary Fund, Political Economy, World Bank.)