11-20-1998

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

Editor

Follow this and additional works at: https://commons.erau.edu/ibpp

Part of the International Economics Commons, and the Other Political Science Commons

Recommended Citation
Available at: https://commons.erau.edu/ibpp/vol5/iss21/4

This Trends is brought to you for free and open access by the Journals at Scholarly Commons. It has been accepted for inclusion in International Bulletin of Political Psychology by an authorized administrator of Scholarly Commons. For more information, please contact commons@erau.edu.
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 stages 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.