Introduction

Infrastructure, as a significant economic indicator, provides a mixed impression to me in my two-week tour in Brazil. At last semester, I took an Economic course about Latin America Economy taught by professor de Melo Caldas. This class inspired me to research Latin American economy regarding its characteristics and situations. One important thing from my learning of Latin American Economy is the infrastructure gap in Latin America, which undermines the production gains and ultimately the development. Comparing to 99.1% ratio of paved roads in Europe, the rate is much worse in Latin America countries (20%), which also falls below the global average. The unpaved road is detrimental to regional transport, as it not only increases the time of transportation but also raises the possibilities of traffic accidents. Moreover, Latin America faces an awkward situation regarding its trade with the United States, which is the burden of potential business because of under-developed infrastructure. As an international student from China, the economic study in the United States always inspires me to compare various financial strategies in different countries, and to explore how distinctive the outcomes could be. One of my confusions is the opposite economic situations between China and Brazil, though there are multiple similarities between these countries, such as bureaucracy and market size. Brazil, one of the biggest countries in the western hemisphere, is a good representation of economic development in Latin America. From the trips to Sao Paulo, Manaus, and Rio De Janeiro, I experienced the efficiency of transportation by roads and flights, and how maintained those transportation facilities are. The strike of the truck driver also gives me an overview of adverse effects from paralyzed road transportation, which is by far the essential way of traffic in Brazil. On the other hand, the study of infrastructure in Brazil helps me to shape my understanding of economic development, and how much potential, concerning regional trade, social welfare, and sustainable growth, a country could exploit from its infrastructural development.

Backgrounds

Infrastructure is a public good, which means its development depends mainly on government funding. Therefore, the research of infrastructure developments in Brazil implies research on Brazil’s government and how it was functioning in the history. Speak of the history of Brazil, one of the critical elements in the evolution of social and financial systems. This evolution can be represented by an economic pendulum, which shifts between the domination of state and the domination of the market. Before 1980’s, the country played a critical role in the Import Substitution Industrialization (ISI) program, in which government provided public utilities and operated heavy industries. Such effort was based on the sacrifice of the national deficit, and led to a sharp increase of public debt, which caused a recession and forced authorities to reform. After 1980’s, the pendulum moved to a market economy situation, which was characterized by privatization and deregulation. One significant reform in the infrastructure was the privatization of telecom service. Many state-owned companies were becoming privately-operated. Because of market competition and profit incentives, telecom service became cheaper and more effective, benefitting people in the society. With various reforms of its monetary policy including issuing a new currency that successfully survived the hyperinflation, Brazil seems to start heading back to its track of economic development.

Despite the recent transformation of its economy, Brazil is still facing an uncertain and inconsistent economic performance. The financial crisis in 2016 was a significant recession to the Brazilian economy, and infrastructure developments of Brazil have continuously suffered from decreasing and imbalanced funding, which deepens the infrastructure gap and maintenance problems.

Summary

Within two weeks of the study abroad program in Brazil, I have experienced the transportation system in Brazil. Overall, the air service is quite impressive, while the roads and railways still need improvements on construction and maintenance.

Air: Brazil has a well-developed infrastructure in its Air transportation. There are 21 international airports and 50 major commercial airports in the country, and the annual passengers of air are more than 115 million. At the day of departure, we took a flight operated by United Airlines from Chicago O’Hare international airport to Sao Paulo Guarulhos Airport, the busiest airport in Brazil in America. During the trip in Brazil, we had two other domestic flights from Sao Paulo to Manaus and from Manaus to Rio De Janeiro. The development of the airport in Brazil is well, and it was easy for us to find the desk to check in or find the bus at the shuttle center. The services provided by these airports are well-organized and offer excellent assistance.

Roads: Roads are the primary way of passengers and freight transportation in and around Brazil. However, the maintenance and coverage of paved roads are remained to be improved. In 2016, only 6 percent of the roads in Brazil is paved. Due to the fiscal crisis in the 1980s, the infrastructure investment in Brazil has been shrinking continuously, and the economic crisis in 2016 may even worsen the situation. The mismanagement and lack of road maintenance are more evident in rural areas. Traffic lights are rare in small streets in Manaus, while pedestrians are crossing the roads as they want. During the trip to Uruo River, we had a 5-hour road trip with 50 miopile road caused because of many road holes caused by rain, which slows down the traffic and increases the risks of traffic accidents. More surprisingly, the direct distance from Manaus to our camping sites only takes half of the time if we travel by same road speed. At Sao Paulo, roads are maintained but too narrow for large traffic volume, causing a traffic jam at rush hours.

Railways: Brazil has a lengthy history of rail transport, which started in the 1800’s. Although it is proven that freight transport by railroads is more efficient (30 percent cheaper) than by paved roads, rail transportation only handles 21 percent of total freight, compared to 61 percent of total freight handled by road transportation. Similar to the case in the United States, railroads are not the significant means of passenger transport, and Brazilian people choose airplanes as long-distance traffic. We never had a chance to experience the long-distance railroads, which limits my perception of how efficient railroad system in Brazil is.

Conclusions

At Sugarloaf Mountain, a conversation between Daniel and Professor Petry caught my attention. “Rio hasn’t changed that much” Professor Petry expressed his impression of Rio De Janeiro to Daniel. “Change” is the word that Brazilians are eager to obtain, but still hard to achieve. Inside the country which is still struggling with corruption and poverty, infrastructure may be of no importance at all. Despite the great depression from the economiconing and many other social problems, Brazilians still stay optimistic about their lives. The social solution for Brazil may be as simple as a change with optimism to the future.

Good luck to Brazil, and all Brazilians.

Resources

http://chartbank.com/view/752
https://www.brazil.org/br/brazil-infrastructure.html
https://www.export.gov/article?id=Brazil-Transportation
competition-airports.com