

Strong Economy Propels Brazil to World Stage

By ALEXEI BARRIONUEVO
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FORTALEZA, [Brazil](#) — Desperate to escape her hand-to-mouth existence in one of Brazil's poorest regions, Maria Benedita Sousa used a small loan five years ago to buy two sewing machines and start her own business making women's underwear.

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Douglas Engle for The New York Times
Recent oil discoveries off the coast of Rio de Janeiro State have led to a construction boom in the port town of Angra dos Reis. [More Photos »](#)

Today Ms. Sousa, a mother of three who started out working in a jeans factory making minimum wage, employs 25 people in a modest two-room factory that produces 55,000 pairs of cotton underwear a month. She bought and renovated a house for her family and is now thinking of buying a second car. Her daughter, who is studying to be a pharmacist, could be the first family member to finish college.

"You can't imagine the happiness I am feeling," Ms. Sousa, 43, said from the floor of her business, Big Mateus, named after a son. "I am someone who came from the countryside to the city. I battled and battled, and today my children are studying, with one in college and two others in school. It's a gift from God."

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Riding a Wave of Growth

Today her country is lifting itself up in much the same way. Brazil, South America's largest economy, is finally poised to realize its long-anticipated potential as a global

player, economists say, as the country rides its biggest economic expansion in three decades.

That growth is being felt in nearly all parts of the economy, creating a new class of super rich even as people like Ms. Sousa lift themselves into an expanding middle class.

It has also given Brazil new swagger, providing it, for instance, with greater leverage to push for a tougher bargain with the United States and Europe in global trade talks. After seven years, those negotiations finally broke down this week over demands by India and China for safeguards for their farmers, a clear sign of the rising clout of these emerging economies.

Despite investor fears about the leftist bent of President [Luiz Inácio Lula da Silva](#) when he was elected to lead Brazil in 2002, he has demonstrated a light touch when it comes to economic stewardship, avoiding the populist impulses of leaders in Venezuela and Bolivia.

Instead, he has fueled Brazil's growth through a deft combination of respect for financial markets and targeted social programs, which are lifting millions out of poverty, said David Fleischer, a political analyst and emeritus professor at the University of Brasília. Ms. Sousa is one such beneficiary.

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Long famous for its unequal distribution of wealth, Brazil has shrunk its income gap by six percentage points since 2001, more than any other country in South America this decade, said Francisco Ferreira, a lead economist at the [World Bank](#).

While the top 10 percent of Brazil's earners saw their cumulative income rise by 7 percent from 2001 to 2006, the bottom 10 percent shot up by 58 percent, according to Marcelo Côrtes Neri, the director of the Center for Social Policies at the Getulio Vargas Foundation in Rio de Janeiro.

But Brazil is also outspending most of its neighbors on social programs, and overall public spending continues to be nearly four times as high as what Mexico spends as a percentage of its [gross national product](#), Mr. Ferreira said.

The momentum of its economic expansion is expected to last. As the United States and parts of Europe struggle with recession and the fallout from housing crises, Brazil's economy shows few of the vulnerabilities of other emerging powers.

It has greatly diversified its industrial base, has huge potential to expand a booming agricultural sector into virgin fields and holds a tremendous pool of untapped natural resources. New oil discoveries will thrust Brazil into the ranks of the global oil powers within the next decade.

Yet while exports of commodities like oil and agricultural goods have driven much of its recent growth, Brazil is less and less dependent on them, economists say, having the advantage of a huge domestic market — 185 million people — that has grown wealthier with the success of people like Ms. Sousa.

In fact, with a stronger currency and inflation mostly in check, Brazilians are on a spending spree that has become a prime motor for the economy, which grew 5.4 percent last year.

They are buying both Brazilian goods and a rising flood of imported products. Many businesses have relaxed credit terms to allow Brazilians to pay for refrigerators, cars and even plastic surgery over years instead of months, despite some of the highest interest rates in the world. In June the country reached 100 million credit cards issued, a 17 percent jump over last year.

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Mery Galanternick contributed reporting from Rio de Janeiro.

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