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Is a more inclusive and sustainable development possible in Brazil?

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Title of paper: **Growth, crisis and the contradictory behavior of the profit rate between Brazil and the United States in 1995-2008**

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Abstract:

The paper analyzes the evolution of the economies of Brazil and the U.S., with a focus in the 1995-2008 years. The crucial variables studied are the profit rate and its distributive and technological components. The theory emphasizes the importance of the profit rate behavior for the understanding of the economic trajectory, and the concept of fictitious capital as a crucial determinant of the recent international dynamics. Starting with the performance of growth rates and investment rates, the study examines the relative behavior of the two countries through the profit rate, the output-capital ratio, the share of economic surplus to GDP and the wage share in National Income. The results show a significantly different behavior and even opposite between Brazil and the U.S., especially after 2003/2004.

Keywords: Profit rate. Growth. Crisis. Brazil. USA.

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1 Introduction

After many years of lower economic performance, in the 2000's (before the international crisis) Brazilian economy apparently would have resumed a positive trajectory, with growth based on higher productivity and capital accumulation, which would result in higher growth. At the same time, it increased the possibility of income distribution, which was the result of the initiatives of distributive economic politics. In the United States (U.S.), on the contrary, after a favorable 1990's in terms of technological dynamism, growth in the next decade was based primarily on income concentration, as an attempt to compensate for the inherent contradictions of a process focused on the fictitious capital accumulation. In the limit, this dynamic ended up producing the international crisis, given the fraying of these contradictions.

A crucial variable to explain the behavior of the economy is the profit rate. Of course the other variables are important, but in general these affect the profit rate, as a summary variable. On the other hand, the behavior of the State is crucial, as this may invest regardless the profit rate and determine higher dynamic or crisis recovery, also influencing the own profit rate, essential flag for business owners.

The purpose of this work is to interpret the distinct behavior of Brazilian and American economies, mainly in the 2000's. The working hypothesis is that these two countries had a very distinct economic behavior, fundamentally in the mid-2000. Apparently, this dynamic was more favorable in Brazil, with improved income distribution, without harming economic growth, because it was based on higher productivity dynamism. In contrast, the U.S. would be in a trajectory fundamentally based on the creation of fictitious capital, with income concentration being used as an attempt to compensate for the growing contradictions of the capital accumulation model.

The methodology of this study is primarily based on the analysis of the profit rate behavior and its components, the output-capital ratio (technological component) and the economic surplus participation in GDP (distributive components), besides the wage share in National Income. This allows the evaluation on consistency of the profit rate behavior and, therefore, the investments and changes in stock of productive capital in the two countries.

This article consists of five sections, besides this introduction. The section two analyzes theoretical aspects on the concept of fictitious capital and the importance of the profit rate analysis to understand the economic dynamics of economies. Section three presentes the components of the profit rate, their interpretation and empirical basis. Section four presents the calculations on Brazil economic performance comparing it with the U.S., highlighting their differences in income distribution and the dynamics of output-capital ratio. Section five, finally, presentes some interpretations on the period under review and the current crisis.

2 Profit rate, economic growth and crisis

The international economic performance on the last decades has been characterized by a strong growth of fictitious capital in determining this economic dynamics, in a concomitant context of high technological dynamism. This fictitious capital, conceptually, is a capital which has no counterpart in value, representing a disconnect between productive and circulation activities. The relative autonomy between prices and values, circulation and production, however, has limits. This empowerment between circulation, with increased demand, and creation of financial

incomes without counterpart in production, can't maintain itself indefinitely. The law of value ends up imposing, even in form of crisis, and the greater the empowerment, the greater tends to be the intensity of the crisis (MOLLO, 2011).

Based on this interpretation, the international economic crisis would change as basic determinant of this financialized economy. A particular type of crisis, therefore, with financial origin, before derived from productive or technological difficulties (MARX, 1983). There was a strong credit expansion in U.S., which positively streamlined the production and circulation, but also created (and strengthened) the conditions for the fictitious accumulation of economic capital. Economic crisis are the result of growing contradictions without mutual compensation. In this situation, the income concentration and the strong credit expansion and the debt in the U.S. were attempts of compensation for these contradictions, a postponement of its solution. However, the increasing expansion of contradiction only delays the crisis, which would tend to come stronger later.

The profit rate is a crucial variable in understanding economic performance and long-term economic cycles, especially in developed countries, according to many authors (DUMÉNIL; LÉVY, 2004; HUSSON, 2010a; KLIMAN, 2010; MOSELEY, 1997; SHAIKH, 2010; WOLFF, 2003). Moreover, the profit rate is used to periodization and characterization of historical economies dynamic. Certainly there are other determinants of economic cycles and crises, including monetary and real variables (DUMÉNIL; LÉVY, 1993, 2011b), besides institutional. Regarding this article, the focus is the profit rate, examined as a determinant of capital accumulation (MARQUETTI; KOSHIYAMA; ALENCASTRO, 2009), on its technological and distributional components.

There are several analyzes on the recent evolution of the profit rate, mainly for developed countries (HARMAN, 2007; HUSSON, 2010b). For Brazil, there are also analyses based on this conception (MARQUETTI; MALDONADO FILHO; LAUTERT, 2010). As the United States are the dominant economy in the world, and also because they have the best statistical information, they are also the most analyzed country. Moreover, in the current case, as the economic crisis is generated in this country, focus on its analysis is critical. In this sense, Duménil and Lévy (2011b) characterize the current crisis specifically as the crisis of neoliberalism under U.S. hegemony.

One way to approach the matter of profit rate evolution and its impacts is to consider its two basic determinants: the distributive and technological component. Thus, there are analysis focusing on the discussion of which are the dominant causes of the reduction and subsequent growth of profit rate (in appreciation about the evolution of this variable from the 1950's until the 2000's, for developed countries) in distributive variable, the called profit-share hypothesis, while others highlight the evolution of the output-capital ratio as determinant (FREEMAN, 2009).

For the period of profit rate recovery, since the 1980's, and particularly the 2000s', the analyses have highlighted the process of great income concentration in the U.S. (CHESNAIS, 2010; LAPAVITSAS, 2009). In this sense, the terms "financerization" "financial capital hegemony" or "neoliberal" period begin to appear. Chesnais (1998) argues the existence of a financial accumulation system. These analyzes also argue the income concentration isn't an unintended consequence or a problem, but they interpret it as a goal which was achieved in this neoliberal period.

This process of financerization would be characterized as a situation in which, while the profit rate was recovering, the accumulation rate wasn't following it, producing a gap. Therefore, the difference between the lowest wages and the highest

profits wasn't being used to increase investments, but to drain financial incomes (HUSSON, 2008, 2009).

Accordingly, besides income concentration and increase of profit rate in the U.S. there is also relatively low accumulation (parallel to a consumption boom), growing commercial deficit and strong indebtedness process. The combination of these factors would have led to the crisis. In this sense, according to Duménil and Lévy (2011a), the current crisis would be a crisis of neoliberalism.

Kliman (2009, 2010) argues for the importance of profit rate as a determinant of current crisis, in the sense it wouldn't have sufficiently recovered after the low back to the 1950's.[1] A recovery of profit rate depends, according to him, from the occurrence of capital massive destruction, due to the economic crisis. However, State mechanisms of demand management have been used in order to prevent crises from becoming depressions. Thus, capital wouldn't have been sufficiently destroyed in the great economic crises of the 1970's and the 1980's. This would have prevented the profit rate to recover to a level that would support greater accumulation and the resumption of higher economic growth, other than the "artificial" way (as the excessive increase in debt), which generates bubbles and debt crises. The current crisis, according to Kliman, would be the largest of its kind. Therefore, the crisis wouldn't have been generated by a phenomenon in the orbit of the financial sector and, therefore, the problem wouldn't be in its excessive deregulation, regardless the actual economic conditions.

Duménil and Lévy (2011a) characterize four structural crises since 1890, two crises of profitability and two of financial capital hegemony. The crisis of 1890 would have been the first crisis of profitability. After, would have been the first financial hegemony, resulting in the Great Depression after 1929, characterized as a financial hegemony crisis. The solution of this crisis resulted in social democratic Keynesian compromise. The crisis of the 1970's is characterized as a second crisis of profitability. Following, comes the second financial hegemony, also called neoliberalism, which resulted in the current crisis, which would be a new crisis of financial capital hegemony. Therefore, the current crisis would be a crisis of profitability, caused by profit rate fall.

However, the current crisis wouldn't be a mere financial crisis, which doesn't means to belittle the specific financial arrangements for this period. That is, in fact there was an expansion of monetary and financial instruments implying in important mechanisms leading to the crisis. However, even considering the crisis isn't just financial, Duménil and Lévy (2011b) also consider it wouldn't be a crisis caused by insufficient profitability and even less for insufficient purchasing power of employees. For these authors, these monetary and financial mechanisms typical of the neoliberal period weren't ends in themselves, but would have been means to achieve income concentration in the upper classes. In addition, other mechanisms of macroeconomic dynamics, with globalization process and growing U.S. trade deficit, also have crucial role. Thus, it wouldn't be the case for financial reasons to oppose the real causes, but to understand them seamlessly.

3 The profit rate and its components

The profit rate is determined by the ratio between the mass of profits, taken here as the economic surplus, and the liquid stock of productive fixed capital each year. The formula can be split into its distributive and technological components:

[1] There is a debate generating distinct evaluations about evolution of a proper way to measure the profit rate.

$$R = \left(\frac{JI}{K}\right) = \left(\frac{JI}{Y}\right)\left(\frac{Y}{K}\right)$$

where *R* is the profit rate, *JI* is the economic surplus, *K* is the liquid stock of productive fixed capital (non-residential) and *Y* is the GDP. Thus, there are the two components of the profit rate, the share of profits in GDP (*JI/Y*), which represents the effect of income distribution on the profit rate, and the output-capital ratio (*Y/K*), which represents the effect of technology on the profit rate.

An increase of the share of economic surplus in GDP raises the profit rate, but has the characteristic of being limited, because can't concentrate income indefinitely. The output-capital ratio, instead, expressing technological improvements, is the most consistent cause of profit rate elevation. In the limit case of a hypothetical profit sharing of 100% in GDP, the output-capital ratio would express the maximum profit rate (FREEMAN, 2009).

The calculation of the values was made as follows. For Brazil, the economic surplus was found by subtracting the wage share from the Gross National Income. The wage share was calculated by adding employee's compensation and half of autonomous (mixed) income. This economic surplus has been updated to values of 2000 based on implicit GDP deflator. The liquid stock of productive fixed capital for Brazil is found by subtracting liquid stock of (residential) capital construction from the total liquid stock fixed capital released by Ipeadata.[2] These values are presented in (real) 2000 constant values. GDP was upgraded to 2000 constant values based on the implicit GDP deflator.

For the U.S., the economic surplus was found by subtracting from the national income the wage share. The wage share is the compensation of employees (line 2 of Table 1.12 of *National Incomeand Product Accounts Tables*, BEA). The liquid stock of capital is the sum of nonresidential private and governmental liquid stock capital (lines 4 and 9 of Table 1.1 of *Fixed Assets Accounts Tables*, BEA). Calculations were conducted in nominal terms.

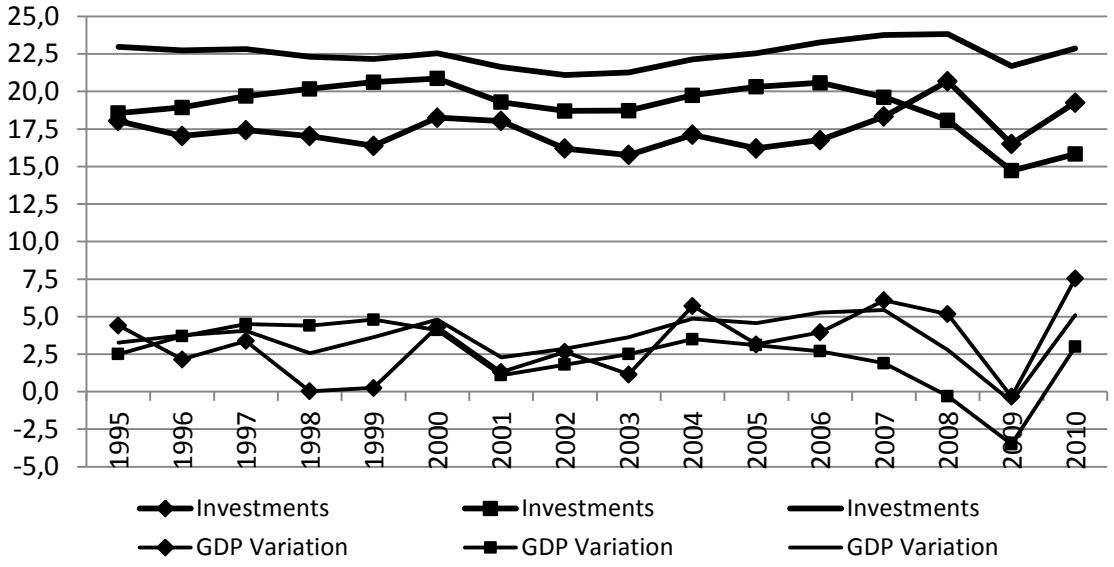
4 Relative economic performance between Brazil and the U.S.

The average investment rate in Brazil was 17.1% between 1995 and 2007, which is a low rate compared to the U.S. and the world average (Chart 1). It's just after 2005 Brazil begins an uptrend, in opposite direction to U.S. investment rate, which follows a downtrend since 2006.

Brazilian GDP rate growth was also very small. Specifically between 1995 and 2003, it was 2.2%, lower than the U.S. (3.3%) and global average (3.4%). Before the global crisis, the average was 4.8% (2004-2008). Latter in this period, for the U.S., the trend of GDP growth rate was reduced (after 2004). Therefore, an opposite trend between Brazil and USA also occurs here.

Chart 1- GDP investment and change rates - Brazil, U.S. and global average (1995-2010)

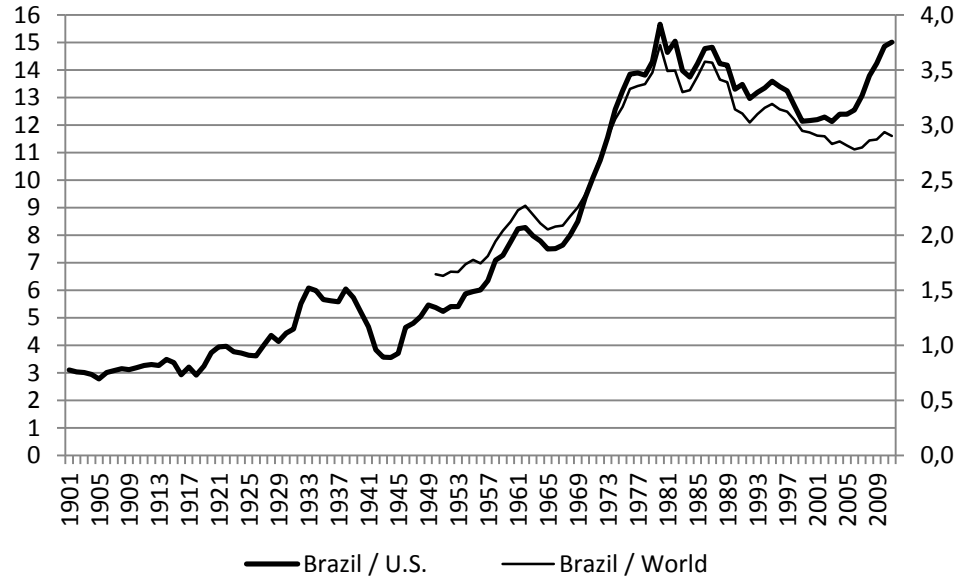
[2] The data are based on MORANDI, L.; REIS, E. J. Stock of fixed capital in Brazil - 1950-2002. In: ENCONTRO NACIONAL DE ECONOMIA – ANPEC, 32, 2004, João Pessoa. *Anais*... João Pessoa: ANPEC, 2004. The series has been updated until 2008.



Source: Own elaboration based on Bureau of Economic Analysis (PIB), International Monetary Fund (Investiments) and Ipeadata.

In a long-term view, Brazilian GDP participation became bigger, in relation with global and American GDP, until 1980 (Chart 2). After, there was a downward trend. In comparasion with the U.S., this reversal trend occurred from 2004, continuously, as a result of the opposite behavior between these two countries GDP.

Chart 2- Brazilian GDP in relation with U.S. and the World (1901-2011)



Source: Own elaboration based on Bureau of Economic Analysis, International Monetary Fund, Ipeadata and Maddison (2001).
Calculation basis: GDP in 2009PPS: World: US$ 70.040,5 billion. U.S.: US$ 14.119,1 billion. Brazil: US$ 2.010,3 billion.

The GDP behavior is strongly associated to the performance of the investments, which, in turn, is correlated with the profit rate. The objective of this paper is to analyze if the behavior of the profit rate in Brazil and U.S. was crucial to the economic performance on the two countries.

The behavior of the profit rate for Brazil can be divided in two phases: 1995-2004 and 2004-2008. For the period under review, after 1999 there was a tendency to increase the profit rate. This trend of increase, however, from the perspective of longer term, occurs ever since the early 1990's, after a long downward trend (since the 1950's), according to Marquetti, Maldonado Filho and Lautert (2011). For these authors, however, in 2003 the profit rate was still far from the levels reached before 1980. About the recent rise, there is an upward trend has lasted nearly twenty years.

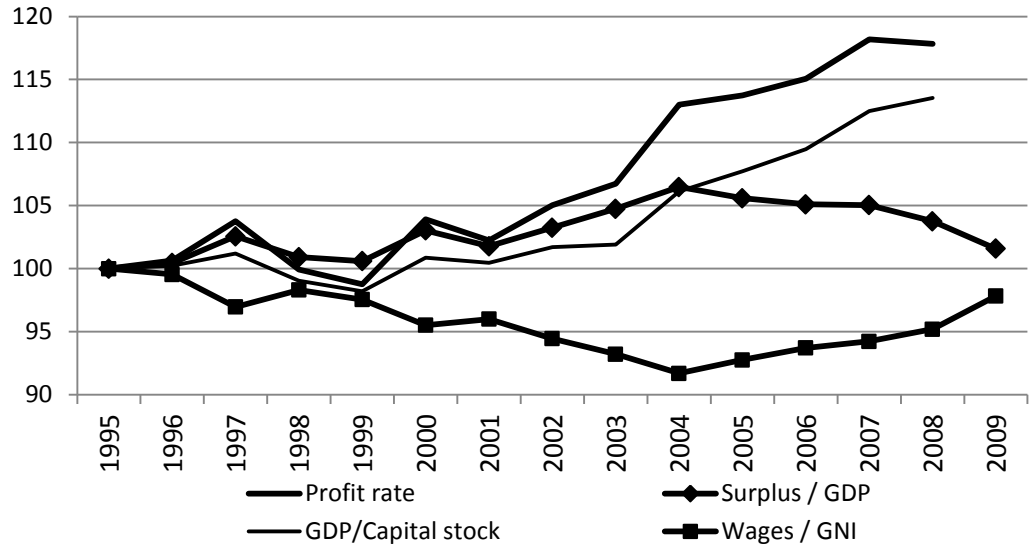
In the first period, from 1995 to 2004, the increase in the profit rate is explained by the increase in share of economic surplus in GDP, which corresponds to a reduction in the share of wages in National Income.[3] From 1999 there is also an increase in the output-capital ratio. To Marquetti, Maldonado Filho and Lautert (2011), this recovery would correspond to a resumption of growth in capital productivity since 1989 (also with more than twenty years of duration), after a long period of decline, from the 1950's. The 2003 level, however, would still be far from the previous levels of the 1980's.

In the second period (2004 and on), apparently there was an important rupture in relation to the previous period. The profit rate continues to grow. However, now there are others explanatory factors. The share of the surplus in GDP starts to decrease, which corresponds to an increase in the share of wages in National Income. So, now is the output-capital ratio, which accelerates its growth rate after 2003, explaining the entire increase in the profit rate.

Under a long-term perspective, it can consider the increase on the output-capital ratio as an expansion of capital productivity resulting from better technological performance of the economy. This is the thesis of Marquetti, Maldonado Filho and Lautert (2011) for the period 1989-2003, and could be having continuity in the next period. However, the increase in output-capital ratio from 2004-2008 was certainly determined, in the case of Brazilian economy, by the GDP positive performance of international demand.

Chart 3 - Brazil: profit rate, share of economic surplus in GDP, output-capital ratio and share of wages in GNI, 1995 index = 100 (1995-2009)

[3] According to Marquetti, Maldonado Filho and Lautert (2011) these increase in share of surplus in GDP has been since 1989, which corresponds to the neoliberal period.



Source: Own elaboration based on IBGE and Ipeadata.

Table 1- Brazil: annual average variation of profit rate, surplus over GDP, Wages over Gross National Income and output-capital ratio 1995 to 2008

	Profit rate	Surplus / GDP	Wages / GNI	GDP-Capital ratio
1995-2004	1,37	0,70	-0,96	0,66
2004-2008	1,05	-0,65	0,94	1,71
1995-2008	1,27	0,28	-0,38	0,98

	Profit rate	Surplus / GDP	Wages / GNI	GDP-Capital ratio
1995-2003	0,82	0,58	-0,87	0,24
2003-2008	2,00	-0,19	0,42	2,19
1995-2008	1,27	0,28	-0,38	0,98

Source: Own elaboration based on IBGE and Ipeadata.

For the U.S., the empirical analyzes emphasize a more or less stable trend of profit rate after World War II until the 1960's, when it begins a downward trend going up to the 1980's. Since then, there has been a trend of recovery. However, even with this recovery, the profit rate in 2000 was still lower than the existing after the World War II and for a subsequent period of about twenty years (DUMÉNIL; LÉVY, 2002, 2004).

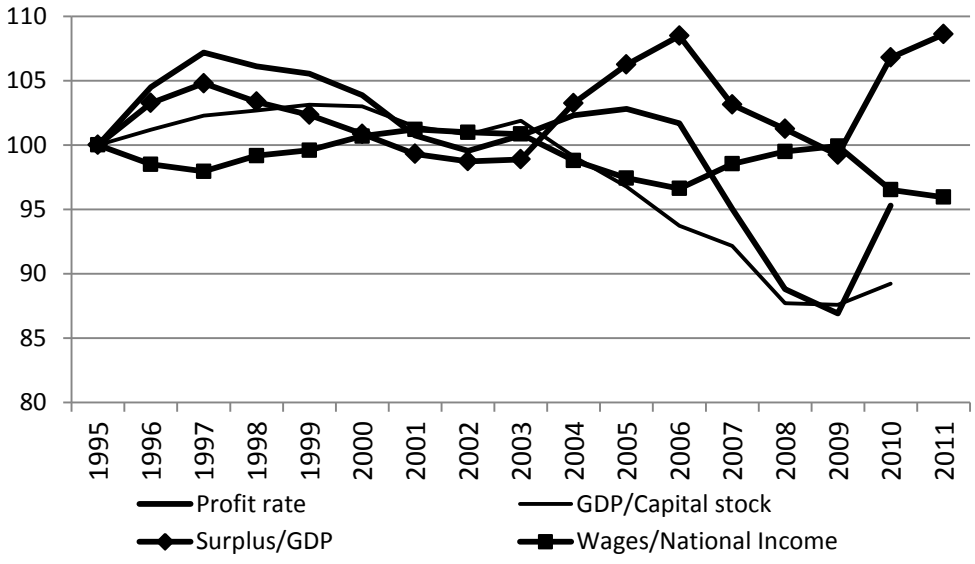
In the case of the U.S., we can divide the analyzed period in this paper in two: 1995-2003 and 2003-2008 (Chart 4). The profit rate on the first period has two stages: first, a rise from 1995 to 1997 (which comes from an earlier period of increased profit rate), derived from an increase in the surplus over GDP (and from the reduction in share of wages in National Income) and an increase in output-capital ratio; second, a reduction in the profit rate between 1997 and 2002, which explains the U.S. economic crisis in 2001. This reduction in income occurred as a result of poor performance, and then fall, of the output-capital ratio, accompanied by the drop in the share of surplus in GDP (versus the increase of wages in National Income, after long period of reduction). In summary, for the period 1995-2003, the profit rate and the share of wages had slight

positive trend, the share of surplus showed a slight downward trend, and the output-capital ratio increased slightly.

The next period, from 2003 to 2008, should also be divided in two periods: 2003-2006 and 2006-2008. In the first one, the profit rate rises (until 2005), despite the strong reduction of the output-capital ratio. The profit rate increased entirely due to strong growth in the share of surplus in GDP and the corresponding drop in the share of wages in National Income. The higher profit rate derived entirely from the income concentration, while the technological variable showed negative performance. This situation proved to be unsustainable, which led to the international economic crisis. In the next period, from 2006 to 2008, the profit rate has been greatly reduced as a result of an output-capital ratio still falling and the share of surplus in GDP also decreased, accompanied by recovery of the share of wages in National Income. Essentially, the second phase (2003-2008) showed a strong reduction in the profit rate derived from the negative performance of the output-capital ratio. The share of surplus in GDP and the share of wages in National Income had small medium impact on the period.

Finally, for U.S., data on their performance after 2008 show a recovery of the profit rate in 2010, as a result of a small increase in the output-capital ratio and a large increase in income concentration, which continued in 2011.

Chart 4 – U.S.: profit rate, share of economic surplus in GDP, output-capital ratio and share of wages in GNI, 1995 index = 100 (1995-2009)



Source: Own elaboration based on Bureau of Economic Analysis.

Table 2- U.S.: annual average variation of profit rate, surplus over GDP, Wages over Gross National Income and output-capital ratio (1995 -2008)

	Profit rate	Surplus / GDP	Wages / GNI	GDP-Capital ratio
1995-2003	0,09	-0,14	0,10	0,23
2003-2008	-2,49	0,47	-0,27	-2,95
1995-2008	-0,91	0,09	-0,04	-1,00

Source: Own elaboration based on Bureau of Economic Analysis.

For comparison between Brazil and the U.S., the appropriate periods are, firstly, 1999-2004 (Brazil) and 1997-2003 (U.S.), and, secondly, as the pre-crisis period, 2004-2008 (Brazil) and 2003-2006 (U.S.) (Table 3). For Brazil, in both periods, the profit rate increased, just at a slower rate in the second period. For the U.S., the profit rate had declined in the first period, generating an economic crisis, and had increased (slightly) in the second, producing an economic recovery after the 2001 crisis.

The causes of this behavior in the profit rate was very distinct and opposite between Brazil and U.S. The output-capital ratio for Brazil behaved positively in both periods. For the U.S., by contrast, it had declined in both periods, and substantially more in the second one, when the profit rate had increased. In the first period, the share of economic surplus in GDP amounted in Brazil, while it reduced in the U.S. In the second period, in contrast, it declined in Brazil and raised a lot in the U.S. As a consequence, the profit rate in the first period, to Brazil increased by the conjunction of two factors: higher output-capital ratio and higher share of surplus. For the U.S., otherwise, the profit rate fell by the conjunction of two factors: fall (almost stability) of the output-capital ratio and decrease of the share of surplus in GDP. In the second period, to Brazil, the elevation of the profit rate is explained by the increase in the output-capital ratio, despite the decline in the surplus in GDP. For the U.S., on the contrary, the entire explanation for the increase in the profit rate comes from the strong increase in the share of surplus in GDP in the context of a large reduction in output-capital ratio.

The share of wages in National Income also shows opposite behavior in Brazil and the U.S. In the first period, while the wage share is reduced in Brazil, in the U.S. is increased. In the second period, the share of wages grew up in Brazil, and it didn't stop the growth of the profit rate, because the growth of the output-capital ratio more than offset the effect of income distribution. In the U.S., in contrast, in the second period the wage reduction was essential to allow some growth of the profit rate, in a context of low dynamism of the output-capital ratio.

Therefore, in Brazil there was a process of income distribution in the second period, and it didn't prevent the growth or generated macroeconomic inconsistencies. In this context, the technological variable assumed greater importance than the distributive one. In the U.S., inside out, technological variable showed poor performance in both periods. Then, this variable behaved so negatively that a strong reduction in the wage share was required for the profit rate to rise. Therefore, the U.S. economic recovery after the crisis of 2001 was based entirely on income concentration and therefore in increasing debt, which is the basis of the subsequent economic crisis (DATHEIN, 2011).

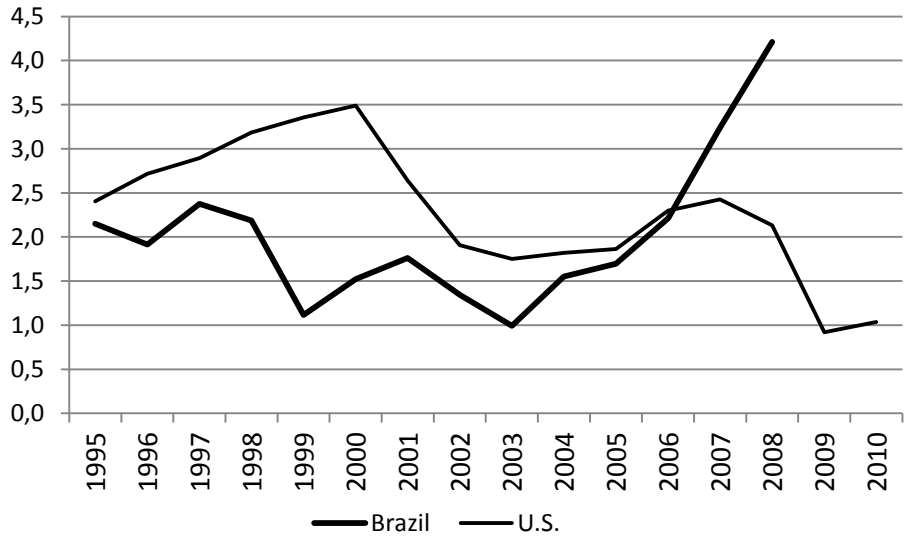
Table 3- Brazil and U.S.: Profit rate, surplus over GDP, wages over Gross National Income and capital productivity - annual average variation in selected periods

	Profit rate		Surplus / GDP		Wages / GNI		GDP-Capital ratio	
	Brazil	U.S.	Brazil	U.S.	Brazil	U.S.	Brazil	U.S.
Period 1	2,73	-1,03	1,14	-0,96	-1,23	0,49	1,56	-0,07
Period 2	1,05	0,31	-0,65	3,14	0,94	-1,42	1,71	-2,74

Source: Own elaboration based on Bureau of Economic Analysis and Ipeadata.
Note: Period 1 for Brazil: 1999 to 2004; Period 1 for U.S.: 1997 to 2003; Period 2 to Brazil: 2004 to 2008; Period 2 for U.S: 2003 to 2006.

The best Brazilian performance in the second period can also be analyzed from the behavior of the productive capital stock. For Brazil, the growth rate of this stock has grown at remarkably low rates between 1995 and 2003 (average of 1.7% per year), including decreasing rates (Chart 5). However, from 2003 there is a strong and tendential elevation, which can be interpreted as a result of the higher profit rate. At the same time, this behavior provides better conditions for sustainable growth. For U.S., until 2006 the variation change is greater than Brazil's. Firstly, there is an increase in the 1990's, after a fall with the 2001 economic crisis and, subsequently, a weak recovery and a new crisis. To the U.S., the growth of the 2000's was based on income concentration, indebtedness and weak investment performance.

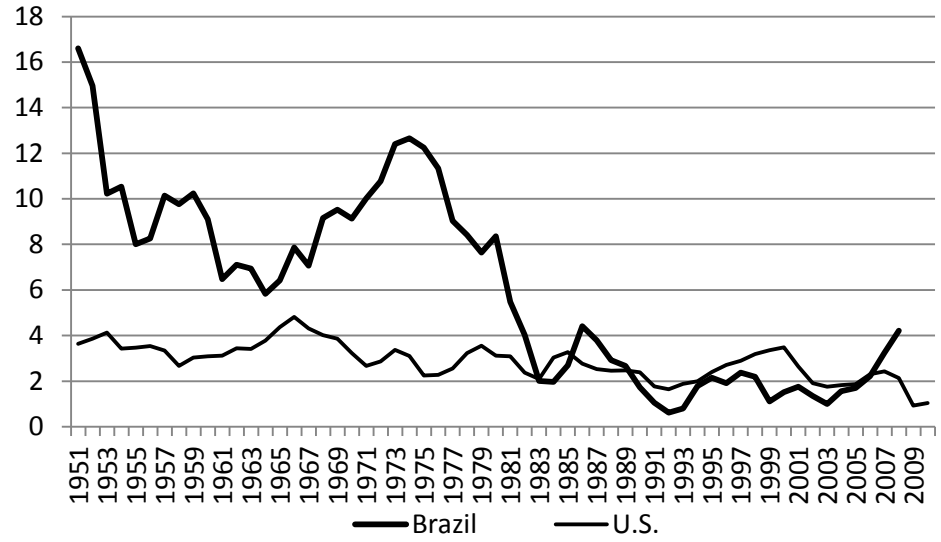
Chart 5 - Brazil and U.S.: Variation in liquid stock of productive capital (1995-2010)



Source: Own elaboration based on Bureau of Economic Analysis and Ipeadata.

However, under a long-term perspective, it's noted Brazil's recent performance is far from what was in last year, during the moments which managed to converge in relation with U.S. economy (comparing charts 2 and 6). From 1951 to 1980, the annual growth average of Brazil's liquid stock of productive capital was 9.5%, while from 1981 to 2008 this average was only 2.3%. The U.S. apparently presents a tendentiously declining behavior, with rates as 3.4% and 2.5%, respectively. In other words, considering the period of this work, 1995-2008, the best performance of Brazil relatively to the U.S. is very recent, and interrupted soon by the international crisis, while the variation rate of capital stock is still very low, considering convergence goal and considering the relative distance of development between the two countries.

Chart 6 - Variation in liquid stock of productive fixed capital, Brazil and the U.S. (1951-2010)



Source: Own elaboration based on Bureau of Economic Analysis and Ipeadata.

5 Final Considerations

In the analysis of Brazil's and U.S.' economy evolution, with focus on the period of 1995-2008, the behavior of the profit rate and its distributive and technological components allowed to evaluate and compare the economic dynamics between Brazil and the U.S.

For the U.S., it's noted the profit rate was strongly determined by the distributive variable, in a long-term trend of income concentration, in the context of heavy indebtedness of families and companies. In contrast, the technological component not only didn't contribute to an increase in the profit rate, as almost always tended to decrease it. Therefore, it tended to decrease the growth of productive capital stock. This sluggish behavior led to the economic crisis. As is known, the first (distributional) effect is limited, and the 2007 U.S. crisis had demonstrated it.

For Brazil, there are evidences from the 1990's, that there was a reversion from the previous trend of profit rate fall. In the first stage, until 2004, this would be happening by the increase of profits share in income concurrently to improvements in the technology component. After 2003/2004, however, there was a significant change. The output-capital ratio showed acceleration, while the process of income concentration

reverted, without compromising the profit rate. Unlike, its continued elevation would explain a significant recovery of investments and productive capital stock, overcoming previous stage of semi-stagnation.

It's emphasized the dynamic of profit rate components in Brazil, despite favorable, it's still very restricted. A change in State's position could also contribute to this, with higher public investment. However, these indicators seem to be still very weak and certainly the international favorable situation weighed heavily on the results.

Therefore, in the 1995-2008 period there was a behavior in several opposite meanings between Brazil and in U.S., in relation to the analyzed variables. In the period after 2003/2004 this was even clearer. For Brazil, income distribution has improved, with lower share of profits, while the output-capital ratio grew, determining, as a result, an increasing on the profit rate and greater economic growth. For the U.S., there was a greater income concentration and deterioration in output-capital ratio. This result, by U.S.' economic weight in the world economy (as well as other developed countries also engaged in the same economic logic) and by the intensity of imbalances, determined the interactional economic crisis, which also hit Brazil.

It was clear the importance of creating fictitious capital in determination of the economic crisis. Attempts to offset the contradictions of this process of creating artificial rents were very strong in the U.S. However, there was no way to escape, the law of value imposed itself, on the corresponding intensity to the volume of fictitious capital previously generated.

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