

NAME

SUBJECT

CLASS DETAILS

ACADEMIC YEAR

NAME OF PROFESSOR

DATE

### **Brazil's Service Sector**

The service industry in Brazil comprises both the financial and non-financial sectors and relates to 49.8 percent of value added in the economy. This represents 23.3 percent held by public administration, 25.2 percent by households, and 1.7 percent by non-profit organizations serving households (NPISHs) A main objective of this study is gaining more service industry knowledge for the purpose of evaluating its feasibility in being included in the producer price index.

Regarding the Brazilian economy's sustained growth since 2000, after several unsettled decades, the country's association with the global economy has played a vital role in its development and assuming leading positions in world trade negotiations. Subsequently, creating sufficient employment and increasing incomes has been problematic for Brazil. According to Baumol (1967), the unemployment rate has been set at 8 percent, and as far as people working, a little more than half do so informally. Moreover, average present earnings are lower than they were in the mid-1990s. This paper aims to establish Brazil's role in the global market as influenced by its service sector in conjunction with its role in trade negotiations. Furthermore, this paper aims to compare service section developments during the 1970s, 1980s and presently, concerning employment rates and general earnings.

Growing concerns among Brazilian economists have emerged in recent years regarding structural change process trends. In part, this has been associated with the industrial sector losing ground in terms of both total employment and total value added in the Brazilian economy. Industry contribution was increasing until the 1970s; however, the 1980s debt crisis marked its turning point. This was a time when the country suffered a major setback from which it never fully recovered. For some authors (Pieper, U. 1998), since the 1980s, deindustrialization has

been under way, which strengthened the overvaluation of domestic currency in the 1990s and in the last four years. Concerning this, the objective of this paper will be overvaluation's economic impact on local currency toward and its development, the significance of the debt crisis, and the debt crisis' contribution to the decline in the Brazilian service industry.

### **Conclusion**

As observed in Latin America, Brazil specifically, employment has been moving toward the service sector quite steadily. This paper's scope will also include establishing the type of jobs being created and to what extent they contribute to Brazil's general economic advantage. Furthermore, some "natural" reasons exist that explain the service sector's expansion in the economy. One rationale postulates that productivity, agriculture and industry development releases a workforce that must be absorbed into the remaining economy sectors. Additionally, higher income demand elasticity is likely to be presented by services, and consequently, their total demand share is bound to rise with income simultaneously. The aim is therefore explaining the Brazilian service sector trend and its contribution to the economy of the country. This trend may be in terms of growth in other industry sectors, the role it plays in the global market, and internal policies that may possibly influence growth and development within the service sector.

### References

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