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have predicted a slowdown for the past five years. "Those economists have been wrong so many times," says one confidant of Cristina Fernández, the president, and her husband and predecessor, Néstor Kirchner, "maybe it's time to find some new ones."

To understand how two nominally left-wing leaders came to embrace such different policies, look back at how their respective countries responded to economic troubles in 2001-02. Argentina, after several years of slump, abandoned a fixed exchange rate, devaluing the peso and defaulting on its public debt. Brazil, which had floated its currency in 1999, responded to turbulence in its currency and debt markets in 2002 by tightening fiscal and monetary policies.

Argentine officials have since been determined to keep the peso weak, mainly to protect local industry. Devaluation worked: the economy roared back to life. But by 2005 most of the country's idle plant was back in action, and new investment was insufficient to sustain rapid

Brazil and Argentina

The tortoise and the hare

BRASÍLIA AND BUENOS AIRES

Why those wimpish Brazilians are catching up with Argentina's racier economy

TAKE two neighbouring economies, both heavily dependent on commodity prices to make their trade figures look good. Give one an orthodox monetary policy, watch it embrace foreign investors and float its currency. Hand the other over to mavericks who have resorted to fixing prices, banning or taxing some of their own exports and baldly lying about the inflation rate. The result? The rascal—Argentina—continues to grow at a blistering 9% clip, while by contrast well-behaved Brazil plods along (see chart). Is it time to rewrite the economics textbooks? Argentines would like to think so. But there are signs that Brazil may yet come out ahead.

Both countries recently reported surprisingly strong GDP numbers. In the last quarter of 2007 Brazil grew at an annualised rate of 6.4% and Argentina at 8%. But the different reaction to these figures in the two countries was telling. Whereas Brazil's government showed concern, Argentina's touted the news as a vindication of its contrarian wisdom.

In Brazil Guido Mantega, the finance minister, announced a tax of 1.5% on foreigners' purchases of Brazilian treasury bonds to cool capital inflows and slow the steady appreciation of the currency, the real. In a faint echo of Argentina's approach, he said that he wanted to forestall a large current-account deficit. But Henrique Meirelles, the governor of the Central Bank, said that his top concern was

still inflation (which cheaper imports help to control). President Luiz Inácio Lula da Silva concurred, describing inflation, long a Brazilian bugbear, as a "degrading disease". Both Mr Mantega and President da Silva often say they would prefer steady growth at 5% a year for 15 years to a faster, bumpier ride towards riches.

In Argentina such caution sounds wimpish. Its policymakers seem determined to demonstrate that all Latin America needs to grow as fast as China is to cast off the straitjacket of "neoliberalism" and its main backers—those beastly foreign bondholders and the IMF. They gleefully point out that consensus forecasts for Argentina

