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(O chamado das bolsas)

The Call of the Markets

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The globalized economy, that extraordinary organism of growth and complexity, is a universe of permanent expansion. The colossal systemic shocks that were typical at the beginning of the 21st century are: the greater availability of capital, the abrupt rise of job offers and the recurrent technological innovations that made entrepreneurialism, the organizational capital, scarce. The existing businesses, globally visible in the stock markets, are concentrated doses of this scarce entrepreneurialism and organizational capital. They are the vehicles for the appropriation of profits in this new developing environment.

These are the fundamentals, the structural motives by which the stock markets have risen, for so long all over the world. The uninterrupted rise of firms' market capitalization represents an expectation of continued profit in the future. However, there are other factors that also have a great impact; these factors are responsible for the wave of liquidity that has drenched the world. The threat of market correction exists; moreover, the central banks of the US, Japan and Europe have continued to raise interest rates.

For Brazil, with these favorable external conditions, the high leveled stock markets could signal the beginning of a long growth cycle, if the government took its foot off the brake by enacting reforms that now impede entrepreneurs. It is clear that when the value of existing facilities is well above the cost of constructing new ones, the premium for entrepreneurialism leads to orders for new constructions.

“The tax on investment – the rhythm by which entrepreneurs wish to amplify their stock in installed capital – depends on the relationship between the value attributed to existing capital and the cost of repositioning or reproducing it”, this is the cost of constructing new facilities, according to James Tobin, Nobel Prize winning economist, in his classic “A General Equilibrium Approach to Monetary Theory” (1969).

The phenomenon is particularly sharp in Brazil. In the last 20 years, embezzlement in the New Republic and the socialist-democratic trap of low growth were lethal for entrepreneurs. Of the 1300 businesses listed on the exchange at the beginning of the 1980s, fewer than 300 have survived. However, now with the death of inflation, the drop in interest rates and the accumulation of reserves and the floating exchange rate, the uncertainty for new enterprises has declined substantially.

“Under the free business system, businessmen are specializing in the management of economic enterprises. Utilizing a combination of resources – capital, work, technology, earth, natural

resources -, guaranteeing a contractual return and the undertaking of the risks of business for each of them. The profit, if it exists, is a return on risks incurred”, states Frank Knight in “Risk, uncertainty and profit” (1921). For that reason there is a flood of new offerings in the stock market, corporate certificates mark the arrival of the entrepreneurs in response to the calling of the markets.