

## Foreword

Brazil is the country of the future and always will be. This common refrain captures three basic sides of Brazilian identity: a sense of tremendous potential; anxiety about the country's problems, particularly the problem of deep social inequality; and a sense that Brazil is in process—that change is constant. This book focuses on those challenges, examining patterns of change and continuity in the twentieth century. The contributors to this volume have all been involved in Brazil's transition to democracy, either in policy making or in policy analysis. They represent an intellectual cross-section of Brazilian governance stretching from the first civilian government since military rule to the administration of President Luiz Inácio Lula da Silva. They reflect an emerging consensus in diagnosing and defining potential solutions for Brazilian problems of economic, regional, and racial integration. This consensus is particularly remarkable because it spans the center-right governments of Sarney and Collor, the social democratic Cardoso government, and the leftist Lula government, despite a culture of intense political competition.

Because of their leading academic and policy roles, there is no better group of observers than the contributors to this volume to comment on Brazil's post-dictatorship political consensus and on the unfinished challenge of unraveling the country's inequalities. The authors offer a range of interpretations of Brazil's potential, of its patterns of social exclusion, and of the means to manage the country's transformation. These interpretations are revealing both because of the picture they draw of twentieth-century Brazil and because of the types of understanding they show about governance and public policy going into the twenty-first century.

Brazil faces an ongoing transition to democracy. Democratization does not mean simply that the generals have returned to the barracks and that civilian leaders have been elected. It also means that a society has been created in which rights are equally shared and in which all members of the society share an active

responsibility for the functioning of public institutions. Enduring poverty, widespread violence (particularly directed at the poor), and the persistence of informal work arrangements (over half of Brazilian workers are in the informal sector, which includes street vendors and day laborers) are the major challenges in Brazil's redemocratization.

Two of the ways in which Brazil is different from the United States stand out in this book. First, scholars and intellectuals play a much more prominent role in public policy, moving between university and government posts. Second, even those Brazilians most committed to free markets and to a limited role for the government believe that the state should play a strong (and sometimes a leading) role in mediating desirable social and economic goals. Nearly all the contributors to this volume have held senior positions in government. Four have been cabinet ministers; three have been federal institute or agency directors; one has been a governor and later a presidential candidate; several have been state secretaries; and several have held senior positions at the United Nations or in nongovernmental organizations. All emphasize the role of the state in their interpretations of problems and their analyses of solutions.

The theme of this book is that Brazil has experienced significant changes in the twentieth century (involving industrialization, urbanization, the integration of previously isolated regions, and patterns of demographic change dominated by population movements) but also confronts historical continuity in the form of trenchant social inequalities. These inequalities are rooted in an arcane system of rural land tenure and production, in development policies that have privileged increases in production rather than distribution, in the patterns of dependent integration into the world economy, and in state planning that has focused on long-term change rather than on immediate social needs. Given the involvement of many of the contributors in either administering public policy or formulating the intellectual framework for redemocratization since military rule ended in 1985, beyond their scholarly merit, the essays in this volume offer considerable insight into the paradigms of governance and policy making in contemporary Brazil.

The authors promote a reading of Brazilian society and of the role of public policy that incorporates a critique of the neoliberal economic policies of the 1980s and 1990s, and they assert a "neodevelopmentalist" vision defending the idea that the state should be active in managing patterns of economic growth with a mind to engineering greater social inclusion. This vision balances the neoliberal perception that the country needs to develop greater productivity and

global economic integration with the developmentalist notion that state planning should shape the nation's direction. This postneoliberal critique frames 1980s and 1990s neoliberalism not as a definitive step away from Brazil's historical circumstances of mixed development and large gaps in income distribution but as another moment in the conversation about Brazil's development. For the authors here, neoliberalism is a moment whose paradigms share space with both the goals and the tools of developmental nationalism. In his essay on globalization in this volume, Gilberto Dupas expresses this idea in the following terms: "As we can see, it is essential that strategies for national growth contain redistributive policies that address the chronic problems of wealth concentration and poverty. . . . It is essential that Brazil create conditions under which economic growth results in real improvement in distribution of wealth and breaks historical patterns."

This volume was published in Brazil at the end of the two terms of Fernando Henrique Cardoso's centrist Social Democratic presidency (1995–2002), a period when the visions articulated in these essays became the foundations of Brazilian federal policies. Since its publication, the leftist opposition Workers' Party leader Lula (2003–) has succeeded Cardoso. Over its two terms, Lula's government has continued many of the economic, social, and developmental policies of its predecessor. Here lies the significance of the essays contained in this book: the ideas expressed reflect the emerging consensus among political groups about the paradigms of governance, economic, and social policy.

### Brazil's Twentieth Century

During the long twentieth century, Brazil had six constitutions (1891, 1934, 1937, 1946, 1967, and 1988). This number illustrates several aspects of the country's experience: Almost all these constitutions were enacted following abrupt regime changes, signaling the political turbulence of the century. The constitutions reflected cycles of political centralization and decentralization, authoritarianism and democracy. They also reflected widening social goals. In 1934, for instance, women gained the right to vote, workers gained a labor code, and the constitution mandated public expenditure on education.

At the beginning of Brazil's twentieth century, coffee was king. The country was predominantly rural, and in the countryside, land was concentrated in the hands of large landowners rather than small farmers. Cities were predominantly commercial and administrative centers with little manufacturing. Coffee exports

paid for the importation of manufactured goods. Not only was Brazil the world's largest coffee producer, but if its states were independent countries, five southeastern Brazilian states, led by São Paulo, would have been the top five coffee exporters in the world. Export production structured the patterns of wealth and power, and the planter families of the Southeast concentrated both. The 1891 constitution, modeled on European and U.S. political liberalism, decentralized power into the hands of regional oligarchs. The Northeast and West of Brazil stagnated economically. Though slavery ended in 1888, former slaves and their descendants had little access to land, education, or capital. New immigrants to Brazil's South and Southeast, coming mostly from the Mediterranean but also emigrating in significant numbers from Japan and central and eastern Europe, found better terms for work and improved chances for mobility than those experienced by Brazilians of color.

During the first decades of the twentieth century, conditions combined to stimulate the growth of manufacturing. These included the concentration of capital from coffee exports, the need to substitute imports during World War I, and the growth of the urban (particularly immigrant) labor force. The Depression and World War II accelerated import-substitution industrialization, which gained a powerful boost when the Brazilian government negotiated a wartime military alliance with the United States in exchange for the construction of a vertically integrated steel production complex in southeastern Brazil. By the 1950s, economic planning had evolved from its origins in schemes to boost the international price of coffee into complex schemes to promote industrialization through both state ownership and investment, as well as the attraction of multinational companies.

Growing political pressure, particularly from groups previously excluded from the political process, accompanied the growing state intervention in the economy. At the beginning of the century, a single political party, the Republican Party, controlled all levels of government. Suffrage was limited, political bosses fixed elections, and São Paulo dominated presidential politics. The tightly restricted system channeled discontent into protests like urban strikes, riots, and rural uprisings. By the 1920s, discontent spread to the officer corps of the military, which embraced nationalist critiques of the regime that suggested that Brazil was falling behind industrial countries, was unable to defend itself militarily, and lacked internal political, social, and economic cohesion. Urban workers, regional oligarchs shut out of power by the ascendant São Paulo planter class, and nationalist intellectuals dissatisfied with *laissez-faire* liberalism joined forces to

challenge the outcome of the 1930 presidential election. Their movement culminated in a military coup that installed Getúlio Vargas as president.

During Vargas's first years in power, a new constitution was drafted that included many of the social and political reforms sought by politically excluded groups. It restricted Vargas's term in office, but he evaded this restriction by replacing his own government, promulgating a new authoritarian constitution modeled on Fascist regimes in Europe, and ruling by decree. The military supported his 1937 self-coup but deposed him in 1945. The 1946 constitution returned to the framework enacted in 1934, opening a window of democratic politics colored by sometimes violent political confrontations. This window was closed by a military coup in 1964.

Vargas returned to the presidency in 1950, elected with the support of a workers' party he had organized in the 1940s. Governing as a populist nationalist, he generated resentment within conservative groups and the military, which tried to force him from office in 1954. He resisted by committing suicide, generating widespread popular hostility toward his political opponents, which permitted the election of a political protégé, Juscelino Kubitschek, as president in 1955. Kubitschek was the last popularly elected president to serve a constitutional term in office until Cardoso was elected in 1994. Kubitschek responded to the increasingly confrontational Brazilian political environment by constructing a new national capital in the center of the country. The construction of Brasília created jobs, built infrastructure, stimulated the economy, and placated the military. It also increased Brazil's debt and spurred inflation.

By the 1960s, Brazil looked very different than it had at the beginning of the century. Each of its two largest cities, São Paulo and Rio de Janeiro, had over 3 million inhabitants. Cars, trucks, and buses rolled off Brazilian assembly lines. Within another decade, manufactured goods would become Brazil's major export. Roads, electricity, and telephone lines stretched through the once sparsely populated interior. Cities boasted growing networks of public schools, hospitals, and clinics. Still, the country faced a deep political crisis: debt and inflation had become politically unmanageable, and the political Right mistrusted those politicians whose populist rhetoric and practices made them best able to gain votes. In 1961, after eight months in office, President Jânio Quadros abruptly resigned. Vice President João Goulart succeeded him despite objections by the military, which believed his ties to workers made him a Communist. After supporting organizations of rural workers and a strike by navy sailors, Goulart was overthrown by the military.

The generals who seized power in 1964 were divided. Moderates believed their role should be the same as it was in 1889, 1930, 1937, 1945, and almost in 1954: to act as a mediating force that would execute a transfer of power from one political group to another. Hard-liners believed that the military was apolitical and should govern in the national interest. Tension between these groups maintained a political inertia that kept the military in power until 1985. The 1967 constitution served military governance by giving the armed forces authority over the electoral process, over so-called national security crimes, and over a national congress whose powers were limited. The military regime relied on widespread torture, detention, and harassment of political opponents. The military, police, and paramilitary death squads were responsible for hundreds of disappearances. Several of the authors in this collection were victims of detention or harassment, and several went into exile.

The military regime presided over an “economic miracle” in which the Brazilian economy grew at an average annual rate of 11 percent from 1968 to 1973. But the regime also borrowed heavily to support economic development and to offset the cost of oil imports during the 1973 and 1979 oil crises. By 1980, Brazil faced the largest foreign debt in the developing world, and the combination of rising interest rates and global recession plunged the country into a protracted economic crisis. Between 1981 and 1983, the Brazilian economy actually contracted at a rate of 2 percent per year.

Since much of the military regime’s initial public support came from the credit it received for Brazil’s economic performance, the financial crises of the late 1970s and 1980s helped shape the country’s return to civilian rule. In 1985, the last general to be indirectly elected president, João Baptista Figueiredo (1979–85), handed power to an indirectly elected civilian president, José Sarney (1985–90). Brazil’s transition to democracy was hampered by economic instability and high inflation. Between 1985 and 1994, inflation exceeded 3,000 percent per year, and political and economic difficulties caused several currency stabilization plans to fail. Luiz Carlos Bresser Pereira, a contributor to this volume, authored one of the plans to combat hyperinflation during the Sarney presidency. Inflation was finally controlled in 1994 with the Real Plan authored by Cardoso. The success of the plan helped elect Cardoso president in 1994.

In the 1990s, Brazil’s economy was opened by reforms enacted by President Fernando Collor (elected in 1989 and impeached in a corruption scandal in 1992) and continued by his successors, Itamar Franco (1992–94) and Cardoso. These reforms extinguished the bureaucracies discussed in this volume by Afrânio

Garcia and Moacir Palmeira, privatized state-owned companies and utilities, and reduced barriers to imported goods. These neoliberal reforms helped sustain Brazil's currency stability but failed to stimulate economic growth, especially because cheaper imports stressed Brazilian industrial production. And even after the reduction in state ownership of industry, the Brazilian government was still intensely involved in the economy.

Brazil's current constitution, ratified in 1988, reacted to the military regime's repressive centralization by broadly, and sometimes very specifically, defining and defending civil rights. The new constitution spells out minority rights, such as the land rights of indigenous peoples and communities formed by the descendants of runaway slaves. It also guarantees human rights, such as the right of imprisoned nursing mothers to breastfeed their infants. A high level of social violence endures in Brazil, particularly directed at the poor and often including action by police, illustrating the limits on the rights defined in the new constitution.

At the end of the twentieth century, Brazil was characterized by remarkable continuities amid its dramatic changes. São Paulo, which for a half century had been Brazil's largest city, had over 20 million inhabitants. Rio de Janeiro had ceased to be the capital and Brazil's largest city but still had world-famous beaches and a population of just over 10 million inhabitants. Migrations from the Northeast to the Southeast and into the Amazonian region have swelled cities and driven expanding western and northern agricultural frontiers. Brazil exports jet aircraft but struggles to maintain the capital flows that allow it to sustain its debt obligations. Brazil avoided segregation and widespread racial violence, even to the point of celebrating the idea that it was a racial democracy, free from intolerance. Yet racial inequalities in Brazil remain as deep as in any other country that once relied on African slaves. The dynamics of redemocratization have spurred a new consciousness about racial inequality that has led to the creation of quota and affirmative action programs in education and government hiring.

In 2002, the political, economic, and intellectual consensus that emerged after the dictatorship was considerably—and surprisingly—reinforced by the election of Lula. The Workers' Party (Partido dos Trabalhadores, PT) that Lula helped found as a São Paulo metalworker in the 1970s sustained opposition to both the military regime and the civilian governments that followed it. But, to the frustration of many of the longest-standing members of the party, the PT government largely has continued the policies of its predecessors, especially in the area of economic policy. As Paulo Sérgio Pinheiro explains in this volume, "Radi-

cal reformism ceases to exist the instant that these parties shift from opposition to government.” Indeed, some leading members of the PT left the party both because of the centrist policies it pursued in government and because of a series of corruption scandals involving congressional vote buying. One of the contributors to this volume, Cristovam Buarque, was a PT governor of Brasília in the 1990s and the minister of education in the first Lula government but left the party and ran as an opposition presidential candidate in 2006.

### *Brazil: A Century of Change and Brazil’s Century of Changes*

This book opens with a statistical portrait to help readers appreciate the magnitude of demographic change that took place in the twentieth century. One of the two non-Brazilian contributors to this volume, Hervé Thery, profiles the intense movement of peoples within this country of continental proportion—the largest population flow within Latin America in its history. This movement was induced both by the dramatic population explosion of the middle decades of the century, based on high birth rates and longer life expectancies, and by the deep disparities of opportunity between North and South and between the countryside and cities. Thery also helps readers get a broad sense of Brazil by the numbers, presenting social indicators about race mixture, television ownership, education rates, and patterns of economic growth.

At the beginning of the century, Brazil was predominantly rural. Over continental expanses of farmland, patterns of land concentration and rural labor inherited from slavery and from Portugal’s colonial settlement continued to shape the productive and social order of the countryside. Afrânio Garcia and Moacir Palmeira discuss the systems of production, patterns of social inequality, and sets of values that shaped rural Brazil. Their chapter frames the basic dynamics of continuity and change that characterized twentieth-century Brazil. Rural production was transformed over the century, but this only reshaped rather than diminished inequalities. Garcia and Palmeira trace the evolution of the plantation system under the state policies created during the Vargas era to combat the effects of the Great Depression. These policies, including the creation of state institutes intended to protect agricultural production and exports, helped large planters hold on to their land. A rural labor code also transformed seigneurial relations by requiring that rural workers be paid cash wages for their work. In the balance, state policy preserved the arcane land tenure structure that concentrated land in the hands of established and capitalized planters at the same time that it created

a more fluid labor force. The outcome was widespread rural to urban migration and rural poverty.

Agricultural policy reflected broader trends in the expansion of the Brazilian state and its involvement in the economy and production. Paulo Singer examines the cycles between free-market economic liberalism and state intervention, as well as the tension between internal and external markets. Singer suggests that prior to the Vargas era, Brazilian production was capital extensive rather than intensive, meaning that economic development was based on a large number of small, lightly capitalized producers. After 1930, state planners began to defy the notion of a free market, embracing job creation and business development programs and protections. Like Garcia and Palmeira, Singer argues that the creation of state institutes intended to protect agricultural producers reinforced inequitable rural power structures. Singer believes intervention in industry and agriculture was beneficial to Brazil because it helped stimulate industrialization. The growth of Brazil's automotive industry is one example of this success.

Brazilian foreign policy has frequently been harnessed to the goal of promoting Brazilian industry and agriculture. Celso Lafer, the Brazilian foreign minister at the time of this volume's publication in Brazil, traces the principles that guided Brazilian foreign relations in the twentieth century: the definition of Brazil's borders, the cultivation of a longstanding alliance with the United States, and the promotion of Brazilian exports. Lafer discusses the role of the Baron of Rio Branco, the foreign minister at the beginning of the century, in creating the patterns of modern Brazilian diplomacy, beginning with the negotiation of borders with Brazil's neighboring countries that has allowed for peaceful relations with its ten neighbors. Lafer also examines the politics of cultivating a special relationship with the United States as a way of offsetting Brazil's lack of diplomatic leverage in relation to more developed nations. For instance, Brazil's diplomatic relations with the rest of Latin America have been largely negotiated through Washington. During the second half of the century, the Brazilian foreign ministry also aimed to build autonomy from Cold War pressures and to build markets for Brazilian goods. Lafer's chapter offers a good sense of the neodevelopmentalist tone of the volume, suggesting that "in a country with Brazil's characteristics, development will not result automatically from just the right combination of fiscal, monetary, and exchange policies. . . . Development requires a broad array of public policies that are congruent and compatible with the broad macroeconomic balances that ensure currency stability, reduce inequality, and drive national development."

Renato Ortiz examines Brazilian culture, focusing on such media as books,

periodicals, radio, cinema, and television. This is one of the areas of greatest change, starting from limited means of cultural production at the beginning of the century, constrained by geographic isolation, poverty, and high levels of illiteracy. But widening education, state policies beginning in the Vargas era that promoted a unified national identity, and the spread of radio, cinema, and, later, television expanded the possibilities for national cultural and artistic production. Ortiz suggests that while the Vargas regime failed to build a civic identity through new media, it succeeded in promoting a Brazilianness rooted in carnival, samba, and soccer.

Following the chapters that trace the economic, social, and cultural landscape of Brazil, several authors look more closely at politics and public policy. Luiz Carlos Bresser Pereira, for instance, examines the transition in Brazil from a paternalist administrative culture inherited from the Portuguese to the professional bureaucratic culture that took root in the Vargas era. Bresser Pereira is a particularly appropriate author for this discussion because of the federal and state ministerial positions he has held since the 1980s. He was the architect of one of the economic plans that attempted to curb the runaway inflation of the 1980s.

Paulo Sérgio Pinheiro, one of the volume's editors, looks at Brazil's recurring authoritarian streak. He suggests that the long periods of authoritarian rule, such as the first Vargas regime and the military dictatorship (together spanning over a third of the century), have left vestiges that have constrained Brazil's democratic intervals. As a result, democratic opposition movements have failed to carry out far-reaching reforms in the nature of government and society that would be capable of consolidating Brazilian democracy. Pinheiro examines the inability of democratic governments to extend effective civil rights to the entirety of Brazil's population. In doing so, he adds a crucial political rights dimension to the discussions about enduring social inequality, which other contributors to the volume also stress.

Aspásia Camargo examines the cycles of political centralization and decentralization that have characterized Brazilian history. Camargo suggests that the political and constitutional framework in place since the end of military rule has created, for the first time, the conditions for grassroots political democracy. She suggests that past periods of decentralization have cast power into the hands of rural oligarchs and that past periods of political centralization have replaced the power of oligarchs with that of an authoritarian state. By contrast, the political framework defined by the 1988 constitution shifted considerable political power

to municipal governments, where decision making can be most clearly accountable.

The chapters on politics and policy are followed by essays that focus on region and demographics. José Seixas Lourenço discusses the economic, environmental, and demographic issues of the Amazonian region, focusing on cycles of production such as the rubber boom of the first decades of the century, the road building and expansion of agriculture during the middle of the century, the creation of an industrial park and free trade zone in the river port city of Manaus during the military regime, and the efforts to develop ecologically sustainable projects in conjunction with global environmental protection initiatives at the end of the century. Lourenço argues that cycles of economic production have not developed or sustained the employment base necessary to support the region's population and asks whether current economic conditions, framed by the Kyoto Protocol, can change this pattern through reforestation and sustainability projects.

Cristovam Buarque's chapter on Brazil's Northeast builds on the commonly held vision of the region as impoverished and underdeveloped, suggesting that ill-conceived development projects, as well as intensive patterns of northeastern emigration to other regions of the country have made "the northeast" into a national rather than a regional condition. In this analysis, schemes to develop the Northeast failed because they were inconsistent and badly managed and because they worked within a national policy framework that favored the consumer-driven industrialization of southeastern Brazil. Buarque argues that the problems that the Northeast symbolizes (faulty distribution of income and wealth, poverty, poor education and health) are ultimately national issues that need to be solved with national policies. These problems, according to Buarque, should be addressed through a "feminization" of social policy, meaning that alongside long-range planning for development, short-term, outcome-driven social welfare projects need to be undertaken. An example of this type of policy was developed by Buarque when he was governor of the Federal District in the 1990s: Bolsa Escola, a program that gives poor families a financial supplement for keeping their children in school.

The last four chapters of this volume turn their sights on Brazil's future. The aptly titled "When the Future Arrives" was written by Celso Furtado, the dean of Brazilian developmental nationalism. Furtado served as the federal minister of planning prior to the military regime and the minister of culture in the first government after military rule. Furtado reflects on Brazil's national development projects and policies used to combat inflation. He argues that anti-inflation pro-

grams have focused exclusively on the monetary aspect of inflation control, neglecting the social costs of both inflation and inflation-fighting measures. As a result, Furtado notes, both inflation and the tools to combat it have reinforced social inequality. He suggests that future Brazilian economic policy making needs to weigh the social costs of free-market globalization against the legacy of inequality of past experiences with state economic policy making.

Gilberto Dupas focuses on globalization and its implications for Brazil. Dupas discusses the consequences of Brazil's integration into global markets by both promoting exports and making the country more open to imports. These outcomes include greater vulnerability to the speculative entry and exit of capital, a greater presence of multinational corporations (particularly in ownership of privatized industries and utilities), high interest rates (upward of 20 percent), and a significant gap in the cost of capital inside and outside Brazil. The cost of a loan for a Brazilian national company is significantly higher than the cost of a loan obtained abroad by a multinational company, placing national companies at a competitive disadvantage.

Jorge Wilhelm, one of the editors of the volume, examines the end-of-the-century growth of cities in the frontier areas of western Brazil. Whereas Brazilian cities have historically hugged the coast, migration to western Brazil and the expansion of export agriculture, particularly of soybean production, have driven the explosive growth of previously small cities in Brazil's West. These cities have grown as transportation hubs, production sites, and commercial centers, dramatically shifting Brazil's demographic and economic landscape. Wilhelm suggests that the growth of these cities has been less regulated and more predatory than that of the established cities of coastal and southeastern Brazil, making them into "frontier metropolises."

The volume closes with an essay by volume coeditor Ignacy Sachs, the other non-Brazilian contributor, who asks where Brazil is headed. Sachs reflects on the meaning of unequal development in Brazil, a country that experienced fantastic growth and positive change in the twentieth century without alleviating the serious problems of exclusion it has faced for centuries. For Sachs, part of the problem is an unwillingness to redistribute income and wealth, and the solution does not lie in the traditional invocation of the need for economic growth, which has stagnated for over twenty years. Sachs argues that economic growth is insufficient to alleviate unemployment and underemployment. Instead, he argues, the solution lies in a comprehensive land reform based not only on the redistribution of farmland but on the preparation of technically trained, market-integrated

small farmers. This solution relies on the redistribution of land and the development of technical education and infrastructure in the countryside, and it would result in gains of employment and social welfare.

*Brazil: A Century of Change* is an opportunity to reflect on Brazil's twentieth century and to understand the way scholars and policy makers of the century's end understand Brazil's challenges. The authors of this volume reflect a remarkable consensus in Brazilian thought about the complexity and endurance of social inequality. Whether this legacy can be undone is now a question for the twenty-first century.