

Foreword

In late March of 1983 four days of extensive rioting took place in the city of São Paulo protesting the high rate of unemployment, sharply increased cost of living, and other current inequities of the socioeconomic crisis confronting Brazil. These were the most serious riots in Brazil since the military took power in 1964 and are particularly important as evidence that the economic crisis of high foreign indebtedness (\$85 billion), high inflation (100 percent in 1982), and rapidly increasing unemployment is having its impact on the population. The rioting occurred just two weeks after Franco Montoro of the opposition PMDB [Party of the Brazilian Democratic Movement] was installed as governor of the state of São Paulo. In nine other states, out of a total of twenty-two, opposition governors took office. The elections on 15 November 1982 that empowered these twenty-two governors were the first direct elections for governors since 1965 and as such are considered a key feature of the current transition toward democracy in Brazil. It is important to note that the ten opposition governors assumed office in states with 58 percent of the country's population and 75 percent of the Gross National Product. The riots took place during an economic and social crisis that both encouraged the beginning of the transition and at the same time places limits on its continuation.

There is no better time to publish the first English-language edition of *Development and Crisis in Brazil*, by Luiz Bresser Pereira, and no better book for understanding the crisis and concomitant period of transition. There have been thirteen Portuguese editions of the book since it was first published in 1968, and it has been rewritten and updated periodically as the economy and polity have been transformed in Brazil. Through these revisions Bresser Pereira has engaged in the national debate on the causes and limitations of Brazil's development; thus the reader obtains not only information and analysis on the processes of development, but also an insight into the various positions Brazilian

intellectuals have assumed vis-à-vis these processes. The great success of the book in Brazil is undoubtedly due to the fact that Bresser Pereira successfully integrates a great deal of material in offering a synthesis of the economic, political, and social nature of this development and also seeks to analyze it by means of an innovative neo-Marxist perspective. Little of what follows is doctrinaire, however, and one finds as much information on politics and political actors as on the economy and international constraints. Informed by this flexible perspective, the book is in fact comprehensive and insightful.

Luiz Bresser Pereira is in an enviable position for writing a book that seeks nothing less than to explain Brazilian development during the half century since the 1930 Revolution. He is professor of economics at the Fundação Getúlio Vargas (FGV) in São Paulo, author of nine scholarly books, and director of the economics journal *Revista de Economia Política*. He is also a prolific essayist, publishing articles in *Folha de São Paulo* and a number of other periodicals. Further, after twenty years as vice-president of Pão de Açúcar S.A., one of the most important commercial enterprises in Brazil, he became early in 1983 the chairman of Banespa (Bank of the State of São Paulo) as a member of the opposition government of São Paulo. With this combination of roles, and the capacity and energy they evidence, Bresser Pereira is not only deeply involved in the economy and polity at a very high level but is able to dissect and analyze events from an informed and extremely critical perspective. It is this informed perspective on current affairs, coupled with his powerful analytical abilities, that has resulted in a landmark contribution to the understanding of Brazilian development.

Bresser Pereira's focus in this book is describing and analyzing Brazilian development over the last half century. Development here concerns not only industrialization and economic growth but also political dynamics and societal change. In order to explain this development, which the author has termed "industrialized underdevelopment," he considers primarily the international context, the role of the state, and the different alliances of classes. His analysis shows how Brazil, with the fifth largest land mass and the eighth largest population, has come to be the tenth largest economy in the world, how it has in fact developed even while remaining on the periphery of the core economies. In his analysis Bresser Pereira looks in particular to the state in bringing about "dependent development" by means of the "tripod" of an alliance between it, multinational corporations, and domestic capital. He finds that there is now a crisis in this form of development that is due in no small part to the incompetence of the policy makers. Indeed, he shows that even under the authoritarian regime there has been incon-

sistency in economic policy making. Today this has resulted in stagnation and in extremely high foreign indebtedness.

The author finds a certain necessity in the current process of transition. After fifty years of development and the collapse of an alliance of classes that brought about rapid economic growth in the late 1960s and early 1970s, the transition to a democratic political regime is now possible. This is not the same process probably taking place in the Southern Cone countries of South America, but arises out of the lack of legitimacy of the present regime, which excludes much of the population from the benefits of development on the one hand and in which the state is predominant in a capitalist system on the other. The system lacks legitimacy and must be transformed. However, Bresser Pereira shows that there is a very great difference between the plan of the regime, which he calls an opening, or *abertura*, which signifies continuing control, and democratization, which implies an entry of the people into the political system. He argues that the new bourgeoisie plays a key role in this transition, as that group now holds a democratic plan or project that it previously lacked and was in any case too weak to carry out. About this project he can write with confidence and experience, and indeed the regime has splintered. There is some question, however, whether the new project, which includes democracy, maintenance of capitalism, and a moderate redistribution of income, can continue in the face of the major socioeconomic crisis highlighted by the riots in São Paulo. The author does not claim to know, as nobody does, but the reader of *Development and Crisis in Brazil* will be in a position to understand the causes and consequences of economic and political development in contemporary Brazil.

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