

CHAINED CYCLES OF SOCIETY AND THE STATE IN BRAZIL

Luiz Carlos Bresser-Pereira

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SOCIETY'S AND STATE'S CHAINED CYCLES

To better understand the obstacles ahead, and the complex relationships between the Brazilian nation and its state or between society and its instrument for collective action that is the state or government, I will conclude this introduction focusing on my hypothesis on the chained cycles of society and the state. In the 20th century, the Brazilian society and its state underwent successive cycles – those of society preceding the State's, the former creating social and ideological consensus, the latter leading to political pacts or coalitions controlling the State. The model I summarize here is specific for Brazil, but, with the appropriate adjustments, I believe that it could be applied to a large number of Latin-American countries. At the societal level, in the early 20th Century, the Nation and Development cycle begins with imposing characters such as Silvio Romero, Manoel Bonfim and Euclides da Cunha; progresses to Alberto Torres, Monteiro Lobato, Oliveira Vianna and Roberto Simonsen, attains classical status in the works of Gilberto Freyre, Sérgio Buarque de Holanda and Caio Prado Jr., and becomes fully defined in the thinking of great intellectuals such as Ignácio Rangel, Guerreiro Ramos and Hélio Jaguaribe (ISEB), Barbosa Lima Sobrinho and Celso Furtado.¹⁸ With the military coup of 1964, whose roots lie in the increased Cold War tension in Latin America and in the consequent political radicalization brought about by the Cuban Revolution of 1959,¹⁹ this nationalist

¹⁸ ISEB - Instituto Superior de Estudos Brasileiros (Superior Institute of Brazilian Studies) – an organization of the Ministry of Education that existed from 1955 to 1964: the group of intellectuals that formed it had been in existence since the early 1950s through the publication *Çadernos do Nosso Tempo* (Toledo, org. 2005).

¹⁹ Concerning the new historical facts that determined the military coup and the end of Vargas's National-Developmentalist Pact, see chapter four of Bresser-Pereira (2003b). This chapter has been part of the book since its first edition, in 1968.

cycle that revolves on national identity and industrialization collapses, as industrial businessmen, who were the ‘national bourgeoisie’ – that is, a capitalist class committed to national interests – and the military, ever a pillar of Brazilian nationalism, afraid of the communist threat, associated themselves with the United States to establish a military regime in Brazil.

At the State level, which lags behind society’s, the corresponding cycle is reflected in the National-Developmentalist Pact that begins with the ‘tenentista’ movement and the revolution of 1930, and finds in Getúlio Vargas its main political actor. In that cycle the government successfully leads a national development strategy oriented towards imports-substitution industrialization, and Brazil attains the world’s highest growth rates. After re-democratization, in 1945, the National-Developmentalist Pact experiences a political crisis that culminates in 1954 with Vargas’s suicide, re-establishes itself with the election of Juscelino Kubitschek, and faces a new crisis in 1961 that eventually resolves itself with the military coup of 1964. Since then the political pact, which included industrial businessmen, non-exporting elements of the old patriarchal oligarchy, State technicians or bureaucrats, and organized workers, loses the last group and becomes the Bureaucratic-Authoritarian Pact formed by businessmen and the State’s bureaucracy, maintaining the developmentalist strategy until the great crisis of the 1980s.

This crisis arises at a time when the new social cycle, which I call the Democracy and Justice Cycle, had already taken large steps towards undermining the military regime. The cycle was born among left-wing intellectuals, usually associated with the São Paulo School of Sociology and the associated dependency theory. After the 1964 coup their intellectuals start level up criticism at ISEB, which had diagnosed and supported the National-Developmentalist Pact, and reject its basic thesis – that a great national accord led by national bourgeoisie was giving rise to a Brazilian nation and to Brazil’s industrial development. Dependency theory, which becomes hegemonic in Latin America in the 1970s, originates from this rejection. If no national bourgeoisie existed, as they mistakenly believed at that time, then the concept of nation was non-viable. Instead, a new consensus formed, no longer based on the ideas of Nation and economic development, but on the claim for democracy and social justice. While the Nation and Development Cycle was born out of rejection of foreign dependency, the Democracy and Justice Cycle was based on acceptance of dependency as an inevitable sociological and economic fact. While the nationalist cycle had economic development as its core goal, the new cycle, which

corresponds to the theory of associated dependency, assumed that economic development is assured, either as a result of the dynamic nature of capitalism, or through the inflow of foreign capital. Since, according to the new consensual reasoning, continued industrialization was assured, and the two major problems Brazilian society still had to address were overcoming the military authoritarian regime and the country's pervasive and radical inequity.

This view of Brazil gradually becomes prevalent across society, while the idea of a Nation, identified with the military and businessmen, spirals into oblivion. Politically organized society fails to become a Nation oriented towards national autonomy and development, to become a civil society focused on the affirmation of civil, political and social rights. Democracy becomes the core demand, social justice a requirement at once moral and political. After the "April package" of 1977, the struggle for democracy²⁰, which had the support of workers, the left wing and important sectors of the middle-classes since the coup, gained the additional support of businessmen, no longer under the threat of communism.²¹ A new political pact was forming at the societal level but outside the realm of the State: the 1977 Popular-Democratic Pact. From that year, because of the bourgeoisie's negative response to President Geisel's 'April package', the bourgeoisie's alliance with the military broke down. The Democracy and Justice Cycle acquired momentum, became prevalent and, with the 'Diretas já' movement, led the country to democratic transition in 1985. Besides achieving democratic transition, its chief accomplishment would be the Constitution of 1988 – a constitutional pact emphasizing social rights. Yet, in the previous year, amid the Constitutional workings, the failure of the Cruzado Plan to control the high inflation rates and the ensuing financial crisis coupled high inertial inflation led the Popular-Democratic Pact to collapse. One fact illustrates that collapse: the main political leader of the democratic transition – Ulysses Guimarães – received only 3% of the votes in the 1989 presidential election, while a new comer, Fernando Collor de Mello, was elected. Add to this the inability of the PMDB – the political party that represented this pact – to face the crisis, and one can see why the Brazilian society would yield, from 1990 onwards, to the neo-liberal wave and to

²⁰ A set of measures taken by President Geisel, that, for the first time, faces great opposition from sectors of the Brazilian bourgeoisie.

²¹ The main cause of the political crisis of the early 1960s, resulting in the alliance of industrial businessmen and the military with the United States, and in the coup of 1964, was the Cuban revolution of 1959, which led to a great radicalization of politics to the left and to the right.

conventional orthodoxy. The ideas of democracy and justice remained, but now joined by those of neo-liberal, modernizing reforms. It is difficult to name the political pact that arose from this surrender of society to the North since 1990, as it retained the notions of democracy and justice, but added the contradictory proposals of conventional orthodoxy. I call it the Liberal-Dependent Pact, to emphasize its subordination to the North and its liberal character.²²

The two parties that came into power after PMDB – PSDB and PT – were the fruit of the Democracy and Justice Cycle, and, therefore, of the waiver of a sense of nation. Democracy had been attained; how now to attain justice? The three parties agreed that it had to be through increased public spending in the social area. And so they did, as proven by the nine percent increase of social expenditures as share of GDP that occurred after redemocratization. The outcome of this great effort, however, was modest because its underlying assumption – that economic development was assured – had been proven false: growth had lasted for 10 years; the economy had been in quasi-stagnation since 1980.

Therefore, it is now increasingly clear that the Democracy and Justice Cycle has become exhausted. Its core goals – democracy and social justice – remain as valid and necessary as ever, but society is at a loss when it comes to proceeding, given the lack of economic development and increased unemployment. Continued increase of the tax burden to fund social spending is evidently no longer a realistic alternative. The lackluster presidential elections of 2006, the absence of actual public debate, are indications of this exhaustion: the political parties originating in the period have been unable to renew their vision for the country. Democracy has been attained, despite its current ethical crisis; but reduced inequity is still in the distance. Despite the fact that income distribution data based on IBGE surveys indicates gains in this area, the data are misleading because they are incomplete. As 80 percent of the income that the surveys are based on is work income, in a country where it is no more than a third of the national income, the survey underestimates capital income and, therefore, fails to take account of the fact that, in order to offset increased social expenditures, there has been a brutal increase in the interest transfers from the state to rentiers, that is, to the unproductive members of the wealthy class. The strategy of distribution via social spending was intrinsically limited. It caused, in addition to increase interest, an astronomical tax burden of 37 percent of GDP, and society is no

²² I understand neo-liberalism as a radical form of liberalism.

longer willing to accept new hikes. It is now clearer than ever that inequity will only subside when economic development resumes and companies again absorb the unlimited supply of labor that characterizes Brazil's underdeveloped and dual economy. If the intellectuals of the Democracy and Justice Cycle were mistaken in their belief in the income-distributing virtues of social spending, the ideologues of conventional orthodoxy were even more seriously mistaken in assuming that development would resume with the reforms and policies proposed by wealthy countries. Brazil must rethink its history during the past century and realize that its objectives cannot be just democracy and reduced inequity, but economic development as well. In order to achieve this the Brazilian nation must be rebuilt, or it will never overcome its present quasi-stagnation. After the two major cycles it has faced, society needs to find a new synthesis conciliating nation and development with social justice and democracy.