

**DEVELOPMENT and
CRISIS in BRAZIL,
1930-1983**

Luiz Carlos Bresser-Pereira
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**Social Development and
the Emergence of New Classes**

The great economic transformations that took place in Brazil between 1930 and 1961 were accompanied by profound social transformations. Without attaching any value-laden connotations to the term “social development,” but defining it simply as a process of social transformation and pluralization, one can say without hesitation that Brazil underwent an extensive social development during this period. There are innumerable signs of transformation, and not just in the physical panorama of the country—the skyscrapers, the asphalt highways, the great dams, the factories. One could also, for example, examine an edition of the newspaper *O Estado de São Paulo*. A reading of the advertisements of jobs available leaves a strong impression concerning the enormous opportunities for engineers, salesmen, accountants, managers, technocrats, skilled workers, advertising personnel, stenographers, personnel workers, purchasing agents—all at the middle level of business. Or one could visit Mappin, one of the most important department stores in São Paulo. In the last thirty years, it has not only grown physically but also experienced major changes in the type of customer it serves. Certainly there are still some customers of the old type, representatives of the old traditional upper middle and upper classes. But today the great majority of customers are of a completely different type, members of the same constantly growing new middle class being solicited in the “Help Wanted” ads.

In fact, many things have happened in Brazil. Vichy water is no longer served in the restaurants. *Fazendeiros* and cattle breeders no

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longer import butter. Although it seems absurd, this was not uncommon thirty or forty years ago. At that time, Brazil was a rural agricultural country, basically colonial and underdeveloped. Today Brazil is an industrialized country in an intermediate stage of development.

This profound transformation has had immediate consequences in the social structure of the country. The social stratification system has been modified. New classes have arisen. Among them are the new middle class, defined by an intellectual of the old aristocracy, in conversation with friends, in a very curious and significant manner. Someone asked him what type of person would attend a new play being performed in São Paulo, whose poor taste was obvious. The reply came immediately, with an uncontrollable touch of disdain: "Well, the *nouveaux riches* would pay to see such a show. . . ."

It is these "*nouveaux riches*," this new middle class, and a representative part of the same, the middle managers, who are one of the foci of this chapter. In the developed capitalist countries one thing appears indisputable: If the entrepreneurs, the commanders of industry, were the dominant economic figures in the last century, this century is characterized by the ascension of the professional administrator, generally arising from the middle class. This chapter will attempt to describe the first steps of Brazilian society on its way to pluralization, to the diversification of its social classes, giving special emphasis to the process that gave rise to a class of middle managers.

This task confronts many difficulties. In the first place, there is not much data available concerning this subject. Research regarding class structure and social mobility in Brazil, as well as the development of Brazilian administrators, has not yet begun. In view of this lack one is frequently obliged to depend on personal experience and observation and the general categories of macrosociology, instead of specific research data.

More significant are the personal and social limitations of an author. One always seeks to be objective. Nevertheless, "the vain hope of discovering the truth in a form independent of a group of socially and historically determined meanings ought to be abandoned once and for all."¹ In other words, it is improbable that one can be objective in doing research and seeking to translate the social reality that surrounds one. People are conditioned by the feelings and values of the groups and social classes to which they belong, which in turn can be understood only when placed in a specific historical context. Beyond this, subconscious motivations and all the conflicts of the human personality inhibit perfect control over one's perceptions of reality and one's own values.

Nevertheless, there is no doubt that one can be more or less objective. The degree of objectivity will depend on the precision of the research

instruments used, on the author's capacity for self-analysis, and on honesty. In any hypothesis, however, it is important for the reader to be aware of the author's perspectives and preconceived ideas, which should be acknowledged by both parties.

The social development that took place in Brazil in the three or four decades after 1930 arose from the deep economic transformations studied in the preceding chapter. It was a decisive period in Brazilian history. Development, which had proceeded uncertainly, at the mercy of the fortunes of international commerce, began to be both automatic and necessary. The semifeudal forces that had dominated Brazil through a tacit agreement with the great industrial powers began to see their strength rapidly reduced. In this period Brazil changed from object to subject of its history and began to become master of its own destiny. Until then Brazil could be considered a nation only in the legal sense of the word. Its economy was oriented toward Europe and the United States, which considered it to be no more than a complementary unit. Its role was to export agricultural products in exchange for manufactured goods to be consumed by a small rich minority of the population. The domestic economy was a subsistence one; whatever was not produced for export was intended mainly for consumption by the producer. The domestic market, essential for economic development, began to reach significant proportions only after 1930.

The industrialization that occurred between 1930 and 1961 transformed this situation strikingly. The first phase of the Brazilian national revolution took place during this period. This does not mean that Brazil became a developed country, with cultural, political, and economic independence. However, great progress was made in this direction. It was a tortuous and sometimes contradictory process, full of compromises, concessions, successful and unsuccessful endeavors, advances as well as retreats. Nevertheless, it cannot be disputed that great general transformations in economic and social development took place in Brazil. Economically, although it still remained an underdeveloped country, it developed a powerful industrial sector and regions in which the standard of living was raised. Politically, although it was still a dependent country, it established its own international personality. The nation also underwent deep social transformations, as the following discussion will show.

The Traditional Social Structure

To the extent that Brazil was a peripheral, agricultural, and entirely underdeveloped country, its social structure was very simple before 1930. The Declaration of Independence did not transform Brazil into a truly independent nation; nor did the Imperial Constitution of 1824

or the Republican Constitution of 1891 transform the country into a democracy. Elections were controlled. During the First Republic, for example, one political party always won the elections, although the opposition party was always guaranteed exactly one-third of the seats in Congress. As a semicolonial society with almost feudal characteristics, whose economy was based on the cultivation of land held by a small group of owners, Brazil was dominated by a small and powerful oligarchy. The masters of the land, the *fazendeiros*, who looked upon themselves as aristocrats, were traditionally allied with the great commercial interests dedicated to foreign trade, and after the Declaration of Independence continued to ally themselves to foreign capitalism, initially British and later, in the twentieth century, American. These oligarchs dominated not only the economy but also politics with considerable influence and stability, mainly because there were no social groups with the minimum of consciousness and the political force needed to oppose them.

In addition to this aristocratic oligarchy, which could be called the upper class, there was the lower class, which included the vast majority of the population. This class was essentially composed of agricultural workers. Some were descendants of slaves. Others were descendants of the first Portuguese immigrants, mostly now having black or Indian blood as well. A third group was made up of Italian, German, and other immigrants, who began to arrive in Brazil in great numbers after the middle of the last century, often to work on the coffee *fazendas*. All these groups suffered from miserable living conditions, poverty, illiteracy, and low productivity, in the midst of a highly underdeveloped, subsistence economy.

Between the agrarian-commercial oligarchy and the great mass of workers was the middle class—of little significance but growing. It first appeared with some slight importance in Brazil after the Declaration of Independence. With the exit of the Portuguese it was necessary to organize the state, to exercise legislative, executive, and judicial functions, to establish the bases of an administrative order. It was to be the middle class, generally linked by family relationships to the upper class, that would carry out these functions. The first law schools were created to prepare these people. A little later, with the abolition of slave traffic and the concomitant prosperity brought about by coffee in the mid-nineteenth century, a market of free workers arose. This change permitted the formation of an incipient domestic market and the development of coastal or neighboring cities where domestic trade was carried on. The first textile industries also arose in the cities. It was within this urban milieu that the middle class developed. As Nelson Werneck Sodré observed, “the middle class occupied a considerably broader space: the

most varied urban activities, small business, new emerging professions, the army, the priesthood, and public employment.”²

The growth of the middle class, however, was greater than that of the opportunities Brazilian economic development offered it. Originally made up in great part of distant relatives linked to the wealthy families, by simple biological multiplication this middle class became larger than the country’s productive system could support. Accordingly, Hélio Jaguaribe observed with great clarity that the Brazilian middle classes “were formed and expanded within the framework of Brazil’s underdevelopment, as a subproduct of urbanization in a country that remained an agricultural nation and did not offer them conditions to enter into the productive process; the inevitable marginalism that resulted led them to direct parasitism on the state.”³ This fact helps us to understand the precarious nature of public services in Brazil, especially those services that originated in the colonial and semicolonial periods, when one of the most important functions of the government was to furnish employment to this parasitical middle class. The detachment of the middle class from the productive process becomes even more understandable because this class “originated in great part from the dominant class, maintaining through the years the morality, the standards of conduct, the rules of behavior of the dominant class, and acquired characteristics of its own little by little only because of the pressure of necessity.”⁴

Finally, the parasitical nature of the traditional Brazilian middle class also explains its reduced political expressiveness during the Empire and the First Republic. It is certain that the middle class had an important role in the military movement that resulted in the proclamation of the Republic, and afterwards remained in power for some time. However, the agrarian-commercial class returned to power with the election of Prudente de Morais. The middle classes returned to the political scene only in the 1920s, participating in a series of unsuccessful revolutions that ended with the Revolution of 1930, the “lieutenants’ revolution,” as it has been called, in which the middle class, represented by civilians as well as military, was to be dominant.

Generally speaking, then, this was the traditional Brazilian social structure: on the one hand an agrarian-commercial aristocracy whose power was based on land ownership and the production and export of agricultural products, and whose interests were intertwined with those of the international capitalism that exported manufactured consumer goods; on the other hand, a great number of peasants and some urban workers living in extreme poverty; and somewhere in between, a small but growing middle class.

New Classes: Entrepreneurs and Industrial Workers

The national and economic revolution produced profound modifications in this scene. Industrialization modified standards of behavior, interrupted and transformed traditional economic relations, and provided a base for deep social changes. New classes arose; Brazil developed and left many of its feudal characteristics behind.

In the upper class the industrial entrepreneurs arose to take their place alongside the great *fazenda* owners, merchants, and bankers. Mostly descendants of the middle class—particularly immigrants from Italy, Germany, Portugal and Lebanon (in that order of importance),⁵ they gained power and prestige rapidly with the process of industrialization. Today, although without corresponding political power, they can be considered the dominant economic group in the country. Their rise, however, was not easy. The political and ideological battle they waged against the agrarian-commercial oligarchy that represented the traditional, antiprogressive sector lasted for years.

In the lower class, the transformations are also clear. In the same way that industrial entrepreneurs constituted an entirely new sector of the new upper class, in the lower class industrial laborers and urban workers in general became sufficiently numerous and significant to constitute a definable new group. A majority of laborers came from the countryside. They were peasants or the children of peasants who left their homes attracted by higher wages in industry. In agriculture hidden unemployment was (and still is in many areas) the dominant condition, and consequently wages were extremely low. This situation led to a rural exodus and urbanization. More importantly, the rapidly developing industrial sector could count on an abundant and relatively cheap supply of labor, which greatly hastened industrialization.

This new sector of the lower class, made up basically of industrial laborers, differed in two important ways from the traditional, rural lower class. First, it benefited from an improved standard of living in better food, health, and education. Second, it brought about a fundamental political change. Rural workers had never participated actively in politics, being completely dominated and controlled by the *coronéis*⁵ of the interior, autocratic rulers of the *fazendas*, whose absolute power and intermittent wars are reminiscent of those of feudal lords. Industrial workers gradually developed into a relatively organized group, active and with reasonable power to make demands.

In addition to urbanization and the formation of a new class of industrial workers, there were also significant social changes among rural workers. The most important of these are related to the regional differences within Brazil. The north and the central west continue to be practically

a desert—a human desert. The industrialization of the central-south region has already been completed, whereas the densely populated northeast has only recently begun to benefit from the consequences of the industrial revolution. In 1960 the per capita income of the northeast was only 28.5 percent of that of São Paulo.⁶ The central south, particularly São Paulo, was introducing capitalist methods of production—modernizing and mechanizing agriculture, with labor relations little by little losing their feudal dependency and coming to be ruled by more rational criteria, and the typical figures of the settler, the sharecropper, and the tenant farmer giving way to salaried rural workers. In the northeast, however, agriculture and labor relations continued to be ruled by basically traditional criteria. Thus, while the peasants of the south saw their standard of living rise and had access to education and political life, the rural workers in the northeast, unless they migrated to the south, continued in miserable conditions, in the hopeless situation of a disadvantaged caste within a relatively open society.

Changes in the Middle Class

The transformations in the middle class during the industrial revolution in Brazil were also crucial. It may not be appropriate to speak of the rise of an entirely new and different group within the middle class, as was the case with the industrial entrepreneurs in the upper class and the laborers in the lower class. But a new element did appear within the middle class, coming to coexist and, in many cases, to merge with the traditional middle class.

The new middle class can be distinguished from the traditional because whereas the latter was separate from the productive process, the former is integrally involved in it. Whereas the old was made up in great part of public functionaries and independent professionals, plus a few store and office employees, the new middle class is made up of a great range of professionals, including business administrators, technocrats, office workers, employees of the service occupations auxiliary to business and industry, salesmen, skilled workers, and members of countless other occupations, as well as public officials and independent professionals. Actually, the clearest distinction between the traditional and the new middle classes is not the occupation of their members but the simple fact that the members of the traditional middle class belonged to it before 1930, that is, before the Brazilian industrial revolution, while the members of the new middle class rose into it during the process of the industrial revolution; a distinctive characteristic of the members of the new middle class is that the great majority are immigrants or descendants of immigrants.

These observations are made with one reservation: There is no single middle class, but rather many middle classes, many social groups that consider themselves in between the upper class of rich and/or aristocratic families and the lower class of the poor or relatively poor, the manual laborers and semiskilled workers of both the city and the countryside. Between these two groups are the diverse groups that together constitute the middle class. They can be classified in many ways: as the traditional and the new middle class; as the upper and lower middle class; as the small proprietors and their employees, etc. The classification of new versus traditional middle class has been chosen as most appropriate for this context. The reader should be warned, however, that the generalizations being made here should be considered in light of the heterogeneity that characterizes the middle class. Therefore only the most salient generalizations are being made. Other than the rise of the new element described above, three fundamental tendencies characterize the development of the middle class during Brazil's national revolution: progressive integration into the productive process, rapid growth, and diversification.

Integration

The middle class used to be, above all, a marginal social group composed mainly of public functionaries who could not be expected to work very hard because they did not have much to do. Now the middle class participates effectively in productive activities. The industrial sector demands a great number of middle-level employees. The services that develop along with industrialization and the formation of a domestic market—retailing, banking, transportation, public services, advertising, real estate, stock brokerage, independent professions, legal and fiscal auditing—also offer employment opportunities to the growing middle class.

The state has also been involved in these transformations. During the semicolonial period the state had four functions: to maintain order, administer justice, defend the country against enemies, and offer employment to the traditional middle class. Along with these functions, during the colonial period it also defended the fiscal interests of the crown, and in both periods it served the interests of the agrarian-commercial oligarchy. In contrast, the Brazilian government after the 1930s, and especially after the Second World War, has been an active participant in the development process, despite all the restrictions that have been placed on it. Innumerable businesses have been created by the federal and state governments, such as the Companhia Siderúrgica Nacional (iron and steel), Petrobrás (petroleum), Campanhia Vale do Rio Doce (mining), Electrobrás (electricity), and various state electric companies. Both the necessity of and the efforts toward efficiency in

these concerns are obvious. Even in public governmental offices, a growing comprehension of the urgent need for better organization and greater productivity can be seen. Competitive admission exams for public functionaries are becoming the rule, at least for less important positions. Commissions of inquiry to oversee the ethics of public service are increasingly common. Public functionaries and the middle class with which they have been becoming integrated since the industrial revolution are slowly losing their marginal character within Brazilian society.

Growth

Integration into the productive processes necessarily results in growth, and the middle class has become a numerically significant sector within the Brazilian social structure.

It is basically the growth of the middle classes that makes the new Brazil different from the old, which had no place for such classes. The descendants of ambitious immigrants, the excessively numerous sons of the aristocratic families (which still do not use methods of birth control), all are directed toward the free professions, public bureaucracy, commerce, the army, industry, forming an individualistic society. . . .⁷

The growth of the middle class in the large cities, especially São Paulo and Rio de Janeiro, is an obvious fact, but even in the small cities in the central-south countryside a middle class has emerged to the extent that a capitalist system has taken over the traditional agrarian system.

There are no statistics regarding this growth. Social research still has not been begun in Brazil. Despite its lack of precision, however, Tobias Barreto's testimony in his "Discourse in Shirt Sleeves," given in 1877 in Escada, near Recife, is very clear with respect to the Brazilian social structure during the semicolonial period before the national revolution:

To the twenty thousand heads of the population of the district, this city contributes three thousand, more or less. In relation to these three thousand souls, or, to put it a better way, in relation to these three thousand bellies, the following calculation is probable:

- 90 percent are needy, almost indigent;
- 8 percent live tolerably;
- 1.5 percent live well;
- 0.5 percent are relatively rich.⁸

In this estimate, which the author claims may "err by an excess of rosiness,"⁹ the insignificance of the middle class, the 1.5 percent who

TABLE 3.1
Division of Labor by Occupation*

Occupation	Thousands
I - Domestic employees	795
II - Laborers	10,692
III - Lower rank military, etc.	151
IV - Unskilled white collar workers	792
V - Skilled workers in industry and commerce, etc.	2,194
VI - Middle level managers and military, supervisors, rural and urban craftsmen	665
VII - Professionals, independent intellectuals, and military officers	276
VIII - Directors and top management of business	152
IX - Owners of businesses	779
TOTAL	16,496

*Excluding occupations of less than 5,000.

Source: Desenvolvimento e Conjuntura, October 1958, p. 99.

“live well,” is shocking in contrast to the lower lower class (90 percent) and the upper lower class (8 percent).

Today the picture is completely different. The magazine *Desenvolvimento e Conjuntura* made a study of the distribution of the Brazilian population, based on the 1950 census. The study divided the Brazilian population into five classes (lower class, lower middle class, middle class, upper middle class, and upper class) and classified the work force into these categories, using occupation as its only criterion. (See Table 3.1.) On the basis of this table, a classification of the approximate distribution of Brazilian population by social class can be made. (See Table 3.2.)

The imprecision of the division into social classes presented in Table 3.2 is obvious. Although occupation certainly is one criterion for measuring social structure, it certainly is not the only one. Income, social prestige, type of residence, family customs, social relations, and neighborhood are some other fundamental criteria. In addition to this, the classification by occupations in Table 3.1 is a rough one, excluding

TABLE 3.2
Social Classes in Brazil
(approximate)

Social Class	Thousands	%
Lower (groups I-III)	11,638	70
Lower Middle (groups IV & V)	2,986	18
Middle (group VI)	665	4
Upper Middle (groups VII & VIII)	428	2
Upper (group IX)	779*	6*

*Not significant because includes small and middle entrepreneurs.

Source: Desenvolvimento e Conjuntura, October 1958, p. 99.

occupations with less than 5,000 people and, necessarily, the inactive population.

There is another reservation concerning these tables. Group IX does not truly represent the upper or highest class. The owners of businesses ought actually to be considered members of the upper middle or middle class, as their businesses are frequently very small. Eighty percent of Brazilian industrial firms employ fewer than ten people.¹⁰ Probably less than one percent of the population should be considered as truly upper class.

Nevertheless, especially since no other classification is available, the table presents a reasonable division of the Brazilian population by social class and helps in understanding Brazilian social structure. The upper class, made up fundamentally of rich people and members of the old agrarian-commercial aristocracy who have not yet fallen into decadence, constitutes approximately one per cent of the population. In the upper middle class are found the independent professionals, those with higher education in general, and the professional business managers. This class usually imitates the consumer patterns of the upper class, although it does not have as many resources. Two percent appears to be a perfectly acceptable number for this group. The middle middle class, well defined under Group VI as the military, middle level employees such as supervisors or directors, and craftsmen, includes 6 percent of the population. The lower middle class, made up of office and commercial employees and skilled workers, constitutes 18 percent of the population. Most members of this group belonged to the lower class before Brazil's industrial revolution. With industrialization they were offered employ-

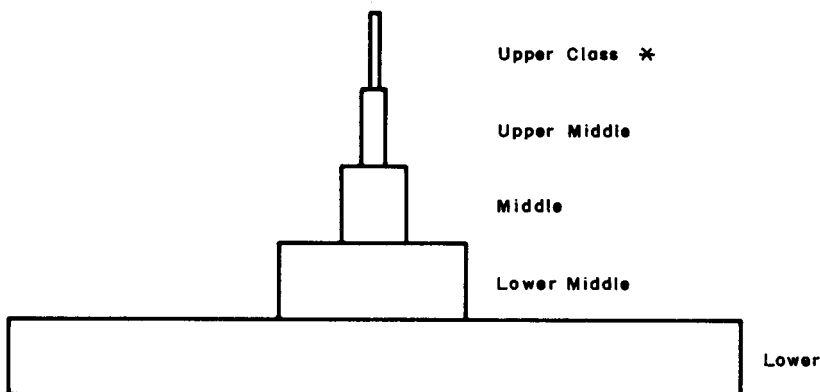


Figure 3.1. The Brazilian Social Pyramid

ment in offices, commercial firms, and factories. They raised their living standards and now make up the majority of what has here been called the new middle class. Finally there is the lower class, with seventy percent of the population. Thus the three middle classes together make up approximately one-fourth of the Brazilian population. Its growth, then, has been confirmed.

Industrialization and the concurrent capitalist development in Brazil (contrary to Marx's predictions, and reproducing what occurred in the more industrialized nations) nourished and benefited the middle class instead of extinguishing it. This is not to say that industrialization did not have unfavorable effects on certain groups within the middle class. Representatives of the traditional middle class—many of whom had fixed incomes, often from rents—were greatly harmed by the development process, with its combination of a highly inflationary climate and a freeze on rents. In more general terms, these people were forced to adapt to a very different life-style than that to which they were accustomed. For them as for many representatives of the upper class—the old agrarian-commercial aristocracy, the “Paulistas of 400 years”¹¹—this adaptation was always painful and often unsuccessful.

The growth of the middle class, however, was not sufficiently large to “plump up” the Brazilian social pyramid. As can be seen in Figure 3.1, Brazil still has the flattened social pyramid, with a very wide base and very small top, that is typical of underdeveloped countries.

Diversification

The third tendency to be observed in the Brazilian middle class is diversification. Social pluralism, even in economically developed soci-

eties, implies the diversification of social groups in general and of the middle class in particular. Specialization and the division of labor are much more developed in industrial societies than in agrarian ones. New occupations, new types of activities appear, offering opportunity especially to the middle class (and those in the lower class who want to rise to middle-class positions). In a modern enterprise, for example, a great number of new middle-level functions are created between top administration and labor. The holders of these jobs, particularly line managers, supervisors, and accountants, whose numbers grew greatly in Brazil, make up the most representative part of the new middle class that arose with Brazil's industrial revolution. This affirmation becomes clearer when one analyzes the so-called second industrial revolution, during which the middle class, and particularly the middle management level, had its great opportunity to develop as a result of the formation of large-scale bureaucratic organizations.

The Second Industrial Revolution

The first Industrial Revolution, which took place in Europe in the nineteenth century, marked the transition from commercial capitalism to industrial capitalism, initiated the era of mechanized production, made production more efficient, opened the way for a process of full development without parallel in mankind's history, and represented a definitive blow to the feudal system. The feudal system and commercial capitalism, which had coexisted for some centuries, were replaced by liberal capitalism, also called the Manchester school of capitalism. In economic terms this capitalism, fruit of the first Industrial Revolution, was marked by low productivity, by current standards. Socially its principal characteristics were urbanization, the proletarianization of peasant families, and the rise of a class of industrial entrepreneurs. Politically, it was defined by liberal ideology, social tensions, the beginnings of labor union organizing, and an individualistic ideology. "This type of capitalism, which was what Marx was familiar with and which continued . . . to be the abstract model upon which the criticisms of socialism rested, underwent deep transformation after the end of the nineteenth century, and particularly after the Second World War."¹² What occurred then was a second industrial revolution centered not only in England but also in the United States.

If the analysis of the first Industrial Revolution furnishes the basic facts for understanding the beginnings and the first consequences of Brazilian industrialization, the second industrial revolution helps in comprehending the evolution of events in the last part of the 32 years between 1930 and 1961. Actually, the Brazilian industrial revolution

that occurred during this period, one hundred and fifty years later than that of England, brought together the characteristics of the two world industrial revolutions. The use of electricity for commercial purposes, the internal combustion engine, electromagnetic waves, the discovery of industrial applications in the field of chemistry, along with mass production techniques and the use of petroleum and its derivatives, marked the beginning of the second industrial revolution in the United States. The development of large enterprises, the rise of the standard of living, the growth of the middle class, and the related increase in social mobility are among the most notable consequences. "The transformation was so great that in retrospect the typical factory of 1910 appears closer to its grandfather, the workshop of the artisan in the days before the discovery of the steam engine, than to its son, the modern mass production factory."¹³

In the social realm, the emergence and the extraordinary growth of the new middle class represent the great social transformation brought by the second industrial revolution. The traditional middle class in the already industrialized countries—made up fundamentally of small businessmen and small rural landowners, as well as independent professionals and the employees of business, public service, and the government—began to lose its importance compared to the new middle group that arose to serve the large corporations, directly or indirectly. "Negatively, the transformation of the middle class is a change from a situation of ownership to a situation of non-ownership; positively, it is a change from a situation of ownership to a new axis of classification: employment."¹⁴

Overlapping Phases in the Social Process

Brazil's rapid social development during the 1930s, 1940s, and 1950s was characterized by overlapping phases and consequently by hybridism in structure and social institutions. There are two reasons for this overlapping. First, the sheer speed of social development makes the very necessary delineation of the phases of social progress difficult. Second, the principal dynamic factor in social development—that is, economic and technological development—operated in a derivative nonoriginal way. Contrary to the experience of the United States and England, in Brazil technology did not have to develop slowly. At the beginning of the Brazilian industrial revolution it was possible to import the most advanced production techniques. As a result, the historic phases of economic and capitalist social development through which Brazil should have passed frequently overlapped: the pre-capitalist period, commercial capitalism, Manchesterian industrial capitalism, and the

modern mass production capitalism that is rapidly becoming automated. Thus, in the same community, in the heart of the same organization, there can be found vestiges of a preindustrial, semifeudal, slave system side by side with characteristics of Manchesterian capitalism and the modern capitalism that arose after the second industrial revolution. These characteristics, which are always in conflict because they are incompatible and contradictory, can be found in the technological sphere, the social structure, the system of values and beliefs, and the realm of ideologies. The result is a hybrid situation, constantly present in the Brazilian social system, economy, politics, cultural expressions, and bureaucratic organizations.

One of the places where this hybridism can most easily be recognized is in the enterprise—for instance, in the production system. It is common to find the most modern machines and the most obsolete system of administration side by side within the same corporation. A typical contradiction is that of the small or medium-sized family firm, closed, paternalistic, working at a relatively low level of productivity, mainly because of poor administration; yet using modern techniques, furnished with the latest word in equipment produced in the large industrial countries, and dedicated to the production of goods that began to be produced in the large industrialized countries only after the second industrial revolution, such as plastic or rubber products, domestic electrical appliances, electronic equipment, automotive parts, etc.

Managers and the Middle Class

The middle class, and particularly the technocracy, the technical experts and professional middle-level administrators who have come to be one of the most representative parts of the new middle class, became highly visible in the industrialized countries only with the second industrial revolution, whereas industrial entrepreneurs and laborers emerged on the social scene after the first Industrial Revolution. In Brazil, where these two revolutions overlapped within one period, the result was an accelerated growth of the middle class, and particularly of middle-level administrators and experts.

It can be seen that the growth of the new middle class represents the great social transformation provoked by the second industrial revolution. According to C. Wright Mills, in 1870 the labor force in the United States had three basic components: the traditional middle class, with 33 percent of the work force; the new middle class, with only 6 percent; and wage workers, with 61 percent. In 1940, after the second industrial revolution, this picture had changed radically. The traditional middle class accounted for 20 percent of the work force, the new middle

class had come to represent 25 percent, and wage workers had been reduced to 55 percent.¹⁵

As in the United States originally, during the last few years in Brazil the increase in the middle class and in professional middle-level administrators has resulted fundamentally from mass production techniques, the extraordinary increase of productivity, and the beginnings of automation—all linked to the appearance of enormous, bureaucratic state enterprises and organizations.

With the development of bureaucratic organizations—understood in the Weberian sense as rational social systems, formal and impersonal, administered according to efficiency criteria by professional administrators—the expansion of the middle class became a necessity. It can thus be affirmed that the development of the middle class was due principally to the growth in the number and size of great public and private bureaucratic organizations. This in turn is the most important consequence of the second industrial revolution in social terms. Bureaucratic organizations had existed before. The pharaohs had a complex bureaucratic organization to control the distribution of water from the Nile. But it was only with mass production techniques, with petroleum, the internal combustion engine, plastics, the great petrochemical industry, the automotive industry, electric appliances, all stemming from the second industrial revolution, that the bureaucratic organizations became a dominant phenomenon because they were the only efficient model for ordering and administering such large social systems of production, as the enterprises were now forced to become.

When this happened, the accelerated growth of the middle class became a necessity, not only because by definition bureaucratic organizations are administered by professional managers but, more specifically, because of the greater importance of coordinating activities. Such coordination is the essential function of middle managers, the “organization men” described by William H. Whyte, Jr.¹⁶ They are the line managers and accountants who in large organizations establish a bridge between the top administration and the laborers and lower rank office workers, being directly responsible for production tasks and working in auxiliary sectors such as public relations, production control, quality control, stock control, purchasing, transportation, time and motion studies, product research, tool and product design, maintenance, financial planning, accounting, cost control, etc.

Frederic W. Taylor was their prophet. In 1911, describing the principal characteristics of scientific administration, he wrote: “There is a division almost equal to work and responsibility between the worker and the administrator. . . . Under an administration of ‘initiative and incentive’ practically the whole problem is under the care of the worker, while

under a scientific administration half the problem is under the care of the administration.”¹⁷ For each unit of a laborer’s work Taylor considered a corresponding unit of administrative work necessary. Thus he established a theoretical base for the rise of middle-level administrators, who in Brazil, as in the United States, were to be the base of the new and continually larger middle class.

Besides middle-level administrators, there is another middle-class group whose appearance was significant in all countries that went through the second industrial revolution. These are the salesmen and other people who perform marketing functions in the large modern corporations. One of the results of the second industrial revolution in capitalist countries was to increase production efficiency much faster than income distribution, so that enterprises and the economy as a whole were confronted with a great problem of excess production. Need continued to exist, for even an immensely rich society such as the North American one was far from having reached a phase of abundance. However, an unequal distribution of income kept all that was or could be produced from being consumed. It was only partially possible to resolve the problem by promising better distribution of income in a slow, very moderate process, because powerful interests were at work. The reforms necessary would be so profound, affecting the social structure so deeply, that they would probably be incompatible with the reigning capitalist system.

Other solutions had to be found. On the part of the state, military expenditures and more recently space exploration constituted an efficacious escape valve. The solution found by the enterprise was a marketing orientation: the growing importance given to sales, advertising, market research, and sales promotions. It is not important to discuss here whether or not these solutions were adequate. It is enough to point out that they have resulted, especially in the case of the enterprises, in new and immense employment opportunities at the middle level, that is, for salespeople, market researchers, advertising specialists, and market analysts as well as the marketing administrators themselves, all seeking to convince the consumer to buy more and thereby permit their businesses to win a greater share of the market.

The second industrial revolution and the consequent rise to dominance of large public and private bureaucratic organizations has resulted in an extraordinary need for middle-level personnel: administrators to carry out coordinating functions, technical experts, and salespeople and related personnel to carry out marketing activities. In a society such as that of the United States, where economic and social development occurred in a more orderly manner, this need was fulfilled more or less naturally. In Brazil, however, where development has been characterized by over-

lapping phases, the need for middle management personnel, especially technical experts and administrators, increased very abruptly. The result was a great lack of middle-level personnel technically capable of working in the emerging large organizations, as well as a lack of adequate institutions to train such personnel.

In fact, the great majority of middle-level personnel in Brazilian enterprises and government service are self-educated. Only a few of them have had any higher education. Many of those who did studied law, which has little to do with their corporate tasks. The excessive number of law graduates has an historical explanation. Since their founding in the last century, law schools have served to educate the sons of the upper and upper middle classes who had no particular vocation but wished to obtain a higher degree and the title "doctor."¹⁸ Even today such schools continue serving this basic function, so that a large number of law graduates are unable to find opportunities to practice law and instead enter the corporate sector.

This problem is being slowly resolved by the development of schools of engineering, economics, and business administration. At first, the great majority of these colleges educated civil engineers who worked independently. Today the majority of the graduates have degrees in mechanical, electrical, or chemical engineering, and go to work for large enterprises and the government. Schools of economics and accounting are relatively new in Brazil, and were developed to take care of the needs of middle-level personnel in the government. The schools of business administration recently developed under the leadership of the Fundação Getúlio Vargas are the most specific response to the need for competent professional administrators in Brazil.

The Technocracy

To the extent that professional administrators and technical experts have assumed power within bureaucratic organizations, they have transformed themselves into a technocracy (or a technostructure, to use John Kenneth Galbraith's term).¹⁹ Brazilian social development after 1930 simultaneously witnessed the formation of powerful public and private bureaucratic organizations and the rise of a technocratic group within the new middle class.

Brazil was unlike the majority, if not all the rest, of the capitalist countries, in that its public sector technocrats and professional administrators became a true technocracy—that is, they assumed a considerable part of the decision-making power—well ahead of their counterparts in the private sector. Actually, as I have shown elsewhere,²⁰ the power of the professional administrators in Brazilian businesses is still very small,

although growing. Virtually all Brazilian businesses are still under the almost total control of their owners.

In contrast, the public sector technocracy has developed greatly. In addition to professional administrators of varied backgrounds, groups of technocrats, particularly economists, have growing power—especially in the Bank of Brazil, the Ministry of the Treasury, the Fundação Getúlio Vargas, and the universities—as the government leaves behind its classical liberal characteristics and, for better or worse, assumes new functions in planning and promoting economic development, redistributing income and guaranteeing a minimum of social justice, educating for and promoting scientific development, and protecting children, women, and the elderly. At the moment when the government expanded its function beyond policing in order to intervene directly in all sectors of society, it became necessary to form large public or semipublic bureaucratic organizations. And within these organizations power continues to increase in the hands of the technocrats who have come to share governmental control over Brazilian society with the military since the Revolution of 1964.