Latin American Politics and Society,
60 (03): 133-137, August 2018.

Luiz Carlos Bresser-Pereira, *The Political Construction of Brazil: Society, Economy, and State Since Independence*. Boulder: Lynne Rienner, 2017. Figures, tables, appendixes, bibliography, index, 419 pp.; hardcover $85, ebook $85.

Luiz Carlos Bresser-Pereira's new book is bound to be a classic in the political economy literature on Brazil, along with Celso Furtado's *Formação econômica do Brasil* (1959), Caio Prado, Jr.'s *Formação do Brazil contemporêneo* (1942), and Sergio Buarque de Holanda's *História geral da civilização brasileira* (1997). Bresser-Pereira's objective in this work is to "narrate and discuss the building of the nation and state—the building of contemporary Brazil—since its independence in 1821" (1). He asks the following research questions: why did Brazil fall behind the United States economically? What was the main problem faced and successfully resolved during the Empire period? Why was Brazil able to industrialize starting in the 1930s?

DOI 10.1017/lap.2018.32

The answers to these questions are not only economic but cultural. Bresser-Pereira believes that two cultural features should be added: the high preference for immediate consumption, and less of the idea of nation. According to Bresser-Pereira, Brazil's loss of the concept of nationhood occurred during the "lost decade" of the 1980s, when Brazil was subjugated to the Washington Consensus. This was a market-based approach to economic reform associated with the United States, the International Monetary Fund (IMF), and the World Bank. According to Bresser-Pereira, "submission to the Washington Consensus and in the large current account deficit and overvalued currency . . . cause[d] foreign indebtedness, increased consumption, and cyclical balance of payments crises. They serve the interests of rich countries, not of Brazil" (2).

By relinquishing its sovereignty, Brazil was relegated to the periphery. Bresser-Pereira states that Brazil's capitalism revolution occurred between 1930 and 1980. This revolution occurs, he contends, "when a society becomes a nation, forms a sovereign state, dominates a territory, and achieves its industrial development." Furthermore, in Brazil, "the statesman who headed the great transformation was Getúlio Vargas; the strategy he adopted was national-developmentalism" (3).

A capitalism revolution—or "take-off," à la Walt Rostow—does not occur in a vacuum. Economic development leading to a capitalism revolution is a historical process that begins with modernity. As Bresser-Pereira explains, "capitalist development is a process of capital accumulation with the incorporation of technological progress, in which the economic surplus is necessarily invested in production—something that did not occur in previous societies" (4). Class coalitions and political associations among Brazil's political elite are central themes in Bresser-Pereira's argument. For Bresser-Pereira, Brazil's capitalist revolution is the outcome of developmental class coalitions fighting against a liberal-dependent coalition (4).

Bresser-Pereira divides the history of Brazil—that is, the relationship between the state and society—into three phases, each representing a different political pact. The state-society cycles are the State and Territorial Integration Cycle (1822–89), corresponding to the Empire; the Nation and Development Cycle (1930–80), which Bresser-Pereira labels "the Brazilian capitalism revolution"; and the final cycle, Democracy and Social Justice (1988–2014). According to Bresser-Pereira, "in each of these three big cycles of the state-society relationship, we can also distinguish political pacts or class coalitions that were developmental or liberal—the developmental pacts being 'national,' and the liberal pacts usually being dependent" (8–9). The political pacts under different state-society cycles included the Oligarchic Pact (1822–89), the National-Popular Pact (1930–60) and the Authoritarian-Modernizing Pact (1964–79), the Democratic-Popular Pact (1980–87), the Liberal Dependent Pact (1991–2002), and the (failed) National Popular Pact (2003–14).

Brazil's greatest economic development, according to Bresser-Pereira, took place between 1930 and 1980. During this period, per capita income grew at an annual rate of 4 percent, making Brazil the fastest-growing country in the world in terms of the gross domestic product (GDP) at the time" (10). Brazil began to experience a short economic decline during the 1980s, as a result of a financial crisis aggravated by a balance of payments crisis and a foreign debt crisis that resulted in high inertial inflation (12). It is also during this period that Brazil submitted to the neoliberal approach, otherwise known as the Washington Consensus, thus creating a process of premature deindustrialization and low growth as a result (12).

According to the Washington Consensus, the Latin American crisis had two basic causes: the state's excessive growth, manifested in protectionism, excessive regulation, and numerous state-owned companies; and economic populism, defined by the inability to control the public deficit and to keep the wage demands of both the private and public sectors under control (258). Since 2013, but especially since the rise to power of the illegitimate government of Michel Temer, Brazil is experiencing a severe crisis of legitimacy in terms of its democracy and social justice cycle.

Another important issue is Brazil's international standing, in light of the globalization of the world's economy. The globalized world of the twenty-first century is facing an interesting and contradictory dilemma: while the world becomes more globalized, it is also becoming more regionalized. As Bresser-Pereira points out, "on the one hand, the competition among them [nation-states] has never been so intense. On the other, it was never so necessary for them to cooperate and coordinate their actions" (19). In other words, the world is not "Las Vegas," according to Richard Haass (*A World in Disarray: American Foreign Policy and the Crisis of the Old Order*, 2017). What happens in other parts of the world does impact Brazil economically and politically. Cooperation among nations is increasingly necessary to solve problems around the world, but it also often involves competition among nations.

From a realist's perspective, a reality of the world in the post–Cold War international system is that nation-states will both cooperate and compete. Yet the spirit of cooperation has not prevented "the rich and imperial countries from continuing to take advantage of their ideological hegemony to pressure the developing countries into adopting policies that do not serve their national interests" (19). And that, according to Bresser-Pereira, is exactly what happened to Brazil in the lost decade of the 1980s. He also asserts that "both Brazilian politicians and economists are unaware of this fact because Brazil is still unable to be a fully independent nation: it is instead a national-dependent society, a mixed-race and peripheral society whose elites experience the permanent contractions of considering themselves white and European" (19).

Brazil, according to Bresser-Pereira, seems to value what comes from abroad more than what is domestically produced, thus making it a decisively "backward" nation. That includes education, the arts, and so on. To a certain extent, Brazil is also a copycat nation. Why is Brazil backward when compared to the United States, since both countries were once colonies? According to Bresser-Pereira, the answer is the type of colonization that Brazil underwent compared to that of the United States.

> The true explanation for why Brazil was left behind by the United States is [that] the type of colonization that occurred in Brazil—the mercantile colonial system—was based on slave labor and the plantation system that did not create the space for the education of the population, the rise of a middle class or a domestic market, the establishment of capitalist institutions, while the settlers' colonization that occurred in the United States created the ideal conditions for an industrial revolution. (38)

Obviously, there are other explanations, including Manoel Bomfim's classic, *A América Latina: males de origem* (1905), which argues that Brazil's backwardness is directly linked to the "decadent nature of Portuguese colonization and to Brazil's submission to Britain" (Bomfim, 55).

According to Bresser-Pereira, "no country has ever made its capitalist revolution in the context of a democratic regime" (96). Brazil is no exception to this rule. Brazil's industrial revolution was due to a combination of two factors: the economic opportunities for industrial investments, paradoxically provided by the Great Depression, and the 1930 revolution (98). It was the government, writes Bresser-Pereira, that ultimately spurred Brazil's economy and its industrial development by taking the following actions: the purchase and burning of the stocks of coffee, which maintained internal demand; and the strong exchange rate depreciation, caused by a steep fall in the price of coffee and the ensuing balance of payments crisis, which acted as tariff protection or as a temporary neutralization of the Dutch disease for the manufacturing industry, which was soon growing fast (98). In other words, the 1930 revolution marked a new era in the history of Brazil "because it established the necessary political conditions for the country's industrial revolution" (98).

Another important period in Brazil's history, although Bresser-Pereira dedicates just a few pages to it, is the Authoritarian-Modernizing Pact (1964–79). During this period, Brazil experienced its second cycle of industrial expansion, based on exporting industrial development. Also during this period, Brazil inserted itself into the international market by creating its own economic niche. While this period is known as the Brazilian economic miracle, the miracle was short-lived: income was concentrated in the middle and upper classes to the exclusion of the lower class, and wages were replaced with credit, which primarily benefited the middle class. Where the average wage was increasing, the minimum wage was decreasing, resulting in a redistribution of income toward those receiving the higher wages (194).

The bureaucratic-authoritarian economic developmental model left Brazil in one of the most serious economic crises in its history. By 1981, "the deceleration turned into a recession, employment levels fell by 10.3 percent, and industrial protection suffered a decrease of 9.9 percent. In return, inflation dropped, but only moderately, decreasing from 110 percent in 1980 to 95.1 percent in 1981" (200).

Bresser-Pereira also discusses the administrations of Luiz Inácio Lula da Silva (2003–11) and Dilma Rousseff (2011–16) in light of Brazil's attempt to alleviate poverty and promote economic growth. The election of Lula was ahistorical and unprecedented in Brazil's history. Lula came from the nontraditional circle of power in Brazil. He was a metalworker with a fifth-grade education. But most important, "the election of a left-wing candidate for the first time in the country's history demonstrated that capitalism and democracy had been consolidated in Brazil, insofar as the bourgeoisie and right-wing political parties never thought of resorting to a coup to remedy the problem of a left-wing president" (297).

Lula da Silva's administration touted a poverty reduction initiative centered on income redistribution (300). Under the Lula administration, the real minimum wage was raised by 52 percent, in addition to an increase in the state's social expenditures, the expansion of the Bolsa Família (300). As a result of Lula's income redistribution, millions of Brazilians ascended to the C class and were mistakenly identified as belonging to a new middle class (300).

As millions of Brazilians moved up the ladder of economic prosperity at the expense of real economic growth, Lula da Silva was heralded by financial institutions, such as the World Bank and the IMF, as the savior of Brazil's poor. However, as Bresser-Pereira so eloquently shows in his book, "the more a leader of a middle-income country is praised by Washington and New York, the more favorable his policy will be to his rich competitors, and the more damaging to his own country" (304). When Rousseff assumed the presidency, Brazil's economic troubles were just beginning to manifest themselves, due to Lula da Silva's growth model based on exports (primarily of commodities) and personal consumption (without saving) while the Brazilian real was overvalued against the U.S. dollar at R$6 per dollar (311).

Where does Brazil stand today, at the dawn of twenty-first-century capitalism, as economic neoliberalism is making a comeback among intellectuals, politicians, and economists in Brazil (373)? According to Bresser-Pereira, Brazil is in its infancy, still trying to figure out what it is or should be.

> It is an incomplete nation, it is a national-dependent society; it is a nation in search of a national-development strategy; it is a nation that rejects the liberal state but is not yet able to reconstruct and renew the developmental state; it is an economy that has grown slowly since 1980, and that needs to dramatically increase its investment rate, but has been unable to overcome the trap of high interest rates plus an overvalued exchange rate; it is an alive and active civil society that guarantees a consolidated democracy; it is a society in which inequality still dominates, but where the fight for social justice is alive; it is a society that contributes to the world's environmental protection; it is, finally, a lively democracy, an almost perfect one. (367)

Brazil, the country of the future. Perhaps always the country of the future. What kind of future still remains to be seen, and for whom. But fundamentally, Brazil's biggest challenge is how to promote economic growth to all Brazilians instead of just the parasite upper class.

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