

# CULTURAL AND SOCIO-ECONOMIC CROSSIMPACTS: THE CASE OF BRAZIL\*

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## CONTENTS

<b>I. General Introduction: A Model for Approaching the Interrelations among Culture, Society and Economic .....</b>	<b>01</b>
<b>II. Postwar Cultural Evolution .....</b>	<b>05</b>
<b>II.1. Introduction .....</b>	<b>05</b>
<b>II.2. Postwar Period .....</b>	<b>08</b>
<b>II.2.1. The Mass Communications Media .....</b>	<b>08</b>
<b>II.2.2. Large manifestations of Mass Culture .....</b>	<b>09</b>
<b>II.2.3. Postwar Brazilian Architecture: an Illustration of Modernism .....</b>	
<b>II.3. Conclusion on Postwar Cultural Evolution .....</b>	
<b>III. Economic Evolution: (1945-64) – Height and Decline Of Process of Import Substitution .....</b>	
<b>III.1. Period 1945-50: The Consolidation of the Process of the Wish to Industrialize .....</b>	
<b>III.2 Period 1950-55: A nationalist-Populist Experience in Economic Policy .....</b>	
<b>III.3 Period 1955-60: The Leap Forward: the “Goals Plan” .....</b>	
<b>III.4. Period 1960-64: Stagnation and A New Populism Attempt .....</b>	
<b>III.5. Period Post-64: Ajustment of The Concentrated Model .....</b>	
<b>III.5.1. Period 1964-67: Socio-Institutional Reajustment .....</b>	
<b>III.5.2. The “Economic Miracle” (1968-1973) .....</b>	
<b>III.5.3. The Post Miracle Period (1973-1980): Slow Down and Import Substitution .....</b>	
<b>III.5.4. Period from 1980 onward: Crisis and Deadlock .....</b>	
<b>IV. Sumary and Conclusions .....</b>	
<b>V. Reference .....</b>	

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# **I. GENERAL INTRODUCTION: A MODEL FOR APPROACHING THE INTERRELATIONS AMONG CULTURE, SOCIETY AND ECONOMIC**

A starting point for the following analysis of postwar evolution in Brazil is the presupposition that there is no predominance of the socio-economic dimension over the cultural or vice-versa. Our point of view is that a multiple-dimensioned interdependence exists between the two dimensions as F. Braudel tell us: "For me, history cannot be conceived if not in n dimensions. This generosity is indispensable it does not repel inferior planes (...) the cultural or material dialectic or any other analysis defines a pluridimensional concrete history at its base, as George Gurvitch would say". (F. Braudel, 1978, p. 176).

To simplify our model of Brazilian social reality, we have divided the national system into three spheres:

- ✓ The social sphere: here is where the main relations of production are given as well as the relations of domination among different social classes and groups.
- ✓ The economic sphere: this sphere is characterized by the degree of development of productive forces, modernization, accumulation, and technological complexity of the productive apparatus.
- ✓ The cultural sphere: here is where society builds values that constitute the framework of human and social relations and relations with the natural environment.

These spheres interact and, as mentioned, we believe that one of them is predominant. Such interactions manifest themselves in the following ways:

- ✓ The social sphere and the economic sphere: in the distribution of income and economic power among the social groups.
- ✓ The social sphere and the cultural sphere: in the way a determined class structure is influence the formation of cultural values.
- ✓ The cultural sphere and the economic sphere: in the manner in which cultural values influence productive development, the way in which certain cultural values permit or not an expansion and improvement of the productive system.
- ✓ The cultural, social and economic sphere: the interaction among the three spheres produces the formation of an economic model.

This schematization should not be confused with an exhaustive treatment of the theme. It represents only a first step in the heuristic comprehension of a multifaceted reality. It is just an initial sketch helpful to elucidate some important aspects of the relationship between culture and development. In what follows we will apply it to the case of recent Brazilian history.

The structure characterizing the Brazilian social sphere has always been extremely rigid and allowed very little renovation of the power elite, if any at all. The only moment of discontinuity was the 1930's revolution which permitted the ascension to the state apparatus of an elite linked to industrialization, because in the eyes of the elite industrialization seemed to be the only hope for the country's development in the face of the relative weakness of the agroexport economy.

The rigidity of the social sphere is mirrored by the high degree of concentration of wealth. Social rigidity has been essentially characterized by the lack of any redistributive measures, thus hampering the country's democratization process.

Nevertheless, in contrast to this process of social rigidity, we have an system characterized by an impressive dynamism. The following factors contributed to this dynamism of the economic system:

- ✓ A vast pool of natural resources

- ✓ A spirit of dynamic and expansionistic entrepreneurship
- ✓ The constitution of a huge internal market made up of various important regions
- ✓ State's organic deliberate policies
- ✓ A series of other factors (the international economy, a new technological paradigm, etc).

Brazil is a case against modernization theory which postulates a correspondence between modernization and socio-political development. In the Brazilian case, the rigidity of the case social structure even seems to have favored the dynamism of the economic system (C. Furtado, 1972). In fact, income concentration facilitated by the rigidity of the socio-political structure allowed, thanks to the large scale of the country, the formation of a large scale internal market of sophisticated goods, although it comprises just a small minority of the population. On the basis of this large scale elitist market, a complex and integrated industrial center has been built up inside the country. This center progressively acquired strong dynamism and also external competitiveness, though remaining technologically dependent. Behind of this heavy industrialization process we find the deliberate willingness of the state. This willingness has progressively enabled the constitution of a technocratic structure which acts within the state apparatus but is practically independent from the political sphere.

Although social rigidity might have favored the emergence of a kind of modernity, this rigidity brought about at the same time a series of problems for the viability of the model. In other social contexts, this type of concentrated modernity would have been rejected by the popular sectors. Such is the case of Iran where modernity, induced by the oil enclave, was rejected by the majority of the population that held on millenary traditional values.

But the Brazilian case, cultural values don't seem to have been cut off from modernization as happened in Iran. Instead of having been a factor of rupture they played a mediation role, they made the process of accumulation possible in spite of the cleavage between the social and the economic spheres.

Brazil constitutes a very interesting case of modernization where culture is a factor of dynamism and not of backwardness. In the European fascist-nationalist or state-socialist models, the integration of popular classes is carried out through the diffusion of values which called for social sacrifice but, at the same time, included obligations of society with respect to the individual or the family. Such nationalist cultural model, associated with late capitalism, was quite different, of course, from Anglo-Saxon liberalism.

The Brazilian case differs from all these. We find here a mixture of nationalism, liberalism and underdevelopment. Unlike European nationalism, there is no social responsibility towards the individual. Parallely, the individual's sacrifice to society is not encouraged. Therefore, the individual becomes more autonomous but at the same time more marginalized. The only real instance of solidarity is the family. Moreover, strong nationalism exists since the individual identifies with a nation's social image which is more intimately associated with his individuality. The nation is no longer a supra-individual, abstract demanding sacrifice, but rather a model for individuality; it is "being a Brazilian" or "the Brazilian way".

Culture is transformed into a kind of resistance to a society that marginalizes. For this reason a somewhat impotent form of individualism, critical of the power elite, predominates. At the same time there is a profound identification with the nation, essentially reflected by a culture which provides the framework for a socialization process including the formation of strong nationalistic values.

We will describe in the next sections of this essay the economic, cultural and political evolution of postwar Brazil and show the historical aspects which in our view validate our hypothesis about the important role played by culture in the country's process of accelerated modernization.

## II. POSTWAR CULTURAL EVOLUTION

### II.1. Introduction

Postwar time in Brazil represented the consolidation of a movement searching for identification with popular and local cultural roots. This movement was based on the elite's discovery of a self identify rooted in specifically national traits and traditions. "The elite's casual discovery or search for the real nation is certainly the most outstanding trait of the Brazilian cultural process in the present century". (C. Furtado, 1983, p. 21).

The most important ideas in this regard were launched in the 1920's with modernism and its subsequent sequels. In that epoch the Brazilian intellectual elite broke with the European academic traditions and launched a cultural contestation based largely on the search for Brazilian cultural roots.

Until then the elitist culture consisted on the imposition of European values on a world seen as underdeveloped, characterized by disorder, where non-European ethnic and cultural backwardness predominated. During all of the nineteenth century. The task consisted on attracting white immigrants as a form of making the country more European. The elitist culture of European and classic background was essentially alien to local cultural roots. However, the influence on the population of this elitist cultural thrust was very limited, almost null.

Dependent modernization caused the predominance of imitative standards in the culture implanted in nineteenth century Brazil. The almost hypnotized elite turned back to the cultural centers of Europe where the manufactured importated goods were produced. In this context, the Brazilian people were reduced to a negative reference. "And thus looked down upon by the elite, the nation's people continue their formative process in considerable autonomy, a fact which will permit the consolidation of their non-European cultural roots and the less inhibited expansion of their creative strenghts in the face of the dominant culture" (C. Furtado, 1983, p. 23). The economic and social marginalization of the great majority of the population enable the consolidation of original cultural roots based on the mixture of diverse non-European sources of inspiration with the popular European cultures. To the contrary of Europe, where the development process implied a homogenization process of society based on uniform cultural patterns very often supported by an extremely coercive educational system, in Brazil a popular culture far from the rationalist imperatives of the dominant culture was consolidated.

On the other hand, Brazilian reality was extremely distant from the dominant European culture models based on positivism and rationalism imported by the local elite. The gap between local reality and this elite grew more and more. This is why in the Brazilian situation we find a dominant class which is culturally dependent and a people who, although marginalized, wre capable of immense cultural wealth.

With the integration of regional markets and industrialization, things started to change in Brazil particularly since the 20's. Foreign immigrants predominated in populational movements until the first World War but this situation changed thereafter and interregional migratory fluxes prevailed (I. F. de Alencastro, 1987). Therefore, native Brazilian population has come to make up the mass of urban and rural proletarian from the 20's onward.

In it's turn, the Brazilian elite became more and more sensitive to cultural contestation taking place in Europe against dominant academism; movement such as surrealism and modernism will have considerable influence in Brazil. With the modenism week of 1992 in Sao paulo, Brazilian cultural manifestation reached a peak and began to openly contest classic European culture which ruled in the local academies. During the decade of the 1920's and 1930's, important representatives of modern European though visited Brazil and influenced stronly the inteltektual debate. Among these stand out Le Corbusier, Levi-Strauss, Blaise Cendrars, and many scholars frequenting USP (the University of Sao Paulo).

In the 1920's and 30's a series of literary and artistic works appeared which would have a profound influence on the years to come. Among these it is worth mentioning Gilberto Freyre's classic "Casa Grande e Senzala", which stressed the role of blacks as central in Brazilian culture and describe this culture as being one of mix and racial integration. Gilberto's work was very influential in emphasizing the cultural background as a fundamental factor of mixed ethnic formation in the country. The Iberic dominant culture, characterized by a certain paternalism, would have favored the integration of the blacks, through social and economic mobility of free negroes and mulattos. What is important about Gilberto Freyre's vision is that it represented a veritable turnabout of values in relation to the European concept mentioned earlier (L.A. de Castro Santos, 1977).

Sergio Buarque de Holanda who wrote in 1936 "Raízes do Brasil" ("Brazilian Roots"), has also been of great importance in the search for a national identity. Sergio was an integrating force in the modernist movement. He advocated a marriage between European rationalism associated with democracy and estate's efficiency with a popular unconscious realizing spontaneous and multiple forces of popular culture. Sergio Buarque de Holanda was influenced by the European surrealist movement and by the challenge to rationalism based on the search for the unconscious. He criticized and "world civilization" which succumbed to the excess of rationalism and figured out a Brazilian solution based on a return to national roots (G. Avelino F., 1987).

It is also worthwhile mentioning in this period the name of Heitor Villa Lobos who represented on the musical level what was coming about in other spheres. Villa Lobos managed to accomplish a true marriage between erudite and popular music. He incorporated Brazilian popular music into authentic national culture.

These thinkers and artists worked in an elite level, but had an important impact on the popular cultural level, thereby performing a combination between modernity and the national culture. This combination was based on a strong idealism aimed at building a truly democratic society where cultural and social integration would exist hand in hand, nourished by an intense process of modernization and industrialization. Such idealism, with its consequent rupture with the traditional values of the patriarchal Brazilian society, is even better synthesized in architecture.

Under the influence of Le Corbusier and others, a new school in architecture and urbanism started at the beginning of the 30's. This modernist vision will flourish better in Brazil than anywhere else in the world, making room for the emergence of great architects and urbanists such as Oscar Niemeyer and Lucio Costa. The time for great architectural realizations in Brazil will be that of the postwar, as we will be seen later.

## **II.2. The Postwar Period**

### **II.2.1. The Mass Communication Media**

The phenomenon that most marked Brazilian culture during the postwar years was the introduction of mass communication media. These media will serve to introduce mass American culture which will undergo a process of profound fusion with popular Brazilian culture. The penetration of mass American culture will represent a veritable transformation of habits and customs and will lead to an "internationalization" of values within the great majority of the population. The major impact of this mass culture conceived according to North American standards, will be the hope of being able to comply with "the American way of life" as a promise of a better life.

The Brazilian cultural heritage encouraged the idea of social mobility attached to the promise of the "American way of Life". This heritage, as is pointed out by G. Freyre, is based on the desired integration of the blacks or mulatto extended to the poor white, implying an ascension in society hand in hand with economic success. In other words, the relative lack of ethnic discrimination prepared the ground for a democratic vision by popular culture of the Brazilian

society. This vision fit in perfectly well with the American cultural model of the consumer society. Although the Brazilian society was in fact much elitist than the American, the Brazilian culture was particularly predisposed to propagating values of social mobility. The central protagonist of this consummative model – the middle class – began, thanks to the development model adopted by the country, to enjoy the benefits of economic growth and to replicate the North American consumer model. At the same time, the great majority of the population, marginalized more and more by the development process, identified with middle class and dreamed of someday ascending up to its social status.

On the other hand, Brazilian popular culture found in the mass media and ideal vehicle for extending itself to the population as a whole. Until then popular culture, essentially oral, was confined to the regional or even local sphere and was subject to few external influences. But the new cultural mixture reached a formidable development through the process of unification of the country.

The radio was the first vehicle of this national integration process. Thanks to it, Getulio Vargas could during his first government reach the whole of the Brazilian people. But the radio was also a mean for the development of oral expressions of popular culture, such as music and soap operas. Right after, in the 60's, television will come to take the place of the radio.

The postwar years witnessed in intense movement of cultural transformation and regional and social integration of the country which made possible the emergence of a national identity in which the majority of the population feels reflected. This moment was to a great extent possible thanks to the expansion of mass media communication.

## **II.2.2 Large manifestation of Mass Culture**

In this period, large manifestations of mass Brazilian culture developed and reinforced national identity.

First, it is necessary to mention the carnival. This celebration, which was traditionally European, was appropriated more and more by the blacks and became a central manifestation of national culture. The carnival feast exemplifies the growing influence of black culture upon the Brazilian culture. Culturally, blacks had been repressed by the whites who saw their cultural manifestation as a sort sacrilege to white culture. Moreover, the Church condemned the religious syncretism by the blacks. From the 30's on, this situation began to change but it would only be at the end of Getulio's first government that an extensive spread of religious and cultural practices of the blacks would occur.

From then onward, black penetration into diverse Brazilian cultural manifestations kept growing. The carnival, which was predominantly of white middle class origin, was transformed into a black celebration. Religious syncretism will proliferate in Brazil principally from the 50's on, reflecting a new phenomenon, that is, the cohabitation among traditions and cults considered "precapitalist" and modernity. It will be in the great urban centers such as Rio de Janeiro and Sao Paulo that the Pentecostal religious sect will proliferate, in which black religious (umbanda and candomble) plus others brought from Europe such as spiritism, will be mixed up.

Carnival acquired importance on a national level. It began to symbolically represent social integration occurring on a cultural plane, not extended however to the economic and social planes. The clear demarcation of a different time – carnival time - where everything was possible illustrates well this duality. Carnival was on the focus of mass media, which contributed to its extension to the entire country.

Another important phenomenon of mass culture was undoubtedly soccer which became another emblem of national, popular culture. The three World Cup victories in 1958, 1962 and 1970 and the defeat in the final of 1950 against Uruguay, clearly demonstrated the central

importance that this sport acquired in the affirmation of national identity. Here we may also perceive, on the one hand, the Negro influence which modified the style of soccer playing and created a Brazilian style, immortalized by players such as "Pele" and, on the other hand, the opening up of a new route to ascension for the poor. Mass communication media, even more so than in the case of carnival, will represent the great support in the diffusion of soccer as a national sport.

The third most important manifestation of mass culture will be Brazilian popular music. This music, which had been kept before 1930 almost completely separated from recognized cultural manifestation, began to emerge from then on as a manifestation of primary importance. As has been mentioned, Villa Lobos had an important role in the recognition and worthiness of Brazilian popular music as an expression of the country's artistic culture. The period from 1930 to 1945 was rich in "popular" singers, principally disseminated through the radio. Some of these singers will become internationally known figures.

But it was only in the postwar period that Brazilian popular music came to show its best performance on an artistic level. And thus, it was at the end of the Kubitschek government, during an epoch of intense national optimism, that high level artistic manifestation such as the bossa nova came about, and influenced on a world level the trajectory of jazz. This era was also rich in popular regional music such as the Northeastern, and in protest music which from the beginning of the 60's began to spread worldwide. The beginning of the 60's was one of the most fertile periods of Brazilian music and that which had larger repercussions on an international level.

Within the context of Brazilian popular music expansion, we should mention again the profound influence of black cultural roots. During this century, popular music made a progressive approximation to African rhythms, expressed through the samba, particularly through its percussion elements. The carnival became the focus where this black influence on popular music was mainly exerted. The music which predominated at the beginning of the century had little or nothing to do with the rhythmic African influences. However, during all of the century, white popular music will undergo a transformation, beginning a fusion process with black roots. We can find in music something similar to the syncretism which took place in religion, a progressive fusion of two cultures.

Mass communication media, particularly the radio from the 30's to the 60's, and afterward television, will be decisive for the expansion of Brazilian popular music. Thanks to these media, to which the phonograph was added, a national market was formed.

### **II.2.3 Postwar Brazilian Architecture: an Illustration of Modernism**

Brazil is characterized as being a country of very recent formation and very rapid growth. For this reason, modernism could have a strong influence on all creative levels. The postwar period was particularly rich in architectural undertakings which molded the country's profile, also in architectural and urbanist dreams expressing the aspirations of a certain elite in a new country.

The influence of Le Corbusier, who visited Brazil twice to lecture in 1929 and 1936, was undoubtedly fundamental in the conformation of this modernist dream. Brazilian, or rather, the country's cultural elite, as we have mentioned on referring to Sergio Buarque de Holanda's work, suffered with the dilemma of having to reencounter its roots, erased during centuries by cultural dependence. On the other hand they had to face up to the modernist challenge that, at the outset of a new technological era, pointed towards a totally diverse reality and, therefore, towards a new esthetics.

The answer to this dilemma was for Le Corbusier the construction of a completely new world, a futuristic architectural utopia. This conception was incorporated in to the "ville ideale" project of the French architect. In reality, Le Corbusier wanted to participate in the construction of "Planaltina", the first name given to Brasilia. He only participated in some sketches which served as a construction base of the Ministry of Education and Culture building in Rio, without his being

subsequently permitted any authorship rights. His ideas, however, would flourish in Brazilian intellectual circles, where names like those of urbanist Lucio Costa and architects Lina Bo Bardi and Oscar Niemayer would stand out.

The ideal city project that Le Corbusier tried to implement without much success in France, finally was fulfilled by his Brazilian disciples with the construction of Brasilia which occurred from 1955 to 1960. The city represents the synthesis of the modernist and functionalist thinking of Le Corbusier with his "ville ideale". The frontiers among social classes were to be abolished by means of an integrated drawing up of the city.

Although Brasilia was a success on an esthetic level, on an urbanistic level it was a failure. Popular classes were soon excluded from the pilot plan, banned to the regrettable satellite cities, immediately bringing about once again the social segregation that characterized Brazilian society. The functionalist design of Brasilia, with its immense spaciousness, would give it the aspect of a ghost town. Even more so, this design would sharpen the necessities of transportation, transforming Brasilia in a model of an energy intensive city.

From a political point of view, this modernist design would facilitate the domination by the technocracy and the military. The city synthesizes the divorce between the accumulation process and society.

On the other hand, Brasilia is a creative manifestation of Brazilian society, quite able to assimilate modernism. In this respect, it represents a very successful cultural model of assimilation of modernity.

### **II.3. Conclusion on Postwar Cultural Evolution**

Brazilian cultural evolution was marked by a profound dynamism, making room both the until then concealed cultural roots and for modernism. This fusion between modernism and cultural roots gave rise to an original combination that was fertile in innovations.

The association between these two currents is reflected as much as in the artistic and intellectual thought the 20's and 30's as in the concrete manifestation at the mass culture level of the postwar period. As mentioned before, on referring to diverse areas of mass culture such as popular music, carnival and soccer, modern technological media disseminated a culture with profoundly popular content and aiming at achieving unity around national values. The postwar period represents a concretization of the modernist ideas of the 20's and 30's. This concretization, however, quite the same as in the case of architecture, will come about adulterating these ideas profoundly, at least according to the ways in which they were formulated by their principle founders. Mass culture will undergo profound external influences, principally American, which will put national ideals at stake. However, there will be a marriage of popular and foreign culture which will cause endogenous cultural creativity to continue in spite of such strong exogenous influence.

This capacity to assimilate external elements, is one of Brazilian culture's central characteristics. It facilitated the emergence of an extremely dynamic mass culture with specific characteristics within an international frame market by the hegemonic domination of the Northamerican mass culture. Brazil had an outstanding performance on an international level in all areas of creative cultural endeavor during the postwar years.

As mentioned, Brazilian culture was a dynamically important element which permitted the emergence, on a mass level, of an identification with national values. This identification included a future image yet to be constructed. Brazil constitutes one of the countries where modernism prospered the most, even as a popular ideology. The future image would be associated with cultural roots this bringing about a mixture of tradition and modernity.



Therefore, despite social marginalization, modernization was well accepted by society. The modernization process was very deep in the case of Brazil and generated profound changes in traditional relationship of the individual with the environment. Accelerated urbanization and rapid transformation of dominant social values, together with an unparalleled rapid diffusion of consumer society came about.

Had this happened within a society with millenary cultural tradition, there would probably have been a rejection of modernity and grave problems of social adjustment. Twentieth century history is rich in examples where traditional cultures have resisted projects of accelerated modernization.

The Brazilian case was exactly the opposite. Thanks to an extremely dynamic culture, there was assimilation of modernist values by the population even though suffering marginalization by the economic system. It might be concluded from this that culture operated as a buffer of social conflict. Such a conclusion would be undoubtedly correct. However, it cannot be denied that the Brazilian culture is an extremely dynamic factor of development which permits the country to assimilate modernity while maintaining its own traits. On a world scope, the Brazilian case is to some extent an exception.

### **III. ECONOMIC EVOLUTION: (1945-64) – HEIGHT AND DECLINE OF THE PROCESS OF IMPORT SUBSTITUTION**

From the crisis of 1930 on, the process of industrialization through import substitution became the growth force of Brazilian economy and replaced in this role the agroexport sector. This process of industrialization generated certain characteristics which turned to be in the long run incompatible with its social, national and populist support base. This impasse will characterize the period ending with the coup d'état of 1964.

In fact, although the process of industrialization by import substitution provoked, in placing emphasis on the internal market, a wide social transformation, certain of its technological determinants made it more and more elitist as it became more consolidated. This perverse, concentrated characteristic of peripheric industrialization had already been pointed out by CEPAL scholars in their reports of the 50's. In the first, restricted phase, peripheric industrialization included only low complex technology sectors accessible to national capital and oriented towards the majority of the population. It had to do with the implantation of production units of non-durable consumer goods or wage-goods. It took place from the beginning of the century and became consolidated from the 30's on. In this period there was a convergence of nationalist popular and industrial private capital interest.

When the process of easy substitution finished, the challenge of proceeding with accumulation became much more difficult. Much larger quantities of capital were needed and the technology required was much more complex. The national private sector was not up to the demands of the accumulation process, thus leaving room for the national public and private foreign sectors.

The state and the multinationals became the central protagonists in this new phase of industrialization. The public sector took charge of the economic infrastructure and basic industries while multinational companies, although also present in the food industry, tended towards concentration in the durable consumer goods sector.

This new phase of industrialization by import substitution will have at least two important social impacts. While in the former phase goods produced were wage-goods and therefore diffused within the overall population, in this new phase durable consumer goods, the engine of growth, will be restricted to a minority of the population. On the other hand, the leap taken in the accumulation process will become intenser and intenser in capital and reduced in labor force. These two effects will come together to cause concentration of income and social marginalization.

Brazil was going through this second phase of this industrialization during the period considered. This phase is in the first place characterized by a clear determination of the state to intensify the industrialization process, expressed through successive institutional innovations during the period. Secondly, the enforcement of the "Goals Plan" in 1955-1960 will permit taking a veritable qualitative leap within the accumulation process. The simultaneous implantation of large industries in capital goods, durable consumer goods and intermediate goods and a clear division of labor among the public, the national private and the foreign private sectors took place. Thirdly, by the beginning of the 60's the institutionalized socio-economic forms of import substitution became obsolete. Therewith the economic and political crisis of the 60's came about resulting in the military coup d'état of 1964.

The exhaustion of the industrialization by import substitution process derived from the socially concentrating character that this process acquired during its second, intensive phase, thus limiting the horizons of accumulation. There were two hypothetical solutions at hand in the face of the crisis. One was attempting social and institutional reforms distributing wealth, and the other was bringing about certain socio-institutional reforms preserving the social structure and making an even more concentrating process of accumulation possible. This latter was the course actually followed. It is important to emphasize here that the intensification of the accumulation process and economic modernization in concentrated social molds was only possible because of the existence of

an internal market of continental dimensions, and because, from 1967 on, the international economic situation evolved very favorably towards the Brazilian economy, facilitating the entrance of external resources.

During this period the process of heavy industrialization consolidated and the dismantling of the nationalist and populist social and political base of the first and second Vargas governments took place. Let us take a look at this period in a more detailed way.

### **III.1 Period 1945-50: The consolidation of the Wish to Industrialization**

The transitional government led by Dutra, that was established in 1945, had liberal orientations. However, it was characterized, following the mandate of the first Vargas government, by the wish to industrialize.

The main problem in this period was that of furnishing the State with the necessary legal and institutional resources and instruments to carry out the industrialization process. There already existed in liberal thinking a clear awareness that modernization of the production apparatus and economic infrastructure was necessary for the continued development of the country. Various American missions, the Abbink mission and others, arrived to diagnose the situation and to make recommendations relative to the modernization of the economy.

A series of investments that would mature in this period were made during World War II. These were the first state interventions in the endowment of infrastructure and in the participation in basic industries. The building of the Paulo Afonso dam in the Northeast for the generation of electric energy, the conclusion of Volta Redonda (Companhia Siderurgica Nacional – National Metallurgy Company), the creation of the “Vale do Rio Doce Company” for iron mining, the establishment of Acesita for special kinds of steel, etc. Were efforts in such direction.

In 1945-46, right after the war, there was a liberalization of importations which counterbalanced this state interventionism and was encouraged by the abundant foreign currencies reserves of the country and by a certain liberal spirit within the government. However, since the exhaustion of reserves in 1947, exchange control policies were implanted which favored interests connected with industrialization through the concession of preferential licenses to importers of capital goods. The interests of agroexporters, on the other hand, were harmed by the fixation of exchange rates and by the fall of international prices of raw material. Together with these exchange rates policies, associated to an increasing internal inflation, there was a transference of resources from the agroexport to the industrial sector which favored the accumulation process.

This policy of resource transference was able to proceed without generating too many clashes between groups of middle class interests, and thanks to the generalized raise of international prices of materials beginning in 1949-50 with the outbreak of the Korean War.

### **III.2. Period 1950-54: A nationalist-populist experience in economic policy**

With the second Vargas government (1950-1954) an alliance of nationalist and popular interests emerged again. Its industrializing objective was evident but it excluded foreign capital from the process. Policies incentivating accumulation continued by means of the promotion of exchange rates preferential towards the importations of industrial equipment. These policies were made possible by the high prices of raw materials in the international market and by the climate of international insecurity which encouraged the purchase of “safety stocks”. Importations increased more than 60% in volume in 1951 to 1952 as compared to 1949-50.

During this period the government took four important initiatives:

- ✓ The creation of Petrobras (the state oil company) which after a political dispute, resulted in the promulgation of the 1953 law which reserved for the state the monopoly of oil prospection and exploration. This company made rapid progress in opposition to its competitors among which were the English and American enterprises.
- ✓ The creation of the National Bank for Economic Development whose main function was to support the enlargement the transport and energy infrastructure.
- ✓ The creation of the Bank of Northeastern Brazil in 1953, for the incentivization of development in the region.
- ✓ The enforcement in 1953 of instruction 70 of SUMOC which would replace the fixed exchange rate policy by a differential exchange, favoring once again the acquisition of imported equipment by the industrial sector.

However, not all of the initiatives of the Vargas government managed to overcome the conservative opposition. In 1954 Vargas sent to the congress a project creating Eletrobras, a federal holding which would promote the construction of large hydroelectric dams. This project would face strong resistance from liberal political forces until 1961, when it was approved by the Janio Quadros government. In the resistance against the implantation of this state entity participated outstanding economists such as Eugenio Gudin, Otavio Bulhoes, Roberto Campos and the engineer Lucas Lopes. The resistance was much more the result of the alliance among conservative forces against the Vargas government, than the product of any long term coherent attitude. So much so that the project would be approved, even with some modifications, by the relatively conservative Quadros government.

Vargas nationalist policies will have as an important consequence a restraint in the implantation of multinational corporations, above all in the durable consumer goods sector. The Vargas government mainly encouraged basic industries and capital goods. For example, in this period foreign enterprises for the manufacture of trucks were implanted and considered vital for the country's transport system.

Vargas nationalist policy generated opposition inside the upper middle and middle classes when it was made clear that extension of the import substitution process to certain luxury consumer goods would have to necessarily pass through the implantation of multinational firms.

Associated with these interests was the agro-exporter sector which began to suffer in 1954 a loss of its acquisitive power.

The economic had a quite dynamic growth rate of 6.8% from 1947 to 1955, caused principally by the growth of industry – 9.9% - over this period. Extensive industrialization took place although the heavy industry sector was only incipient. However, the decisive step towards industrialization by import substitution will be taken in the following period. Internal demand made necessary the existence of multinational enterprises inside the country in order to produce goods requiring sophisticated technology and the mobilization of large quantities of capital. But this step could only be taken by putting aside the more strongly nationalistic political sectors, including Vargas himself.

With Vargas suicide in 1954 the situation would change. In the Café Filho government, the conservative economist Eugenio Gudin would make the central decision that would open the doors to the multinationals. Such decision was enforced in 1955 by instruction 113 of SUMOC which would permit foreign enterprises seated in the country to import machinery and equipment freely as part of their direct investment in Brazil.

### III.3. Period 1955-60: The Leap Foreward and the “Goals Plan”

With the Juscelino Kubischek government a new social pact having the support of the middle, high and low-income classes was reached. This would make possible the great Brazilian industrial leap. The prior attempts of creating a space for coordinated state action had prepared this qualitative transformation which Brazilian capitalism would undergo. The attempts to coordinate and plan the Brazilian economy, as proposed in the Simonsen report (1944-45), the diagnosis formulated by the Cooke Mission (1942-43), and other proposals made by the Abbink Mission (1948) and by the Brazil-United States Joint Commission (1951-53), profoundly influenced the formulation of the Goals Plan CEPAL (Economic Commission for Latin America) would also be of considerable influence in putting forward the imminent necessity, in order to make intense industrialization possible, of state intervention policies in the economy, principally through sectoral planning.

The Kubischek government convoked a team of technicians, headed by Lucas Lopes (who had participated of the Brazil-United States Commission and was advisor to Vargas), to formulate the “Goals Plan”. These technicians divided the economy into five sectors energy, transport, food supply, basic industry and education. The sectors which, according to the plan, constituted bottle necks were energy, transport and food supply. Investing in these sectors was considered a priority in order to continue with the accumulation effort. The continuation of the process of import substitution needed also decisively in heavy industry industry, mainly in intermediary industrial goods (fertilizers, metallurgy, aluminium, cement, non-iron metals, paper and cellulose, rubber), in durable consumer goods (automobile assembling and spare parts) and in capital goods (naval construction, mechanica and electric industry).

Serious obstacles to the consolidation of this deliberated state willingness were originated in the bureaucratic. Machine itself, dominated by interests linked to the agro-export sector. The consolidation of a Technocracy having a different attitude towards economic potentially was badly needed. Actually, this technocracy began to be formed by the liberal right wing under the auspices of the United States, during the war. Modernizing military sectors that associated modernization and economic power with the country’s geo-political defense needs also favored the consolidation of this technocracy. Other sectors, such as those influenced by nationalist ideas, and CEPAL, interested in supporting democratization in Brazil, contributed in the same direction. It was realized that modernization of the state apparatus could only be made possible through the creation of bureaucratic structures parallel to the old ones. These were the famous geared towards the industrial leap.

As of these years the Brazilian development model opened up considerably to the penetration of foreign capital. Called the “tripod” of Brazilian industrialization, a clear division of labor among the public sector, the national private firms and multinational corporations was articulated. Economic infrastructure and basic industries were the responsibility of the public sector. Direct economic state participation grew with the enlargement of the National Metallurgy Company (Companhia Siderurgica Nacional) and with the creation of three more iron manufactures. Petrobras, and the state sector of electric energy production regrouped in 1961. The “holding” Eletrobras underwent expansion. Says Serra: “Between 1949 and 1959, the brute formation of fixed capital of those companies with the participation of the federal government quadrupled in proportion to the GNP (...), the total government investment increased between 1956 and 1962 at an annual rate of approximately 15% in real terms” (J. Serra 1982, p. 24).

The national private sector turned out to be the tripod’s poor brother. It was concentrated in the branches of capital goods and durable consumer goods characterized for possessing low technological level.

On the contrary, the multinational sector concentrated in the capital goods sectors, had great economic and technological dynamism. It constituted the engine of Brazilian industrialization until the beginning of the 70’s, when the oil crisis made this model of growth enviable. The

multinationals invested primarily in the automobile, heavy electric and pharmaceutical industries. Instruction 113 was an important mechanism to attract them.

Massive investment has as a consequence the intensification of the industrialization process. The average rate of industrial production growth was 9.8% annually, from 1955 to 1962, but particularly outstanding was the durable consumer goods and capital goods sectors that grew at an annual rate of 23.9% and 26.4% respectively, thus illustrating the consolidation of the process of heavy industrialization.

During the "Goals Plan" period two very important initiatives greatly influence the development of the country. The first was the construction of Brasilia which was somehow the architectonic and urban prolongation of the technocratic and industrializing project. Although in its beginning this initiative intended to integrate the nation's territory and serve as a model for a kind of city where social and space segregation between rich and poor would be eliminated, in reality it brought about a deep seated disassociation between civil society and state which took form in the "coup d'etat" of 1964. Actually, the separation of the country political center from the heavily populated zones and the cities, made room for technological political hegemony (see part I).

The second important initiative was the creation of Sudene which took care of the development of the Northeast region of the country. The GTDN, (Workforce Group for the Development of the Northeast, coordinated by Celso Furtado) and afterwards Sudene, constituted on a regional level the prolongation of the industrial perspective of the Goals Plan. As a matter of fact, this initiative went beyond the Goals Plan in placing as the country's central problem the disparity in income levels between the Southern and Northern regions.

The SUDENE approach to regional problem linked the problem of social backwardness to the economic inferiority of the Northeast and recommended a solution based on the industrialization of the region and the modernization of agriculture. Sudene's policy positively the economic dynamic affected the economic dynamic of the region and broke through stagnation, reverting the picture of growing disparity with the Central South. Internal income in the Northeast which represented 15.7% of the Central Southern region in 1956-57, grew up to 18.4% in 1964-65. But, the process of industrialization in the region, which was the principal cause of this dynamism, took place disassociated from the regional economy. Social reform advocated by Sudene as a key to modernization, mainly agrarian reform, was forgotten with the military coup.

The leap forward made through industrialization started at a time of relative hostility on the part of international financial institutions such as the IMF and the World Bank. A new cycle of deterioration of trade terms beginning in 1958 started to cause a negative impact on the balance of payments. The Kubischek government broke negotiations with the IMF, rejecting its recessive stabilization policies. IMF hostility last until the coup d'etat in 1964.

Moreover the opposition of an important sector of American government bureaucracy to heavy industrialization in Brazil was clear. This opposition will have as of 1962 a strong negative impact on economic expansion.

The process of attaining self-sustained industrialization was hampered further by obstacles related to agriculture, to the export sector and to the narrow size of the internal market. The incapacity to overcome these led to the deterioration of the balance of payments and the relations with international financial organizations. Despite the ample industrial base and marked capacity for growth, the process of industrialization began to stagnate. There was, in fact, an excess of productive capacity in the durable consumer goods and capital goods sectors. These internal and external limitations will be the main reason for concern in the following period.

### **III.4. A Period 1960-64: Stagnation and a New Populist Attempt**

When the Goals Plan ended, a strong slow-down of the economy occurred. A great concentration of investments over a short period had occurred and, in order to proceed with the accumulation process, it was necessary to continue investing, principally in the intermediate goods and infrastructure sectors as well as in agriculture. However, inflation ran rampant and a deterioration of external accounts restricted the government's financing capacity. Confronted with this situation, politicians were over two options. The first option was liberal and consisted in returning to the dialogue with international financial institutions, implying depreciation of the national currency and recession. The other option was an attempt at proceeding with investment efforts despite external adversity. This second option, in a populist and technocratic leftist version, required profound reforms, particularly in the tributary system, in order to make feasible the continuation of the led effort of investment.

This period is characterized by an oscillation between the two options. First there was an attempt at approximation to international financial organizations during the Janio Quadros government. However, right at the end of 1962 with the Goulart government, economic policies were decisively oriented towards the nationalistic option.

The option of opening up the economy was not geaseble due to growing external strangulation generated by the deterioration of trade terms. However, exhaustion of the import substitution process was taken place. The only way out in the face of this hostile context was to intensify of industrialization process by enlarging the internal market, or in other words, by incorporating the great majority of the population into this market. Social, institutional and economic reforms were necessary to make this process feasible.

These reforms, however, failed to get approved by the predominantly conservative congress. Without tributary reform, the state remained financially unable to support industrialization and to combat inflation simultaneously, thus resulting in the progressive stagnation of the economy from 1962 onwards. On the other hand, popular pressure increased considerably, obliging the government to concede salary raises. Theses facts led to the downfall of the Triennial Plan led the Minister of Planning, Celso Furtado. From the middle of 1963 on, a process of loss of control of the economy developed. The government practiced a policy of salary increases which immediately resulted in the acceleration of inflation. Spiralling inflation led to growing middle class opposition. The same as agrarian oligarchy and industrial bourgeoisie, the middle class feared the ascension of popular classes, to some extent encouraged by the government. This turbulent situation will end up in the military coup d'etat.

Many of the reforms envisaged in this period will shortly thereafter be taken up again by the military government, demonstrating a certain convergence between left wing and right wing technocracies concerning the necessity of fundamental reforms facilitating the industrialization process. Righ wing technocracy, supported by the authoritarian regime, will carry aout a series of economic reforms tending to modernize the state apparatus, reforms similar to those which left-wing technocracy wanted to conduce, but, of course, without associated redistributive social reforms.

### **III.5. Period Post-1964: Adjustment of The Concentrated Model**

With the 1964 coup d'etat, the dominant and middle classes managed to ward off the "communist" phantom evoked by the growing mobilization of the masses during the populist government. Nevertheless, the military government implanted in the country will go far beyond the eradication of the popular support bases of the old regime. The government's objective, as will become clearer afterwards, will be the establishment of conditions for a new expansive phase of the Brazilian economy.

In order to consolidate a new pattern of growth based on the multinationals and on the adoption by a small minority of the population of the consumer model of the central countries, it was necessary to carry out a series of institutional reforms aiming at concentrating the income and relaunching the accumulation process. These socio-institutional transformations essentially occurred in the first part of the period extending from 1964 to 1967, when conditions for the new expansive cycle were prepared. The expansive cycle taking place from 1968 to 1973, called the "Economic Miracle", will generate growing contradictions not only due to the widening of social disparities but also, on an economic level, because of the increase of external vulnerability associated to the disarticulation of the productive structure. Such disarticulation was provoked by the excessive, unbalanced growth of the industrial sectors serving high income consumption.

The period following the expansive cycle and extending from 1974 to 1980, was marked by an attempt by the government to correct the economic system's distortions, although leaving untouched the social question. This attempt of corrective industrialization produced an expansion of the intermediary economic goods sector. Even though this attempt reinforced the degree of integration of industry and reduced enormously the coefficient of imports, it was based on a growing external debt necessary to finance the large investments that were in this period. This process of external indebtedness increased considerably the external vulnerability of the Brazilian economy.

In the period extending from 1980 until present a grave crisis of the Brazilian economy mainly due to the overindebtedness generated by the concentrated economic model, can be observed.

### **III.5.1. Period 1964-1967: Socio-institutional Readjustment**

As mentioned, to make the model of concentrated development feasible, profound reforms were necessary that make demand adequate for the potential offer that had been made available during the Goals Plan (1955-1959). Durable consumer goods industries had an excessive production capacity in relation to the size of the Brazilian market. The durable consumer goods market had to be enlarged so as to generate mechanisms that might attract savings channelled towards the consumption of these goods or towards further investment.

To reach this objective, a wide tightening up of was practiced, particularly in the non-qualified sector which used to have better during the Goals Plan period. Parallely, ample reforms of the institutional apparatus were carried out to facilitate the new pattern of industrialization. These reforms aimed at the compulsory captivation of savings, assuring on the one hand the capacity of state financing and on the other the creation of a finance system capable of mobilizing such savings.

Some of the more important political, economic and socio-institutional reforms were the following:

1. Change in the tributary system: tributary income increased from 6.7% of the GNP in 1957-1963 to 12.3% in 1963-1973.
2. Improvement of conditions for public enterprises financing by means of a real increase of public tariffs.
3. In 1964, indexed titles were created – ORTN (Readjustable National Treasury Bonds) and in 1970, the LTN (National Treasury Letters) that nurtured public debt. In this manner the state was allowed to attract private savings more easily, savings that had previously left the country because of the inflation.
4. The FGTS (Guarantee Fund for Time of Service) was created in 1968 to finance the BNH (National Bank of Housing) created in 1964. The FGTS collected 8% of enterprises payrolls.



5. Creation of savings accounts and indexed letters of monetary correction that permitted the captivation of small and middle-sized private savings.
6. The INAMPS (National Institute for Social Security) created in order to unify social security systems and make the payment of 8% of the salary obligatory on the part of employer and employee. The volume of INAMPS resources, equal to 7% of the GNP, will be fundamental for the expansion of the health sector in Brazil.
7. Creation of other private savings:
  - PIS (Program of Social Integration): Fund formed by part of the income tax paid by the private contributor and by direct and municipal tax deductions.
  - PASEP (Patrimony of Public Service): percentages of tributary income in the three governmental spheres and from public savings
- Until 1974 these resources were destined to the financing of operational capital and business through investment and development banks and through the Bank of Brazil. After 1974, funds were destined to the BNDE, financing the program of import substitution of the Geisel government.
8. Principal capital market institutions were arranged and applications in this market were fomented by fiscal incentives. Financial intermediary institutions were created associating consumers and enterprises with the central objective of widening the durable consumer goods market. The stock exchange market was fomented.
9. Foreign currency loans between multinational enterprise headquarters and local branches were permitted. Moreover, Resolution 63 of 1969 widened the access to external credit for commercial banks. These mechanisms will be an important source of external debt in the private sector.
10. There was an active promotional policy of industrial exports by means of fiscal incentives, drawback facilities for exporters and importers, financing with negative interest rates, etc.
11. Importations were liberalized.
12. Legislation on foreign capital investments and returns were loosened up.

Many of these reforms were instruments that permitted the financing of a new pattern of development based on durable consumer goods. Reforms by means of compulsory savings created a base for the expansion of these new goods. But at the same time the opening up of the economy raised obstacles to the relaunching of investments. This economic policy was led by Roberto Campos, Minister of Economy during the first military government who had been an important protagonist of the Goals Plan. He represented the conservative technocracy aiming at expanding Brazilian industrialization.

### **III.5.2. The "Economic Miracle" (1968-1973)**

The redirectioning of demand for the DCG (Durable Consumers Goods) dynamized this segment of industry which had an important idle capacity after The Goals Plan cycle inversion.

The facilities for indebtedness of private enterprises, the new financial channels like the BNH, the improvement of financing of public enterprises were all factors favoring the retaking up of internal demand. There was a rupture with the former period of import substitution, when the economy was more balanced and grew to close itself off. This time, the second, the economy became disjoined (socially and productively) and passed to another stage of industrialization in which it opened up and got progressively integrated in the world economy, thereby acquiring greater dynamism although at the price of being much more vulnerable to world economic fluctuations. From 1967 on, a clear strategy of expansion guided Brazilian economic policy. The international context contributed decisively to the opening up of the economy. After the exhaustion

of the postwar expansion cycle in the central countries, the world economy began to expand in an outward direction, privileging the NIC's (New Industrialized Countries). World commerce expanded into the periphery and the Eurodollar market was particularly receptive to newly industrializing countries. In reality, the periphery began to adopt an anticyclical role in the face of the exhaustion of the accumulation pattern in the central countries. The expansion towards the periphery permitted the central countries to keep their industries active, principally those of Capital Goods (CG) – 39% of the exportation was destined towards the peripheral countries in 1974 - .

This new stage of Brazilian industrialization led to strong production imbalances. Although industry grew at an average annual rate of 23.6% in the period 1967-1975, the CG and Intermediate Goods (IG) sectors grew at inferior rates: 18.1% and 13.5%, respectively. This fact led the country to increasingly import intermediary and capital goods. Industrial imports as a proportion of internal demand went from 6.8% in 1965 to 17.8% in 1974.

Although the capital goods sector registered a high level of growth, 18.1% in the period, it did not keep up with the rhythm of internal demand. The economy expanded progressively; after close down caused by the Goals Plan, the coefficient of importations of capital goods increased from 19% in 1965 to 25.5% in 1974.

Together with the expansion of the DCG sector, internal demand for non-durable consumer goods became considerably depressed, as a result of the tightening up of salaries. The external market appeared as an important solution for this industrial sector. Although the growth level was the same as the historical average, the increase of the product was directed principally towards exportations, reducing the internal offer of food supply per inhabitant.

The economic system also became increasingly dependent on imported oil. Oil imports increased 2.6 times between 1967 and 1973 and the participation of these imports in the internal consumption of oil raised from 63.5% to 83.1% in the period.

### **III.5.3. The Post Miracle Period (1973-1980): Slow Down and Import Substitution**

The contradictions generated by the rapid growth and the disarticulation of the economy associated to increasing external openness, ran into a deadlock.

On the one hand, growing imports, on the other, heavy deterioration of trade terms accompanied by high interest rates. The only favorable external factors in this period were the facilities for external financing and the good performance of industrial exportations.

The year 1974 symbolizes this deadlock. This year a commercial deficit of 4.5 billion dollars was reached. The evaluation of the cost of oil only explains one third of this deficit; the rest was caused by other imports which increased 30% in volume in this year alone. That is, having reached full internal use, the economy had to import in order to grow. On the same year, economic growth fell to 9.8% as compared to the 14% of 1973. The following year growth fell to 5.6%. The tendency was clear.

Meanwhile, the rhythm of gross investment growth was maintained above the GNP, situated in 16.2% and 13.9% in 1974 and 1975 respectively. The rate of capital return deteriorated and the capital/product relationship, which had been reduced since 1967, reaching its lowest point in 1973, began to grow again, to increase continuously until the 1980's. This deterioration of the economy's profit rate clearly indicates the exhaustion of the export led growth model and the necessity to invest much by unit of supplementary product to maintain an average growth rate on the order of 7% between 1973 and 1980.

The economy had to make an important effort of import substitution in the CG sector. There were, however, profound contradictions in this policy principally to the excessively growing external

debt demanded by the elevated level of internal investment. This debt led to unnecessary importation of CG other locally available services.

The cost of maintaining economic growth with voluminous commercial deficits and still transactions was to increase vertiginously the external debt which rose from 12 billion dollars in 1973 to 53 billion in 1980. Oil importation, which was not affected by the policy of import substitution, increased 76% 1973 and 1979. The amount of oil in Brazilian imports share went from 11.4% in 1973 to 43.1% in 1980 and reaches up to 49.6%, accumulating the first and second oil shocks.

Even though this period corresponds to an important phase of investment and import substitution, an ample process of internationalization of the economy occurred triggered by the financial system, the increasing dependency on oil and the growing dynamism of industrial exports. External dependency led in 1981 to the external debt crisis and to the general economic crisis of 1981-83. With this crisis, the expansionist strategy reached a complete deadlock.

### **III.5.4. Period from 1980 onward: Crisis and Deadlock**

The change that occurred in the international sphere with the sudden rise of United States interest rates in 1979, completely reverted the previous picture of the world economy. What had been a peripheric anticyclical position in which there was the benefit of a liquid flow of capital from the central and the oil exporting countries to the periphery, got completely inverted. The United States became the great market for international financial resources. The periphery was forced to obtain a commercial surplus in order to pay the interests of the debt.

This reversion of international capital flow turned efforts of accumulation like those of Brazil completely untenable. As a result, the Brazilian economy entered a process of stagnation. In reality conceals profound transformations taking place in the productive structure. For example, importations fell abruptly were reduced from 23 billion U.S. dollars in 1980 to 13 billion in 1985. The principal factor of this retrocession was the spectacular fall in oil imports over the decade. In a way, the Brazilian economy has managed to adjust considerably to the new adverse international conditions. But this effort has been practically in vain since the considerable commercial surplus resulting from it – 12 billion dollars, something on the order of 5% of the GNP – escapes the internal economic circuit. It is almost completely sent abroad. And the country does not receive as counterpart any material on technological resources.

As a result of this external suction of internal resources, investment fell from the order of 25% of the GNP in the period 1973-1980 to something around 17% after 1980. The productive capacity practically stopped growing, principally in the DCG and CG sectors.

As the same time, the social debt grows in volume, increasing at an accelerated rhythm due to natural growth of the population (2% annually) and a process of accelerated urbanization that today reaches 70% of the Brazilian population.

In the face of this situation, there was in 1986 an attempt to widen the internal market and to redistribute the national income. This attempt – know as the Cruzado Plan – was a failure, in great part due to the resistance of entrepreneurial sectors to income redistribution and the opposition of international financial institutions.

## IV. SUMARY AND CONCLUSIONS

On the political plane, the 1964 coup d'état represented the collapse of the populist class alliance, comprising the industrial bourgeoisie, the middle class groups and the popular masses. The successive governments of populist inspiration were more and more restricted by an internal opposition that reunited the agroexporters, part of the industrial and the middle class and the hegemonic capitalist countries, their corporations and international organs, who feared the nationalist policy of the populist governments as well as the popular mobilizations behind which they saw the "danger of communism".

An opposition of such a political and economic importance tied the hands of the last populist government led by Goulart incapable of crying out the social reforms requested by the majority of the population, as well as the economic reforms needed for the continuation of the accumulation process.

Political opposition from the anti-populist sectors led to the 1964 coup d'état. But soon after the overthrow, power will escape from the hands of civil political groups contributing to the coup. What happened was that the conservative political structure that was efficient in blocking the successive government reforms of populist inspiration, became inadequate during the military government.

In this period, the technobureaucracy protected by the military felt less obliged to regionalist and conservative interest and was readier to bring about economic reforms making a new expansive phase of the economy possible. This rightist socio-institutional readjustment implied at the same time the marginalization of popular classes from the benefits of development. The middle classes, although politically silenced by the repression of the military regime, would be coopted by the measurable improvement in their acquisitive power. This authoritarian, technoburocratic power system was corroded by the exhaustion of the expansive cycle of the economy at the end of the 70's and the organization of a political opposition.

In short, the civil political system was to a great extent incapable of keeping up with the economic transformations occurring in the period prior to 1964 and ended up by being almost totally excluded from the power game during the military dictatorship. However, as soon as the concentrated development model ran into crisis, the civil political system came back on the scene in order to administrate the social contradictions. But its rigidity did not put it in a position to handle the social challenge evidenced in the country.

In contrast to the political plane, the economic sphere has shown over almost all the period a startling dynamism. This dynamism was favored by modern sectors within the State having a national development project. These sectors were mainly associated to a modern tecnobureaucracy superimposed on an old clientele-like structure.

A clear consciousness about the economic requirements on the part of the state led to the Goals Plan which represented discontinuity in the process of Brazilian industrialization. Thanks to this plan, the Brazilian economy internalized a series of industrial sectors (the DCG, CG and IG) which in turn gave rise to its dynamism. The spontaneous industrialization of the first period of import substitution turned into heavy industrialization.

But the redigity of the political sphere blocked the reforms necessary for the continuation of the accumulation process. The conservative socio-institutional readjustment excluded the great majority of the population from the benefits of the rapid growth process. It might be interesting to speculate about the possibility of another political alternative for the productive base implanted during the Goals Plan, with the so significant role played by the multinationals corporations and the durable consumer goods sector. History tells us that the leftist socio-institutional readjustment outlined during the Goulart government never left the drawing board. The obvious conclusion is that the nature of the productive structure did not provide political conditions for such a project.

During the “miracle” period, Brazil entered a new expansive phase characterized by economic dynamism. But this dynamism was based on a growing opened and external disequilibrium, a fact originating extreme vulnerability vis-a-vis the international context.

Although the government has tried to remedy this disequilibrium since 1974, the effort has led to growing external debt. The outcome was the 1980 crisis from which the country has yet no perspectives of coming out. In addition to the economic deadlock, there is also an immense social debt which was totally neglected for many years. Thus we witness the exhaustion of the concentrated model consolidated after the 1964 overthrow.

On the cultural plane, the conclusions of our study are surprising. Although the process of economic growth was associated with a massive transference of the behavior patterns and life styles of the central countries, and although the economic model has marginalized, particularly in the more recent period, the popular classes, Brazilian culture has been pervaded by an endogenous dynamism combining in an original way traditional and modern elements.

To explain this cultural dynamism it is important to mention some peculiarities of Brazilian cultural formation:

- 1) The existence of a culture of domination based on the primary export society of Portuguese and European origin which was rather superficial and alienated from the national context.
- 2) In contrast, the existence of a rich accumulation of extremely varied popular cultural traditions that were marginalized by the dominant European culture.
- 3) These popular cultural traditions do not possess, however, the high degree of cristalization and ethnic peculiarity of other. Third World cultural centers such as the Moslem, the Oriental and even the Andean countries and Mexico. Brazilian cultural traditions are recreations originated in a mixture of influences and there was no institutionalization because of their historic marginalization.
- 4) The lack of codification of traditional Brazilian cultural roots made them quite open to creation and change. This great plasticity of the Brazilian cultural base allowed for the massive entrance of modern values without destroying it.
- 5) In order to explain the peculiar Brazilian cultural make-up, it is useful to recall the 1930 economic rupture and the passage from an exclusive primary export economy to industrialization. With the fall of the old social pact which sustained the primary export economy and its European-like culture, the new elites tried to develop a nationalism based on endogenous cultural values. From then on, an attempt has been made on the part of the state to value the wealth of popular traditions integrating them with the cultural forms disseminated by the emerging mass communication media.
- 6) This marriage of a nationalist ideology associated to populism and cultural roots, is the base of contemporary Brazilian culture. In this marriage, artists and intellectuals, who are part of the elite, play an important role, extending their hand to the people in search of self identity. Since there were no rigid cultural traditions, these artists and intellectuals were deeply influenced by world cultural currents and contributed to the marriage between modernism and popular traditions. In this way, Brazilian culture acquired the capacity of assimilate modernity without major conflicts. This last point is very important. Given the economic dependency that has characterized the Brazilian development model, in which the incorporation of imported consumption patterns predominated, cultural passivism would have been expected. But plasticity of Brazilian cultural background permitted the dynamic assimilation of the messages brought in by mass communication media.

Brazilian cultural dynamism, intimately linked to modernity, allowed society as a whole to reconcile on a symbolic level with the process of rapid transformation, in spite of its socially regressive nature.

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