Brazil’s National Library is one of the features of the modern capital of Brasília. The new city, designed by architects and placed deliberately in the undeveloped middle of the country, took over from the old capital of Rio de Janeiro in 1960.
Brazil, Latin America’s booming giant, offers hopeful lessons on democracy and prosperity. After a tumultuous century, Brazil arrived at both and now sets standards for the rest of Latin America. Earlier editions of this book offered Brazil as an example of praetorianism—a tendency for the military to take over government—but Brazil has modernized out of it. (Nigeria is a current example of praetorianism.) Brazil is now an example of modernization theory, the idea that economic growth produces a large, educated middle class that is ready for democracy. After years of snarling between radicals and authoritarian generals, Brazil (and Chile) has settled into a civil contest between center-left and center-right, like much of Europe. Brazil may at last be achieving its motto: Ordem e Progresso.

**IMPACT OF THE PAST**

Portugal and Spain wanted the same thing: direct access to the wealth (especially spices) of the “Indies” that bypassed the Arab traders and the Moors, whom they had just expelled. Portugal took the lead, slowly exploring down the west coast of Africa in order to go around it. Portuguese navigators rounded the Cape of Good Hope in 1488 and quickly crossed the Indian Ocean to set up trading posts as far away as Japan. Spain, thanks to Columbus, started much later but tried due west, across the Atlantic, to reach the Indies. Accordingly, Portugal focused on Asia, not the New World.

In 1494, before South America was even discovered, the Treaty of Tordesillas (mediated by the pope) gave Portugal any possible lands to the east of a meridian 370 leagues west of Portugal’s Cape Verde Islands. Pedro Alvares Cabral discovered Brazil in 1500 and took formal possession of it for the king of Portugal. Subsequent Portuguese settlements pushed their control further westward to give Brazil its present borders.

**The Portuguese Difference**

The Spanish charged quickly into Latin America for its gold and silver. The Portuguese did nothing for 30 years; they were busy with the Asia trade, and Brazil offered no easy riches. It did have a red wood for making dye; from its brazed color came the name Brazil (Brasil in Portuguese). Only when the French started to settle there in 1530 did the Portuguese Crown take an interest. Ordering the French expelled, Dom João (King John) III parceled out the coastline into 15 capitanías, or royal grants, which he gave to wealthy Portuguese willing to finance settlement. The original capitanías, like the 13 English colonies in North America, gave initial shape to Brazil’s present-day states and its later federalism. Growth in the capitanías, however, was slow and spotty. Portugal’s population at that time was only around one million, and few were eager to emigrate.

Economic life centered on sugar, for which Europe had recently acquired a taste. Sugar growing requires lots of labor. The Indians of Brazil were few in number and made poor slaves; used to a life of casual hunting, many refused to work. With trading posts down the African

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**Learning Objectives**

10.1 Compare and contrast Brazil’s colonization with other Latin American countries.

10.2 Explain how Brazil managed to stabilize its tumultuous politics.

10.3 Explain why Latin Americans are cautious about democracy.

10.4 Describe Brazil’s mobilization-demobilization cycle.

10.5 Evaluate the Brazilian economic miracle.

**praetorianism**

tendency for military takeovers.
coast, though, the Portuguese found their answer in black slaves. From the 1530s to the 1850s, at least three million Africans were brought to Brazil (perhaps six times the number brought to the United States), chiefly for the sugarcane fields. Interbreeding among the three population groups—Indians, blacks, and Portuguese—was rife, producing Brazil’s complex racial mixture. The Portuguese always prided themselves on being nonracist, and this attitude, in public anyway, carries over into present-day Brazil.

Other Portuguese attitudes distinguish Brazil from the former Spanish colonies of Latin America. Portuguese have been less inclined to violence and bloodshed than Spaniards: “In a Portuguese bullfight, we don’t kill the bull.” Flexibility and compromise are more valued in Brazilian politics than in the politics of Brazil’s Spanish-speaking neighbors.

**Painless Independence**

Brazil’s independence from Portugal also contrasts with the Spanish colonies’ long struggles. Slowly, Brazil grew in population and importance. When the Netherlands made Pernambuco (now Recife) a Dutch colony in the mid-seventeenth century, Portuguese, blacks, and Indians together struggled to expel them and, in the process, began to think of themselves as Brazilians.
Bounding Brazil labels most of South America. Only Chile and Ecuador do not border Brazil. What is the difference between South America and Latin America? South America is the continent south of Panama. Latin America is everything south of the U.S. border with Mexico.
In the 1690s, gold was discovered in what became the state of Minas Gerais (General Mines). A gold rush and later a diamond rush boosted Brazil’s population. Economic activity shifted from the sugar-growing region of the Northeast to the South and stayed there. To this day, Brazil’s economy centers in the more temperate climes of the south, while the drought-stricken Northeast has become an impoverished area.

By the late eighteenth century, Brazil was richer than Portugal, and thoughts of independence flickered in Brazil, inspired, as throughout Latin America, by the U.S. and French Revolutions. Brazilian independence, like Mexico’s, came about partly because of Napoleon. In sealing off the Continent from Britain, Napoleon took Portugal in 1807, and the royal court in Lisbon, at British prodding, sailed for Brazil. Dom João VI was welcomed in Rio de Janeiro, which he ordered cleaned, beautified, and turned into a true capital. In 1815, Brazil was raised in rank from colony to kingdom within the Portuguese empire.

In 1821 Dom João returned to Lisbon and gave his son, Dom Pedro, then age 23, some parting advice: If Brazilian independence became inevitable, he should lead it. This pragmatic Portuguese flexibility contrasts with Spanish obduracy. The next year, Dom Pedro proclaimed Brazil independent, and Portugal did not resist.

From Empire to Republic

Brazil was a monarchy from 1822 to 1889, another point of contrast with the rest of Latin America. Dom Pedro I proved an inept ruler; the army turned against him, and he abdicated in 1831 while his Brazilian-born son was still a child. Under a regency, power was dispersed among the various states; an 1834 act set up states’ rights and introduced de facto federalism. Politics became a series of quarrels among the states and the rich landowning families that ran them. The instability was so serious that it led to agreement in 1840 to declare Dom Pedro II—only 14 years old—of age to rule.

Dom Pedro II was beloved for his calm, tolerant manner and concern for Brazil. He did not, however, do much. Basing his rule on big plantation owners (fazendeiros), Pedro let things drift while he exercised the “moderating power” of the liberal 1824 constitution in appointing and dismissing ministers. But the Brazilian economy changed. The large landowners mattered less while vigorous businessmen and bankers gained importance. The growing modern element resented the

**POLITICAL CULTURE ▪ “ORDER AND PROGRESS”**

French philosopher Auguste Comte (1798–1857) developed a doctrine known as Positivism. With its slogan of “Order and Progress,” this optimistic philosophy held that humanity can and will progress by rejecting theology and abstract speculation in favor of the scientific study of nature and of society. Positivism advocates a building-blocks approach of empirical observation and data gathering. By assembling the blocks, society can be analyzed, predicted, and then improved, not in a revolutionary way, but gradually and under the supervision of humanitarian specialists. Said Comte: “Progress is the development of order.”

Comtean Positivism launched modern social science (and still holds sway in psychology) and took root especially in Brazil. By the 1880s many Brazilian army officers had been instructed in Positivism by the mathematics professor Benjamin Constant Magalhães, who taught in the national military academy. With the 1889 republic, Positivists put their motto onto the Brazilian flag, where it remains to this day: Ordem e Progresso.
conservative monarchy and favored a republic. One big question Dom Pedro II did not attempt to deal with was slavery. Under British pressure, importation of new slaves ended in the 1850s, but slavery continued, deemed humane and necessary by Pedro’s landowning supporters. Finally his daughter, Princess Isabel, acting as regent while he was in Europe, signed an abolition bill in 1888, making Brazil one of the last countries to emancipate its slaves.

By now, wide sectors of the Brazilian population were disgusted with monarchy. Intellectuals, businesspeople, and army officers, imbued with Positivist philosophy (see box on facing page), wanted modernization. In 1889, a military coup ended the monarchy and introduced a republic without firing a shot.

The Old Republic

The relative stability conferred by Brazil’s Portuguese heritage—bloodless independence and nineteenth-century monarchy—wore off during the Old Republic. Revolts, rigged elections, and military intervention marked this period. The 1891 constitution was modeled after the United States’, but coronéis and the military held power. The presidency alternated between the political bosses of two of the most important states, São Paulo and Minas Gerais.

Grumbling increased during the Old Republic. More sectors of the population saw their interests were unheeded by the conservative political bosses. Idealistic army officers revolted in 1922 and 1924, believing they could save the republic. The Brazilian army at this time was liberal or even radical. Many officers were imbued with Positivism and opposed conservative politicians, who seemed to block progress. To this day, the Brazilian military sees itself as a progressive force.

What finally destroyed the Old Republic was the Depression and collapse of coffee prices, a crop that Brazil depended upon. Further, in 1930 the old Paulista-Mineiro combination split, and a crafty politician from Rio Grande do Sul—the home of many maverick politicians—took advantage of it to run for the presidency. Getúlio Vargas claimed the election results had been rigged against him (entirely plausible) and, with help from the military and amid great popular acclaim, took over the presidency in Rio in October 1930.

Vargas’s “New State”

Latin American populist strongmen (caudillos in Spanish, caudilhos in Portuguese) are hard to label, for they appear to be both leftist and rightist. They expand the economy by statist means (see Comparison box near end of chapter). They claim to be for the people and institute many welfare measures. They create a labor movement and give it a privileged status that is long remembered among the working class. But they are no more democratic than the old political bosses they overthrew and often support the interests of existing elites, such as keeping coffee prices high. And they are very much for “order.”

Some called such figures as Vargas of Brazil and Perón of Argentina fascists, but they probably were not. These populist demagogues, rather than building ideological parties, mobilized the masses with their personal appeal. During the 1930s and 1940s, however, when fascism in Europe was having its day, they threw in some fascistic rhetoric. Vargas, like Perón, looked after the working class by instituting an eight-hour work day, minimum wages, paid vacations, and collective bargaining. Labor did not have to fight for its rights; Vargas handed them over long before there was an organized labor movement to make demands. He also founded the Partido Trabalhista Brasileiro (Brazilian Labor Party, PTB for short, not to be confused with the current PT). The result, as in
much of Latin America, is a weak labor movement that constantly seeks the protection of a paternalistic state.

Vargas’s 1934 constitution brought in a corporatist element—one-fifth of the legislature directly represented professional and trade groups—on the pattern of Italy and Portugal. The constitution also limited the president to a single four-year term. By 1937, however, Vargas decided to stay president and carried out a coup against his own regime, what is called in Latin America an autogolpe. Vargas proclaimed himself president, but this time there was no legislature to limit his powers. He called his regime the Estado Novo; his critics called it “fascism with sugar.” There was material progress—industry, highways, public health, social welfare—but there was also a loss of freedom. The United States got along well with Vargas, for he did not curb U.S. investments. The military, however, alarmed at Vargas’s populistic dictatorship, forced him to resign in 1945. By then Vargas had become a hero to many Brazilians, who continued to support his PTB. In both Brazil and Argentina, the working masses longed for the return of their respective dictators and reelected them to office—Vargas in 1950 and Perón in 1946 and 1973. Once mobilized by a populistic dictator, the masses may prefer such rulers and their statism to democracy and free markets.

**The Rise and Fall of Jango Goulart**

The reelected Vargas was a poor president; corruption and inflation soared. Many Brazilians, including top military officers, demanded he resign in 1954. Instead, he committed suicide, blaming reactionary international (that is, U.S.) and domestic forces for blocking his good works. One of Vargas’s appointments had particularly angered the military. Vargas named a neighbor from Rio Grande do Sul, the radical João (Jango) Goulart, as labor minister, but the military forced him to resign in 1954.

Goulart, however, continued to head the PTB and in 1955 helped moderate Juscelino Kubitschek win the presidency with Goulart as vice president. Kubitschek mobilized into his Social Democratic Party (PSD) the old political class of state and local elites who had dominated Brazil before Vargas. Kubitschek tried to focus Brazilians’ energies on developing the interior; he pushed construction of Brasilia, which became the capital in 1960. Heedless of economic problems, Kubitschek promoted industrialization and allowed inflation to soar.

Brazil’s working classes responded to populist appeals and in 1960 elected president Jânio Quadros, who promised major reforms; Goulart was vice president. An unstable alcoholic, Quadros resigned after just seven months. Now Goulart, the very man the military forced out in 1954, was in line for the presidency.

The Brazilian army started talking about a coup, but a compromise was worked out: Goulart could be president but with the powers of that office greatly curtailed. Goulart accepted but played a waiting game. As the economy got worse—inflation climbed to 100 percent a year by 1964—he knew the Brazilian masses, by now mobilized and seething with demands for radical change, would support him in a leftward course. In a January 1963 plebiscite Brazilians voted five to one to restore full powers to the president so he could deal with the economic chaos. Goulart now veered further left and called for “Basic Reforms”: land redistribution, nationalizing the oil industry, enfranchising illiterates, legalizing the Communist Party, and turning the legislature, which had blocked his schemes, into a “congress composed of peasants, workers, sergeants, and nationalist officers.”

Brazilian society—like France and Germany in earlier decades—split into leftist and conservative wings with little middle ground. Conservatives, including most middle-class Brazilians, were horrified at Goulart and his appointment of Marxists to high positions. The United States saw Goulart as another Castro, cut off financial aid, and stepped up covert activity to destabilize
the Goulart government. Brazil seemed to be on the verge of revolution. What finally brought Goulart down was his challenge to the armed forces. Goulart publicly supported some mutinous sailors, which Brazil’s generals saw as undermining their military discipline and command structure. On March 31, 1964, with scarcely a shot, the generals put an end to Brazil’s tumultuous democracy and ruled for 21 years.

Realizing they could not govern with a heavy hand forever, in the 1970s the generals began to carry out a decompressão (decompression) and then abertura (opening up). Gradually and with some backsliding, they permitted media criticism, two tame political parties, and partly free elections. The concept of tame parties is interesting. Dictators generally hate political parties, blaming them for the country’s ills (sometimes deservedly). But they find they cannot govern without some connection to the masses, so they often allow a regime-supporting party, as Franco did in Spain with his National Movement. The Brazilian generals were more clever, permitting two tame parties, one a total creature of the regime, the Renovating Alliance (Aliança Renovadora Nacional, ARENA), the other a tame opposition, the Brazilian Democratic Movement (Movimento Democrático Brasileiro, MDB). Brazilian critics called the MDB the “Party of Yes” and the ARENA the “Party of Yes, Sir!” Nonetheless, these essentially fake parties helped Brazil transition to democracy. China could learn from this.

**THE KEY INSTITUTIONS**

**The Struggle to Stabilize**

The handover of political power to civilians in Brazil was scary. Much could have gone wrong, leading to a new military takeover. Brazil inherited some defective basic institutions that stymied the best intentions, leaving the country stuck in old quarrels that were not overcome by Brazil’s 1988 constitution. The Old Republic echoes in the free-spending powers of Brazil’s states and their governors. Vargas’s New State echoes in the state-owned industries and employee protections. Free-market Brazilians, such as former President Fernando Henrique Cardoso (1995–2002) try to overcome these roadblocks. Leftist Brazilians, such as President Luís Inácio Lula da Silva (2003–2008), try to retain the Vargas pattern.

Much of the criticism focuses on Brazil’s 1988 constitution, the country’s seventh since independence. Its aims and general structure are fine, but its details seem designed to trip up needed reforms. Like most modern constitutions, Brazil’s includes numerous social and economic rights—a 40-hour work week, medical and retirement plans, minimum wages, a 12-percent interest ceiling on loans, the right to strike, Indian rights, and environmental protection. Such details have no place in a constitution. But the writers of new constitutions, especially in developing lands, are often idealistic and think they can right all wrongs by mandating fixes in the constitution.

The problem with guaranteeing such rights is that they create expectations and demands that cannot possibly be met by a struggling economy, and this deepens popular discontent. Such details also fail to distinguish between a constitution and statutes. Even worse, Brazil’s constitution allows national referendums—called “popular vetoes” and “popular initiatives”—to voice these discontents. California, with its myriad initiatives on each ballot, trips itself up with hyperdemocratic nonsense, but in Brazil the consequences can be more serious. Another potentially disruptive feature of Brazil’s constitution: Minimum voting age is now 16.

Brazilian states and municipalities are more independent and less responsible than their U.S. counterparts; they get federal revenue and run up big debts. (U.S. states have to stand nearly on their own fiscally and cannot run deficit budgets.) After great effort, Cardozo got a fiscal-responsibility
Brazil’s states and cities are also overstuffed with patronage civil servants who retire young on good pensions, producing massive public-sector overspending.Trimming their pensions is a major reform effort.

**Congress and the Presidency**

The 1988 Brazilian constitution is basically presidential; that is, a powerful president is directly elected. The Congress, however, is fragmented into many weak parties, often making it difficult to pass badly needed reforms. Until a 1997 constitutional amendment, Brazilian presidents could be elected for just one five-year term; now they can be elected to two 4-year terms. In 1993, a plebiscite decided to keep the presidential system—Brazil’s tradition since 1889 and the pattern throughout Latin America—rather than go to a parliamentary system with a prime minister as chief executive.

Brazil’s parliament, the National Congress, is bicameral. The lower house, the Chamber of Deputies, has 513 members, each elected for four-year terms based on a type of proportional representation that left it fragmented into 15 parties, some of them dead set against reforms (like Russia’s Duma before Putin). The largest party is Lula’s PT, but it has only 88 of the seats. Brazil’s 26 states (plus the Federal District of Brasilia) have from 8 to 70 deputies, depending on population. This overrepresents the rural, less-populous states and is unfair to the big, economic-powerhouse states such as São Paulo.

### DEMOCRACY ■ BRAZIL’S 2010 PRESIDENTIAL ELECTIONS

Brazil holds presidential elections French-style, in two rounds. If the first round produces no candidate with over 50 percent, a second round is held four weeks later between the top two. Runoffs make sure presidents have a majority and not just a plurality behind them, a problem with badly fractionated party systems, such as Brazil’s.

Brazil’s first round on October 3 featured nine parties, most of them with leftist names. Dilma Rousseff of the Workers Party (PT), Lula’s designated successor, got 47 percent and José Serra of the more-conservative Social Democratic Party (PSDB) 33 percent. Marina Silva of the newly formed Green Party (*Partido Verde*, PV) attracted many younger voters to take a surprising 19 percent. Turnout was 82 percent, boosted by mandatory voting for those 18 to 70, a point not all Brazilians observe. The runoff on October 31 gave Rousseff 56 percent to Serra’s 44 percent with a 79 percent turnout.

Ideological differences between the PT and PSDB were not that great. Both Rousseff and Serra had opposed the rule of the generals—Rousseff in a radical way and Serra in a mild way. Rousseff worked in the revolutionary underground and was arrested and tortured, whereas Serra went into exile, studying and teaching in Chile and the United States, where he earned a PhD in economics at Cornell. Neither wanted to kill Brazil’s economic boom or repeal Lula’s popular *Bolsa Família*, but Serra stressed further liberalization, especially of the labor market, while Rousseff emphasized protections for workers and the poor.

The 2010 Brazilian election resembled those of most advanced democracies, a contest between center-left and center-right parties, with the middle classes tending center-right, the poorer (plus many intellectuals) tending left. Business preferred Serra—just as they had preferred the PSDB’s liberalizing President Cardoso—and claimed that Cardoso’s reforms in the 1990s had set the stage for Brazil’s boom. Business had learned, however, that it could work constructively with the PT under Lula. Brazilian politics, while not yet European, is working on it.
For elections to the Chamber of Deputies, each state is a multimember PR district. Voters can either pick a party or write in the names of their preferred candidates. This system, known technically as “open-list proportional representation,” lets candidates of the same party compete against each other, one of the flaws of the old Japanese electoral system. For the Senate, each of Brazil’s 26 states and the federal district sends three senators to the upper house, whose 81 members are elected for eight-year terms by British-style FPTP. One-third of the Senate is elected in one election, the other two-thirds in the next. For many in both chambers, party matters little; candidates tend to run on personality, contributing to the weakness of Brazil’s parties. Reform of this system could reduce the absurd number of parties and build coherent ones.

The military presidents of Brazil were extremely powerful, their civilian successors much less so. Their power to initiate needed reforms is restricted by Congress on one side and state governors on the other. Members of Brazil’s Congress, essentially the representatives of their states and their powerful interest groups, generally want to spend more, especially on their clients. They pay little attention to the budget deficits this creates, which in turn lead quickly to inflation. All their incentives push them to spend.

President Cardoso fought inflation by curbing government spending. By background, Lula was inclined to boost government spending, although in practice he balanced that with fiscal responsibility. Reforms to tighten fiscal responsibility have rough going in the fragmented Congress. Few think of the good of the whole, only of their favored interest group. Some state governors simply

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**PERSONALITIES**

LULA: “I CHANGED. BRAZIL CHANGED.”

On his fourth try, Luiz Inácio Lula da Silva won the 2002 presidential election on the (French-style) second round. (His nickname, “Lula,” was so popular that he added it to his given names.) Lula was Brazil’s first working-class president; all previous presidents represented Brazil’s elites. Several of Lula’s cabinet ministers were also raised in poverty. The 2002 election marked a major step in Brazilian democracy; for the first time, poor Brazilians entered politics. Lula won reelection on the second round in 2006.

Born in 1945 in the impoverished Northeast, the seventh of eight children of farm laborers, Lula went hungry and lived in a shack. Lula’s father soon left for São Paulo, where he started another family, a common pattern in Brazil. At age 7, Lula rode on a truck to a São Paulo *favela* with his mother, whom he helped support by selling candy and shining shoes. With only four years of schooling—he is the least educated president of Brazil—Lula became a lathe operator. His first wife died in childbirth because they could not afford medical care. Recalling his childhood, Lula wanted to “guarantee each Brazilian one plate of food a day.”

An older brother, a Communist (later tortured by the military regime), urged Lula to become a union organizer, and in 1975 Lula was elected president of a metalworker’s union. A charismatic speaker, Lula led a series of strikes that undermined the generals’ government. Lula was jailed but freed in 1980 and founded the Workers Party (PT). Originally strongly leftist, by 2002 the PT had moderated, although Lula could still crank out anticapitalist slogans and wear a red star on his lapel. Lula switched from jeans to coat and tie and said: “I changed. Brazil changed.” In office, it became clear how much he had changed.

Lula adopted the free-market policies of his predecessor, the PSDB’s Cardoso. “Creating jobs is going to be my obsession,” said Lula as he took office. But in addition to fighting inflation and attracting capital, he emphasized help for the poor, including his *Bolsa Família*. Initially, Brazil’s currency dropped as investors hung back in fear of socialist experiments, but Lula reassured them by naming respected economists and businesspeople to top jobs. Soon Brazil boomed, and Lula became widely respected, even among conservatives.
ignore Brasilia’s decrees to balance their budgets, trim the bureaucracy, and stop borrowing. Brazilian politicians—like those of the French Fourth Republic—are good at blocking but not at building.

A Deceptive Party System

You can’t tell a Brazilian party by its name. Of the 15 parties in the Congress elected in 2010, six had “workers” and another four had “social” in their name. That would seem to slant Brazilian politics to the left. But some parties with leftist names are center-right or even conservative. Brazil’s parties and their members change quickly. Like Japan’s, they are founded, merge, renamed, and split so fast it is hard to keep up with them. Many Brazilians disdain parties; they see them as corrupt and irresponsible. Elected representatives often switch parties, some more than once, depending on the deals they get from the new party. These are the marks of an inchoate party system in which the poorly institutionalized parties are simply personalistic vehicles to get their leaders elected. (Putin created such a party in Russia.)

Parties with clear programs or coherent policies are new and few in Brazil but, if Brazil continues to modernize, may become dominant. The Brazilian pattern has been for leaders to set up a party with a nice name, use it to get elected, and then grab government resources (jobs, contracts, loans, kickbacks) to keep themselves in power and get rich. Fernando Alfonso Collor de Mello, for example, created his own National Reconstruction Party to win the presidency in 1989, but his party soon faded. He did not care, for he was then able to enrich himself and his friends. About to be impeached for corruption, he resigned in 1992 but got elected senator in 2002 on a party with “worker” in its name. He has belonged to a total of six parties.

Settling into a stable, meaningful party system is one of the best things Brazilian democracy could do for itself, and it may be underway. Lula’s presidency produced a center-left “Lulista” grouping in Congress that generally supported his legislation. Now nine parties do the same for Dilma Rousseff. On the other side, an informal “center-right” coalition opposes her policies. Brazil’s electoral system permits or even encourages numerous small, personalistic parties; changing it could accelerate the tendency to coalesce into a two-bloc system.

With the abertura of the 1980s, several socialist or workers’ parties sprang up. The main party of the left, the Workers Party (Partido dos Trabalhadores, PT), led by charismatic union organizer Lula da Silva, won the presidency and largest number of congressional seats in 2002 and 2010. (The PT is unrelated to Vargas’s old PTB, whose name was taken over by his niece, but it is a small center-right party.) The tame party of the generals, the MDB, turned itself into the Party of the MDB (PMDB), a catchall party renowned for corruption. It is now part of the Lulista coalition.

In opposition, Cardoso’s Brazilian Social Democratic Party (Partido da Social Democracia Brasileira, PSDB) was formed in 1988 from a variety of centrist and reformist deputies. Cardoso won the presidential elections in 1994 and 1998, but his less colorful successor, José Serra, lost to Lula in 2002 and to Dilma Rousseff in 2010. What’s missing in Brazil is a clear-cut conservative party, or one that admits it is conservative. The closest is perhaps the Democrats, a vague descendant of the generals’ ARENA. Brazilian parties like to sound leftist; it wins votes.

The Military as Political Institution

As in much of the Third World, Brazil’s political institutions are weak. Unlike Europe, with its well-established parliaments, parties, and bureaucracies, Brazil’s political institutions are barely capable of handling the demands of mass politics in an orderly way. When the political system gets
stuck or chaotic, the army is often the only institution capable of governing. Direct military rule ended in 1985, but if things get tumultuous again, another military takeover is possible.

The Brazilian military has intervened in politics many times: at the birth and through the life of the Old Republic, at first in support of Vargas and then against him; at the establishment of reasonably democratic regimes at the end of the two Vargas periods; and in 1964. Prior to 1964, however, the Brazilian military never tried to stay in power. They saw themselves the way Dom Pedro II had seen his role—that of a “moderating power” to restrain politicians from excesses. Step in when need be, set things right, then step out, was the Brazilian military pattern.

By 1964, both the Brazilian military attitude and the nation’s situation had changed. Brazilian officers, partly thanks to U.S. guidance, had redefined their mission from defending Brazil against external enemies to guarding it against internal threats, especially communism. In the Superior War College, the ESG (see box below), top officers studied politics, economics, psychology, and counterinsurgency.

Thus higher Brazilian military officers, technically highly trained and newly motivated toward a more active role in their country’s politics, were ready to upset a long-held view (especially by Americans) that truly professional military officers do not engage in coups. Looking around, the Brazilian officers found—almost like a case study—a Brazil that was sliding rapidly to the left. The Brazilian army chose to intervene, and it did so precisely because it was professionally trained to prevent revolution. This time the officers were determined to stay in power, block the return of divisive politics, and modernize their potentially rich country in an organized, rational manner.

For two decades, Brazil was governed by a succession of generals, each chosen by a small group of generals. The Brazilian military did not rule the country directly, as if it were an army camp. Rather, they structured the political system so that only a military officer or a civilian who

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**COMPARISON ▪ BRAZIL’S SCHOOL FOR PRAETORIANS**

A school facing a luxurious Rio beach does not seem a likely spot for a powerful political institution, but in Brazil virtually the entire ruling class of the military period (1964–1985) emerged from the Superior War College (Escola Superior de Guerra, ESG). Founded in 1949 on the model of the U.S. National War College (which trains midcareer officers for higher command), by the 1960s the ESG had shifted its emphasis from external to internal security. Still influenced by the old Positivism—which, in fact, had been spread in the nineteenth century through Brazil’s military academy—ESG students came to the conclusion that only Brazil’s rapid economic development would save it from chaos and communism.

The ESG trained not only the best colonels, but top civilians as well. Government administrators, private industrialists, and leading professional people tended to outnumber ESG’s military students. The ESG drew its 90 students a year from key areas of the political and economic power structure: banking, mass communications, education, and industry. ESG’s graduates returned to their branches imbued with the authoritarian developmentalist doctrines they learned at the school. In civilian-ruled Brazil, ESG graduates are not so influential, although many are still in high positions.

The ESG actually resembles a French grande école, such as the Polytechnique or ENA, which gives French policy making cohesion and continuity. “We don’t actually make government policy,” said a senior Brazilian officer on the ESG staff. “The great contribution of the school has been to establish an elite of people who can think in the same language and who have learned the team approach to planning here.” The French could not have said it better. The United States has no equivalent to the ESG. Should it?
cooperated with the military could attain executive office. Once named president, a Brazilian general usually retired from active service and seldom wore his uniform.

Brazil’s military regime was not just military, and that may be why it lasted so long. The Brazilian military had close ties to civilian bankers, educators, industrialists, and governmental administrators, many of whom trained together in the Superior War College in Rio. The weakness of most military regimes is their isolation and lack of contact with civilian elites. Unable to run the complexities of economy, society, and diplomacy without skilled civilians, military regimes often blunder badly and then decide to give up power and responsibility.

Brazil’s generals avoided this kind of isolation by partially integrating themselves with conservative civilian elites who held views and values close to the military’s. Brazil’s “military” regime was actually a civilian-military network of authoritarian developmentalists who controlled most of Brazil’s economic, political, and military structures. In public, the government looked civilian, and most executive positions were occupied by civilian technocrats.

Can an army be a political institution? Historically, the evidence is against the military holding power permanently. Armies are clumsy tools to govern with. After some years, military regimes tend to return power to civilians, or turn into civilian regimes themselves, or get overthrown in a new military coup. The first is what happened in Brazil in the early 1980s.

A Lack of Institutions

The underlying reason that Brazil got its military governments was the lack of sturdy institutions that could handle the influx of newly mobilized sectors of the population and their demands. In the absence of firm, well-established parties and parliaments, demagogic populists aroused both the masses and the military. The military won, and, as we shall see, the masses lost. The trouble was that the Brazilian military did not found durable institutions either.

One of the principal functions of political institutions is winning and channeling mass loyalty to the system. The chief mechanism for doing this is political parties. Without loyalty, mere technical arrangements, even if they work well in promoting economic growth, become more and more personal attributes.

PERSONALITIES ■ DILMA ROUSSEFF, BRAZIL’S FIRST WOMAN PRESIDENT

Dilma Rousseff is not Latin America’s first woman president—Argentina and Chile each had one earlier—but it is still highly unusual. She is the daughter of a Bulgarian Communist who settled and married in Brazil before World War II. Dilma was born in 1947 into a comfortable household but turned to far-left politics in high school during a time of Brazilian radicalism, which the military coup ended in 1964.

Going underground, Dilma worked with armed revolutionary groups and was arrested and tortured in 1970 but released at the end of 1972. Twice married, both times to leftists, she gave birth to her only child in 1976 and now has a grandson. She earned a degree in economics in 1977 and worked in local administration. In a parallel with Lula, her ideology evolved from Marxist to moderate and pragmatic. She identifies herself as Catholic and is not against market economics. A member of Lula’s PT, she became his energy minister and then chief of staff.

Winning the presidency in late 2010 on the second round, Rousseff basically continued Lula’s policies. Very bright but not a grandstander, she strove to keep the economy growing while cleaning up corruption, a difficult task. Her vice president is Michel Temer of the PMDB. Neither could be accused of radicalism.
isolated from the population they rule. Franco’s Spain supervised an economic boom, but there was little positive feeling among Spaniards for the Franco institutions. After his death in 1975, those institutions were dismantled with scarcely a protest.

By stunting the growth of political institutions, the Brazilian military did great harm to the country. The world was delighted to see Brazil escape from its cycle of weak civilian institutions overthrown by clumsy military regimes, which in turn gave way to weak civilian administrations again. Could there be another coup? In previous decades, one heard muttering from top officers, but Brazil’s economic growth has given it a per capita GDP of some $11,000 and moved it into the ranks of the middle-income countries, which tend to be stable democracies. Lula’s successful presidency and the peaceful election of Rousseff indicate Brazil has modernized out of praetorianism.

**BRAZILIAN POLITICAL CULTURE**

**The Easygoing Image**

Both Brazilians and resident foreigners describe Brazilians as easygoing people, seldom angry or violent, largely indifferent to politics, and unlikely to rise in revolt. The image of laid-back Brazilians may have been overdone; an economy cannot expand at several percentage points a year without people working hard. Brazilians are emotional; they laugh, joke, and embrace in public. They love children—possibly, some suggest, because the infant mortality rate is high—and tend to spoil their offspring, especially the boys. This creates a male-centered society in which men may indulge themselves but not women.

Many of the Portuguese who settled Brazil either were minor noblemen or pretended they were. They brought with them antiwork attitudes and looked down on entrepreneurial activities. Many of the more vigorous business and government people have been of non-Portuguese origin (German, Italian, Japanese, and East European). Avoidance of work is common throughout the middle classes in Latin America (and in much of the Middle East); educated people would rather become bureaucrats than entrepreneurs. Hustle and vigor for a long time were weak in Latin American capitalism (no longer the case), a point sometimes offered as an explanation of both tardy growth and penetration by U.S. capital. If local capital won’t do it, American capital will.

There was nothing easygoing about Brazilians when the country approached social collapse in the early 1990s. Desperate people, some of them reduced from middle-class jobs to street peddling, turned angry. At one point, about 45 percent of Brazilians were below the (rather low) poverty line, and 30 percent lived in absolute poverty (under $1.25 a day). Brazil had practically no unemployment compensation, welfare benefits, or food stamps. When Brazilians have no money for food, they starve or steal. Traditionally, Brazilians shrugged off their impoverished class as a normal thing that could not be helped. With the prospect of social breakdown and violence, however, some took notice and instituted workable welfare measures.

**Brazilian Racism**

Easygoing Brazilian attitudes on race help keep society calm and stable. A large fraction of Brazilians have some African ancestry, giving Brazil the largest African-descended population outside of Africa. Precise classification is impossible, however, because of both racial mixing and the Latin American tendency to let culture decide race. Throughout the continent, a person with
the “right” education, manners, and money is considered “European,” with little regard to skin color. Brazilians have more than 300 words to distinguish among the combinations that make up the country’s racial spectrum. In law and in most public places, there is no discrimination in Brazil. Walking down the street, one Brazilian feels as good as another.

Few Brazilians admit it, but their society is structured along racial lines. Life chances are strongly related to skin color in Brazil. While there are plenty of poor white Brazilians, their odds of becoming rich, healthy, and educated are greater than those of black Brazilians. Recent economic growth has boosted incomes and living standards of most Brazilians, but black Brazilians still lag behind. The Brazilian economic and political elite are white, even ex-radicals such as Lula and Rousseff. Brazil’s Congress is a sea of white faces. The standard explanation is that black Brazilians lack the education to achieve higher status. One might ask why, after many generations, do they still lack the education?

A small number of blacks have moved upward, but their way is often blocked by job requirements specifying “good appearance” (that is, white or near-white). Individual blacks can succeed in entertainment and sports, but they are a handful. The world’s greatest (and highest-paid) soccer star, Pelé, was black. Even he encountered discrimination early in his career. When he served as Cardoso’s minister of sports, he was the only black in an all-white cabinet. Intermarriage is perfectly legal but seldom takes place. Problems of race are rarely discussed in Brazil’s mass media. Increasingly, Brazil’s blacks resent their status and have demanded U.S.-style affirmative action programs to improve it. In general, however, Brazil has been more clever than the United States in keeping race a nonissue.

Brazil’s Poor: Passive or Explosive?

Do poor people turn naturally to social revolution, or are they too busy staying alive to bother with political questions? Brazil was a test of some of the long-standing debates about why people revolt. The answers depend not just on people being poor—most Brazilians through history have been poor—but on the context in which poor people find themselves.

In the dry, overpopulated Northeast, some people starve. Many rural poor, hoping to improve their condition, flood into the favelas surrounding the cities, where some do find work while others eke out a precarious living from peddling or crime. But rich Brazilians—a rapidly increasing class—live sumptuously. For most of the military era, there was little open class resentment. First and most important, the Brazilian underclass was deprived of its leadership and organizational alternatives. The radical parties and leaders of the Goulart period were, respectively, outlawed and exiled or had their political rights annulled, cassado in Portuguese. Anyone caught trying to form a radical opposition got into bad trouble—“disappeared” to torture or death.

The strong economic growth of the 1970s gave people hope and thus dampened protests, but, with the economic downturns in the 1980s and 1990s, hope dimmed. In response, some Brazilians raided food stores. Everything from corner grocery shops to supermarkets were smashed open by hungry crowds and quickly looted. Brazil’s food riots sent chilling warning signs throughout the Third World.

Especially ominous was that this arousal of Brazil’s poor from passive to active came at the time Brazil was democratizing and forming parties, some of them with radical leadership. Even more explosive was the fact that many middle-class Brazilians found themselves getting pushed down into the lower classes, and middle-class people are far more likely to rise in revolt than those who have always been downtrodden. Sectors of the middle class, desperate to hold on to their tenuous positions, could serve as the sparkplug for major unrest.
Fortunately, Brazil made it through this scary time. Now the economy is growing fast and politics much calmer. The poor are not automatically passive or active but can become either, depending on the situation. In an economic downturn, Brazilian radicals might again attempt to mobilize mass discontent, and the military might decide to intervene again, although this is now unlikely.

The Third World is characterized by shantytowns, vast tracts of squatter housing that surround most cities, called barrios coloniales in Spanish (one of many terms) and favelas in Portuguese. Starting as just shacks, over time some turn into modest homes. Few occupants own the land under their dwellings, so they have no legal claim to them and cannot use them as collateral for loans. Peruvian economist Hernando de Soto claims that just giving shanty owners legal title would yield loans and rapid economic growth.

Brazil’s poor are sometimes called marginals. Many of them huddle in favelas. Some favelados hold regular jobs, others sell pop on the beach, and some steal. Crime bosses hold sway in the favelas. Brazil’s crime rates are astronomical. Police raids against favela drug dealers and criminal gangs are like small wars. There is no place for the marginals to go, and few care about them.

Politically they are on the margin, too. Unorganized and too busy just trying to get food, Brazil’s poor can riot when faced with starvation. Brazilian sociologists point out that however wretched life seems in the favelas, it is worse in the countryside. Moving to a favela for many is a step up, for there they have access to better education and health services and may even find a job. And thanks to the low rent and cheap labor, small businesses grow in the favelas.

The Dona Marta favela, a large shantytown in Rio where thousands of squatters set up informal housing, was allegedly “pacified” from drug gangs by a police operation. Third World cities are characterized by sprawling shantytowns.
Uneven Democratic Attitudes

Brazil’s economic stabilization helped build democratic attitudes; economic downturn worsened them. In a 1996 survey 50 percent of Brazilians said democracy was the best form of government; this fell to 30 percent in 2001 but recovered to 37 percent in 2002 and 54 percent in 2010.

During this same period, however, declining percentages said an authoritarian government can sometimes be preferable (from 24 percent in 1996 to 14 percent in 2010). In 2001 the poll found only 2 percent of Brazilians said they could trust most people, the lowest of Latin America. The “trust” question is important, for without widespread trust you cannot build democracy or an economy. Especially weak was confidence in anything political, such as the president, Congress, or parties, feelings widespread in Latin America. Only the church enjoyed great confidence.

Some Brazilians, especially the middle class and educated, are convinced democrats. Others, especially poorer and working-class people, are interested in little besides jobs and are willing to support whatever will put food on the table, democratic or not. This is typical of the Third World—and even much of the First. Commitment to democratic values is stronger among those higher up on the socioeconomic ladder, people who do not have to worry about eating. The poor often prefer an authoritarian populist.

In many countries—including the United States—commitment to democratic values falls off as one moves down the socioeconomic ladder. The irony here is that democracy—a system that is supposed to be based on the broad masses of people—receives its strongest support from better-off, educated people. This does not mean that democracy is impossible in Brazil, but it takes time and effort. Part of the impulse for Brazil’s democratization came from the educated upper-middle class, a group that was relatively small but strategically positioned to make its voice heard. Brazil makes us aware that democracy—or indeed any kind of political system—is usually the work of the few mobilizing the many.

Much of Latin America abandoned statism and socialism. Free markets, international trade, and foreign investment no longer looked bad; they started taking on positive connotations. The new attitude spread unevenly in Latin America, with uneven results. The recent economic downturn briefly revitalized dependency theory (see next section), this time focused on globalization. Fortunately, Lula left Brazil’s burgeoning market economy largely alone, and it boomed, based heavily on exports of food and raw materials to other developing lands, especially to China.

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**POLITICAL CULTURE ■ PERSONALISMO AND MACHISMO**

Latin American politicians, including Brazilians, frequently rely on personalismo in politics rather than on clear thinking, party programs, or patient organizing. Most Latin Americans like to be perceived as having a strong personality, the men especially as macho, leading to machismo. Latin American leaders, civilian or military, traditionally combine personalismo and machismo in varying degrees. They figure it is the only way to gain mass respect.

The Brazilian generals, given the way in which they were selected for power, tended to downplay these qualities. With the return of civilian politics, however, personalismo and machismo reappeared in Brazilian politics. Both Collor de Mello and Lula excluded personalismo. A sign of Brazilians’ maturity was the election of Dilma Rousseff, Brazil’s first woman president, who won largely on being Lula’s successor, not personality.
Dependency Theory

During the Cold War, part of Latin American political culture was the fashionable leftist view that the region’s poverty was the result of exploitation by wicked capitalists, especially by norteamericanos. After World War II, radicals worked this up into what they called dependency theory, a theory that the Third World is economically dependent on the capital, products, and policies of the First World, especially the United States. (One book portrayed a U.S. “shark” feeding on Latin American “sardines.”)

Only by getting out from under the control of U.S. corporations—which dictated what Latin American lands would produce (bananas and coffee) and what they would consume (Chevrolets and Coca-Cola)—would Latin America eliminate poverty. Accordingly, radical regimes such as Cuba, Nicaragua, and currently Venezuela are praiseworthy because they broke their dependency on the Yankees and instituted independent economic development to benefit their own peoples.

Dependency theory contains several disputes. It is a type of Marxist theory, but some orthodox Marxists dislike it. Marx saw class conflict within a country as the key to its economic and political development. Many Latin American critics blame their continent’s poverty on its “predatory class structure,” in which a few rich families own everything and there is not much of an industrial proletariat. Latin America’s problem, in their view, is that it is still saddled with a feudal social structure. Marx had little to say about relations among countries. Lenin made that leap with his claim that the imperialist countries have redone the globe to suit themselves by exploiting colonies. Dependency theory partakes more of Lenin than of Marx. Dependency theorists name Vargas of Brazil, Cárdenas of Mexico, and currently Chávez of Venezuela as heroes who tried to break dependencia.

By the 1990s, many dependency theorists came to doubt the theory. Brazilian President Fernando Henrique Cardoso (1995–2002), for example, had been a radical sociologist and promoter of dependency theory, but by the 1980s he had abandoned it. A famous Latin American saying: “If you are not a Communist when you’re 20, you have no heart. If you’re still a Communist when you’re 40, you have no head.” Aging wises you up.

The demise of Communist regimes in East Europe and the Soviet Union—and the lingering death of Cuban socialism—made many ask if “socialism” really worked. Peruvian economist Hernando de Soto pointed out that the most effective and dynamic sector of Latin economies is the black market. Why? Every other sector is choked into stagnation by government controls. The solution: Get rid of the controls and go to a free market. The economic success of markets in several Latin American countries—with Brazil in the lead—made many appreciate market systems and foreign trade.

An Elite Game

Politics in Brazil has historically been largely a game for elites: big landowners, bankers and industrialists, and top bureaucrats and military people. Many did not welcome mass participation in politics. The stakes of the game are political power, patronage jobs, and the control of funds that come with them. The rules of the game are that none of the players gets seriously hurt or threatened and that nobody mobilizes the Brazilian masses in an angry way, for that would destroy the game’s fragile balance and hurt them all.

Accordingly, Vargas, himself a wealthy rancher, was an acceptable player when he supported coffee prices for the growers, but when he started to mobilize poor Brazilians he had to be ousted. Kubitschek was a good player who looked after his elite friends and deflected potential discontent.
with his grandiose plans to open Brazil’s interior. Goulart, also a wealthy rancher, was a very bad player: He threatened all the elites and mobilized the masses at a furious rate. The PT’s Lula, an antielite labor-union radical, mobilized Brazil’s working class in a way that frightened many of Brazil’s elites. He was such a pragmatic moderate in office, though, that they calmed down and accepted him. Besides, many were becoming very rich.

Until recently, Brazil’s political history has been the same elite game: Dom Pedro with his fazendeiro friends, the Old Republic with its Paulista-Mineiro alternation, and the military technocracy with its industrial and bureaucratic clientele. Since Vargas, however, the political mobilization of the masses has been a recurring threat to the game. Periodically, a populist who does not like the elite’s fixed rules is tempted to reach out to Brazil’s masses, both to secure his own power and to help the downtrodden. Seeing the threat, Brazil’s elites, through the military, remove it and try to demobilize the masses. Mobilization and demobilization can be seen as a cycle.

**The Mobilization-Demobilization Cycle**

Scholars of the developing countries in general and Brazil in particular often focus on “political mobilization.” Mobilization means the masses waking up, becoming aware, and often becoming angry. Prior to the beginning of mass political mobilization in a country, few participate in
politics, and decisions are made by traditional elites, such as Brazil’s big landowners and political bosses. This has been termed **whig democracy**, and it is standard in the opening decades of democratic development, as in the pre-Jackson United States. Democracies typically start with participation limited to the better off; then some social stimulus, such as economic growth, brings new sectors of the population (in Brazil, the urban working class) to political awareness; they are “mobilized” and start participating in politics with new demands. The Brazilian electorate shot up from fewer than a quarter-million voters before 1930 to 14 million in the early 1960s.

The problem with Brazil and other Third World countries is that weak institutions are not able to handle the influx of new participants’ demands. Well-organized, strong political parties can channel, moderate, and calm mass demands in a constructive way. But Brazilian parties were little more than personalistic vehicles to get their chiefs into power. The chiefs, such as Vargas and Goulart, used their parties in a demagogic way to get support from the newly mobilized and politically unsophisticated masses by promising them instant economic improvement. Society’s more conservative elements—the better off, who often have close ties to the military—view this process with horror. The military sees it as “leftist chaos” and may end it by a military coup, the story of many Latin American countries. Thus mobilization, which could be the start of democratization, can lead to authoritarian takeovers.

The 1964 military takeover in Brazil ended one phase of what might be termed a mobilization-demobilization cycle (as did Chile’s military coup in 1973). The generals had grown to hate civilian politics, especially political parties and their demagogic leaders. We can to a degree understand their hatred. As guardians of Brazil’s unity and security, they witnessed their beloved republic falling into the hands of irresponsible crowd-pleasers.

Typically, the military tries the only solution they know: demobilization and **disinflation**. Blaming disruptive political activity, they ban most parties, handpick political leaders, and permit only rigged elections. Initially, things do calm down. Some people are thankful that the army has stepped in to put an end to extremist politics and empty promises. Mass rallies, loud demands, and radical leaders disappear—the latter sometimes physically.

But the problems are not solved. The demands—although no longer whipped up by politicians—are still present and growing. As the economy grows, more people come to live in cities, and the pent-up demands for change increase. To repress such demands, the regime turns to the police-state brutality of arbitrary arrests and torture. Once people are awakened or mobilized, they can never be fully demobilized, even by massive doses of coercion. The trick is to channel their needs and demands along moderate, constructive paths. Lula did this brilliantly.

Much of Brazilian politics, from the arrival of Vargas in 1930 to Lula’s election in 2002, can be summarized in the “mobilization-demobilization cycle” shown below. The cycle was probably unavoidable, a logical outgrowth of mobilization and its tendency to feed demagoguery. Some developing lands are still caught up in this cycle, but Brazil seems to have modernized out of it (as has Chile). China—by rapidly growing the economy while drastically holding down political participation—is a great experiment to see if this cycle can be avoided. What Brazil can teach China is how to execute a “decompression” over many years in which the regime gradually relaxes controls, frees the media, stops arresting dissidents, and finally holds reasonably free elections. If Brazil can do it, so can China.

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\text{mobilization} \rightarrow \text{demagoguery} \rightarrow \text{military} \rightarrow \text{demobilization} \rightarrow \text{decompression} \rightarrow \text{democracy}
\]

**disinflation** Bringing down the rate of inflation (not the same as **deflation**, an overall decline in prices).

**deflation**
The Inflation Connection

Inflation is a political problem the world over, especially in Latin America, where regimes may fall over the rate of inflation. Inflation may also be seen as part of the mobilization-demobilization cycle. In Brazil, inflation in currency corresponds to the inflation in promises made by politicians seeking mass support.

Controlling inflation is an unhappy task. By restricting credit and cutting the amount of money being printed, an austerity policy can lower the inflation rate, but at a cost of high unemployment, slow economic growth, and disappointed hopes. Latin American inflation cutters are often conservative authoritarians, usually military officers, who can pursue disinflation without regard to mass desires. As in much of Latin America, the Brazilian military in effect said to Brazilians: “We don’t care how much it hurts. The sooner inflation ends, the better we’ll all be. Take the bitter medicine now before inflation wrecks the entire economy.” When Cardoso made Brazilians swallow this bitter medicine just after his reelection in late 1998, his popularity fell.

Encouraging inflation, on the other hand, is easy; regimes can do it in a fit of absentmindedness. Politicians, wanting to make everybody happy, let the national mint’s printing presses run to finance government projects. This is the way Kubitschek built Brasilia. Inflation tends to feed on itself and get out of hand, and soon people cannot make ends meet. Conservative businesspeople and bankers become convinced that the politicians have gone insane. The military, whose fixed salaries are eroded by the galloping inflation, seethes in jealous rage and starts planning a coup to save both the republic and their incomes.

When the military does take power, their disinflationary measures correspond to the political demobilization they also try to enforce. Under the military, this consisted of controls on wages.

Lula da Silva, Brazil’s first leftist-populist president since 1964, made many worry about Brazil’s stability. Some feared that Lula would repudiate Brazil’s huge foreign debts and choke off economic growth with grandiose welfare schemes. He didn’t.

Outgoing President Cardoso of the center-right Social Democratic party had done a good job, but Brazil in 2002 was in recession, and average Brazilians had grown poorer as unemployment climbed. As in much of the world, candidates win or lose based on the economy. In 1994, as finance minister, Cardoso had authored the “Real Plan” that introduced a new currency, the real (royal), and drastically reduced Brazil’s runaway inflation. (One real was then worth $2.75 \times 10^{15}$ of the cruzeiros of 30 years earlier. When you have to use astronomical notation, you know you have hyperinflation.) Brazil has had ten currencies since its colonial days, starting with the Portuguese real. The typical cycle was to let the currency inflate until it was worthless, then replace it with a new currency, which again inflated until it was worthless. Cardoso stopped the madness of weakening currency and beat Lula twice, in 1994 and 1998, but constitutionally could not run a third time. His party’s candidate in 2002, José Serra, was lackluster and tarred with corruption.

Lula, on the other hand, was a charismatic populist with socialist ideas to help the poor and working class at the expense of the rich and foreign companies, ideas that resonated well during the economic downturn. But Lula reassured the IMF and nervous investors that he would not default on Brazil’s massive loans, for without foreign investment Brazil couldn’t deliver on his promises.
but not on prices, with the result that lower-class Brazilians had to work like dogs to keep up with food prices while some speculators enjoyed an economic boom. Civilian regimes may try to do the opposite, with equally bad results.

Although the Brazilian generals had excellent economic planners, they did not end inflation, which by 1984 reached 223 percent, double what it was in 1964 when the military seized power. This extremely embarrassing fact undermined regime support among the businesspeople and bankers who had welcomed the 1964 takeover. One reason Brazil turned democratic was that the military proved as inept as civilians in controlling inflation.

Until recently, Brazil suffered seemingly incurable inflation, sometimes at more than 50 percent a month. At times the government froze wages and prices and took other drastic steps. “Prices, starting tomorrow, are halted,” said the economy minister in 1991. But prices disobeyed. The effort was the fifth in five years to control wages and prices; none worked. Finally, in 1994 Cardoso’s Real Plan worked.

For decades Brazil’s problem was an overlarge state sector that had to be propped up with big subsidies, which were provided by simply printing more money. In the early 1990s, Brazil’s Central Bank increased the nation’s money supply severalfold each year, producing hyperinflation, which hit 1,149 percent in 1992; 2,489 percent in 1993; and 5,154 percent in early 1994. To turn off the printing presses, though, would have meant shutting down a large part of the Brazilian economy, resulting in even more unemployment. Unions warned they would not stand for it. Wage-and-price freezes, experience from many countries shows, simply did not work for more than a few months. They are instituted in desperation when the real cures would hurt too many politically influential groups.

**DEMOCRACY ■ THE DEMAGOQUERY TENDENCY**

*Demagogue* has the same root as *democrat*—*demos*, the people—but demagogues use issues in a manipulative and self-serving way to erase democracy. The populist demagogue, or “rabble rouser,” whips up poor or frightened masses with promises of jobs, welfare, or law and order, and once in office becomes dictatorial.

Every society has demagogues—Louisiana’s Huey Long or France’s Le Pen—but they attract crowds chiefly in times of stress, such as high unemployment, growing crime, or national humiliation. Then their arguments—often rants—start gaining audiences. Brazil went through a series of demagogues, including Vargas and Goulart. Some thought Lula had all the makings of a demagogue, but he was quite levelheaded and pragmatic.

Demagoguery is especially strong in poor countries that are only recently democratic, such as much of the developing areas today. Desperate people confuse democracy with prosperity, and the demagogue helps in this confusion: “The people cry out for bread, and I shall give them bread!” When the country reaches middle-income levels and has a large, educated middle class, demagoguery fades; few people swallow the deceptive promises.

Latin America has been fertile ground for demagoguery, now in Venezuela, where Hugo Chávez—a former paratroop officer who earlier attempted a coup—was elected president and reelected with the line that Venezuela has lots of oil but has been robbed by the United States (see the discussion of dependency theory), rich Venezuelans, and corrupt officials. Most Venezuelans are below the poverty line. Chávez’s “Bolivarian” revolution took over industry and redistributed wealth to try to end poverty. But Venezuela was not that rich, and under Chávez its economy declined, making him angrier and more extreme. Increasingly, Venezuela resembled Cuba.
The Corruption Connection

One of the characteristics of developing countries is their massive corruption. Throughout Latin America, officials expect *la mordida* (the bite) for contracts, licenses, and other favors. Some argue that corruption is part of Latin American political culture. Perhaps, but it grows at the interface of the public and private sectors. Latin America, with its large state sectors and regulated economies, is thus especially fertile ground for corruption. The solution? Cut the state sector back. Where this was done, in Chile, corruption also diminished.

The interesting thing about Brazil (and many other countries) is that the public is increasingly fed up with corruption, especially in high places. Presidents and prime ministers are now routinely hounded from office when citizens—thanks to improved education and new media—come to understand how corrupt their rulers are. What they got away with in years past, they no longer can. Mass discontent over corruption is boiling up in Russia, China, India, Mexico, Brazil, Nigeria, Iran, and other countries. In Tunisia and Egypt, it led to revolution.

This new public concern is a very good sign, an indication of growing political maturity. Stealing from the starving is no longer acceptable. Brazilian politicians have looted their country long enough; let them now face angry citizens. The danger here is that if Brazilians start to think that democracy equals corruption, the way is open for a coup. Brazil’s top general warned Congress to clean up its act: “Beware the anger of the legions,” the exact words once used by Rome’s Praetorian Guard. In 2010, Brazil’s Congress passed legislation disqualifying corrupt politicians from office for eight years. At that time more than a hundred deputies faced charges of stealing public money but were protected by congressional immunity. Brazil is getting cleaner.

Resurgent Interest Groups

For most of the life of the military regime, the Brazilian government continued the corporatist model that Vargas had borrowed from Italy and Portugal. Under corporatism, interest groups are controlled or coordinated by the government. With the *abertura* of the 1980s, Brazil’s interest groups emerged with a life of their own once again.

After the 1964 takeover, the military abolished the big union that had been fostered by Goulart and placed all labor unions under direct government control. Particularly drastic was the control of rural unions, whose impoverished and militant farmworkers threatened the property of the conservative landowning allies of the military government. Union leaders were henceforth handpicked to make sure they would cooperate with the new order and not lead workers in excessive wage demands or strikes.

While this arrangement held down wages, prices rose until workers could stand it no longer. New unions and leaders outside government control emerged as a major force. The largest and most radical Brazilian union, the United Confederation of Workers (CUT), is tied to the PT of Lula and Rousseff. CUT is especially strong in São Paulo and has struck against many big industries there. The military does not like CUT. The tamer General Confederation of Workers (CGT) is tied to the large but corrupt PMDB.

Many businesspeople had welcomed the 1964 coup only to find that the military technocrats would sometimes ride roughshod over their interests in the name of economic rationality. The theory of *constructive bankruptcy* let weak Brazilian firms go under rather than subsidize them with tariff protection against foreign competition. Now businesses generally want sound money and an end to government economic controls and restrictions. Other groups, such as students and farmers, also voice their discontent. Opposition to the rule of the generals developed across a
broad front of conservative and radical Brazilians. The most interesting
group, however, was the Catholic Church, a force to be reckoned with
in the world’s largest Catholic country.

The Church as Opposition

The Roman Catholic Church was the only large Brazilian group that maintained its autonomy and
was in a position to criticize the military regime. Typically in Catholic countries the church has
been conservative and has favored conservative regimes. In France, Spain, and Italy the long fight
between clericalism and anticlericalism split society into two camps.

Brazil never had this kind of split. With the 1891 republican constitution, modeled after the
U.S. constitution, the Brazilian church consented to disestablishment—that is, to losing its spe-
cial privileges as church and state were separated. Brazil settled this important and divisive issue
quickly and early, leaving the church as an independent force.

Still, in social and economic outlook the Brazilian Catholic Church was pretty conservative,
urging the faithful to save their souls rather than to reform and improve society. With the Second
Vatican Council of 1962–1965, this conservative attitude changed, and many church people,
especially younger ones, adopted the “theology of liberation,” which put the church on the side of
the poor and oppressed. In some Latin American countries, young priests actually became guerrilla
fighters trying to overthrow what they regarded as wicked and reactionary regimes.

In the late 1960s, Brazilian church leaders denounced the regime for “fascist doctrines” and for
arresting and torturing priests and nuns accused of harboring political fugitives. During the 1970s,
the Brazilian church developed a strong stand for human rights and against Brazil’s terrible pov-
erty. Strikers often held meetings and sought refuge from police clubs in churches. As a whole, the
Brazilian Catholic Church was the most activist in Latin America, to the chagrin of the Vatican,
which ordered priests out of direct political actions.

In 1980, John Paul II visited Brazil and was visibly moved by what he saw in the favelas. In a
Rio slum he called to Brazil’s rich: “Look around a bit. Does it not wound your heart? Do you not
feel remorse of conscience because of your riches and abundance?” But he stopped short of endorsing
active church involvement in politics. Church people should guide spiritually but not politically. In
Brazil, this middle road is hard to tread because concern for the poor tends to radicalize people.

Under the democratic regime, the Brazilian church continued its support of the poor. Some
Brazilian church people did not hear the Vatican’s order to steer clear of radical politics. They argued
that to save the souls of the poor, the church must also help feed them. Many supported Lula. In the
poverty-stricken Northeast, priests keep reminding the government of its land-reform program while
they support the militant Movimento Sem Terra (Movement of Those Without Land). Landlords
charge that priests and nuns encourage the poor to illegally occupy private farms. Some priests receive
death threats. Brazil, however, is becoming less Catholic; one Brazilian in six has turned to evangeli-
cal Protestantism, a trend throughout Latin America that will likely alter the political culture.

WHAT BRAZILIANS QUARREL ABOUT

The Political Economy of Brazil

Brazil enjoyed excellent economic growth for the first part of the twenty-first century—rising from
5 percent a year to 8 percent—to become the world’s seventh-largest economy. Especially impor-
tant was the opening up of vast tracts of the Amazon rainforest to mechanized, scientific farming,
supported by agricultural research institutes to match seeds to soils. Brazil turned into one of the
world's biggest food exporters, especially strong in soybeans, first planted by Japanese immigrants. Now China buys six million tons of soybeans a year from Brazil. China has become Brazil's biggest trading partner, ahead of the United States. A major new undersea oil field off Brazil's coast promises to be one of the world's biggest.

Thanks to economic growth, unemployment fell to its lowest recorded levels. Pay climbed rapidly as workers with skills could shop around for jobs. In some sectors, the minimum wage became irrelevant. Incomes of black Brazilians rose some 40 percent in a decade. An estimated 30 million Brazilians were lifted out of poverty. Instead of depending on foreign capital, Brazil now raises much of its own and holds $160 billion in U.S. bonds.

There were some problems. Many Brazilian workers lack the reading and math skills to take better jobs, a factor limiting Brazil's growth. Consumers went on a buying spree, and banks lent too freely, resulting in inflation. Foreign investors, eager to get in on Brazil's economic growth, bid up the value of the real until it is now much too strong, potentially hurting Brazilian exports. Brazil, like several other countries, tried to hold down the value of its currency, even imposing a tax on foreign capital flooding into the country. China was cautious about raising wages or letting its currency rise much, fearing the same. Some propose tougher Brazilian controls on lending and investing to ensure sustained, long-term growth.

Brazil has experienced two recent economic miracles, one under the generals and the current one. From 1968 to 1974, under the military, Brazil's annual growth rate averaged 10 percent, equal
to Japanese rates at the time. A series of very bright economic technocrats used state-owned banks and industries to make Brazil a major producer of food, shoes, steel, aluminum, and cars. The earlier Brazilian miracle, however, was based on foreign rather than Brazilian capital investment and on cheap imported oil. Brazilian capitalists, instead of reinvesting their money in industrial growth, preferred to spend it, speculate with it, or stash it abroad. Capital flight is common in Latin America and now in Russia. For new capital investment they got government or foreign loans. This was one of the reasons Brazil accumulated one of the Third World's largest public debts, over $250 billion.

In the 1980s, however, the cheap foreign loans and oil dried up, turning the boom into a declining GDP a decade later. From 1980 to 1993 Brazil's GDP grew at an annual average of only 1.5 percent. Per capita GDP (which takes into account population growth) declined an average of half a percent per year. Brazilians grew poorer at the very time democracy was being reintroduced, making many wonder if the cycle of military takeover was ready to start over.

At this same time, fortunately, a major turnaround began. Under the generals and their technocratic helpers, some 60 percent of Brazil's industry had been in government hands—including mines, petroleum, and electricity. The majority of loans came from government banks, giving the state the power to determine what got built and where. In the 1980s, Latin American intellectuals were starting to see state-owned industries and government supervision of the economy as mistaken paths.

President Collor began selling off steel and petroleum industries. Cardoso took it farther and privatized (by auction) state-owned telecommunication, electricity, mines, railroads, banking, and other industries. He also cut Brazil's nationalistic restrictions on foreign ownership, drastically trimmed the number of bureaucrats and their pensions, and reined in state-level banks, who loan recklessly to friends of governors. Lula did not reverse privatization and happily reaped its rewards. These presidents faced strong opposition every step of the way, for every one of these measures meant rich, powerful interests giving up their cushy deals.

The freeing up of Brazil's red-tape economy is analogous to economic reforms undertaken in Russia and Japan. Many see what needs to be done for the long-term good of the country, but those who will be hurt by the reforms block them. From 1996 to 2002, due in large part to global currency collapses, Brazil had only weak economic growth. Since then, however, it has boomed—like China and India, with only a slight slowdown during the 2008–2009 recession—on what many hope will be a long-term basis. The project can be seen as a long pushback against statism and dependency theory. Over the years, businesspeople and economists increasingly pointed to Brazil's large state sector and red-tape controls on the economy. Brazil, they noted, had not really been a free-market country relying on private initiative.

Statism—where the government is the number-one capitalist—can both accomplish big projects and make big mistakes. Some projects that Brazil poured money into were prestigious but money losers. For example, the government invested heavily in nuclear power in a country where hydroelectricity had scarcely been tapped. The nuclear program was a waste—but it made Brazil look like an advanced country—and by 1980 it was curtailed. Government loans were sometimes extended foolishly, too. The interest on these loans was so low, and Brazil's inflation so high, that the credits amounted to free money, which the borrower could immediately loan out at high interest. Why work for a living when you can just shift some paper around? The subsidized loans from the government, however, ultimately came from working Brazilians in the form of inflation. Brazil's cheap government loans were another reason the rich got richer and the poor got poorer.

State control produced other distortions in the economy. Brazil's Vargas-era labor laws, still on the books, specify a minimum wage and make it hard and expensive to let workers go in a downturn, a hindrance to economic growth. There were so many laws and regulations—many of them still on the books—that businesses had to employ red-tape specialists called despachantes
(expediters) to jog the bureaucracy into giving a license or allowing a price change. Many despachantes were related to the bureaucrats they dealt with; some were former bureaucrats themselves. The Brazilian word for getting around a regulation is *jeito*, literally “knack,” meaning having someone who can fix it for you. The whole system fed corruption. Cleaning out obsolete laws could deepen and strengthen Brazil’s economy.

Leftists used to point to dependency as the root of Brazil’s problem, whereas businesspeople pointed to state controls. Actually, the two views complement each other. State control does stunt domestic capital formation, and this makes Brazil dependent on foreign capital. Cure one and you cure the other. Instead of a vigorous private sector of local businesses, the Brazilian economy was until recently divided between the foreign multinationals and the state. Brazilians tended to attach themselves to one of the two. The cure for statism is privatization, which Brazil undertook during the 1990s. Most of the purchasers were foreign (especially U.S.) multinationals. Promarketeteers cheered, arguing that the sales bring new investment, competition, and economic growth. Leftists objected, claiming that Brazil was giving foreign capitalists its wealth.

Brazil’s Lula years were great, but by the time Dilma Rousseff took office at the start of 2011, the economy was overheating (as was China’s). How to cool it down but keep Brazil growing became her giant challenge. Inflation is growing, but raising bank interest rates to stem it attracts ever more foreign money, making the real much too strong; it doubled in recent years. These are warning signs of a bubble, something that Brazil has experienced before. Whatever Rousseff does to head it off inflicts pain. She will likely be less popular than Lula, who was lucky to come in at the start of the boom.

**How to Fight Poverty?**

Another weakness of the Brazilian economy is that Brazil has one of the most unequal income distributions in the world. A Brazilian in the top fifth rakes in some 20 times what someone in the bottom fifth gets. The ratio is now shrinking, but one Brazilian in four is still below the...
poverty line, many more not much above it, even with the Bolsa Família. Until recently, per capita income in the Northeast was lower than in Bangladesh. The “Brazilian miracle” overlooked these people.

In 2004, Lula combined three smaller programs into the **Bolsa Família**, welfare payments to 12 million poor families for basic sustenance. The Bolsa is conditional: Kids must get vaccinated and be in school. (Graduation rates jumped.) Poor families get 22 reís (about $12) per child per month for up to three children. “Citizen Cards” are mailed to mothers and used like debit cards. Typically, an allowance of R$58 (about $32 U.S.) goes to rural families making around R$50 (about $28 U.S.) a month, the difference between eating and not eating. Critics fumed that it would go for alcohol or create welfare dependency, but the Bolsa was considered a success and model for other Latin American countries. (Mexico has a similar **Oportunidades** program.) One catch: The Bolsa came during a time of major economic growth, so it is hard to disentangle its effects from those of overall job improvements.

Those urging caution about welfare measures point out that Brazil contains two economies, a First World economy that is modern and productive and a Third World one that is traditional and unproductive. Actually, most Third World countries have First World sectors within them. In Brazil the contrast is stark. But, argue the defenders, the gap cannot be bridged overnight. Brazil must first build up its modern sector until it gradually takes over the whole country. To simply redistribute income to marginals, who produce little, would be economic folly. The trick is to keep the economy growing so as to absorb the marginals and turn them into producers and consumers, something that is now happening.

**The Population Problem**

Brazil, like most developing areas, has seen a hefty population increase. The Catholic Church, of course, forbids artificial birth control, and the military regime thought a growing population fueled economic growth. Accordingly, in Brazil, until the 1970s, there was no emphasis on slowing population growth, and Brazil’s population is now 203 million, half under age 30. The good news is that Brazil’s fertility rate, like much of the Third World, has plummeted since 1970, when a Brazilian woman had an average of 5.8 children, to 2.2 in 2011, about the U.S. level. This showed the impact of birth control, television, and economic downturn. Brazil’s popular TV soaps now show small, affluent families with only one or two children, and this has become a national norm.

As usual, it is poor people, especially peasants, who have the most children. The Northeast, where families are large, is a reservoir of marginal Brazilians, millions of whom pour into the cities of the South—as the 7-year-old Lula did. The result is **hyperurbanization**, common throughout the Third World, where cities are surrounded by huge slum belts created by peasants who can no longer live off the land. Nearly 90 percent of Brazilians live in cities, an absurd situation for a big, empty country. São Paulo, with 20 million inhabitants, is among the world’s largest cities.

The rural immigrants to the cities settle in favelas. With little education—until recently, a majority of Brazilians did not finish primary school—or job skills, many do not find regular work. Those who do usually must travel hours to and from their jobs. With prices rising, many get poorer and abandon their children to live on the streets. Poverty plus widespread gun ownership gives Brazil murder rates among the world’s highest—twice as high as Mexico’s. Rich Brazilians travel by armor-plated cars or helicopters to avoid kidnapping, a common crime. Brazilian citizens and police, fed up with crime, turn to extralegal remedies. Unofficial “death squads” of off-duty police officers execute thousands of criminal suspects a year in the favelas or streets. Some young purse
and wallet snatchers are beaten to death on the spot. Police shoot street kids as they sleep on the assumption they are petty criminals. And the police may be worse than the criminals; some set up roadblocks to shake down and even shoot motorists. Some gun down landless peasants. Police officers are rarely convicted of anything.

**Stable Democracy?**

In the 1970s, almost all of Latin America was some form of dictatorship, but by 1990 almost all of Latin America returned to democratic, civilian rule (exception: Cuba). Democracy may be contagious in Latin America, but it is also unstable. Will Brazil's democracy—or any of the others—last? Latin America’s problems are incredible: severe economic difficulties, bloated state sectors, growing populations, military establishments accustomed to intervening in politics, and a lack of seasoned political institutions such as parties and parliaments. The democratic wave of the 1970s and 1980s has washed back in Ecuador, Venezuela, and Bolivia, leaving them only partly democratic. Interestingly, after leftist Ollanta Humala was elected president of Peru in 2011, he said he would opt for the Brazilian path of a market economy with welfare measures rather than the statist/socialist path of Venezuela’s Chávez.

Eventually, Latin America will be democratic. The region has a bigger middle class, the bearers of democracy. Better educated and informed, they no longer swallow demagogic promises. Many are now aware of the dangers of statism and inflation. Markets work, and trade between countries benefits all. Even Cuba may become democratic. Brazilians used to joke, “Brazil is the country of the future and always will be.” Now the future has arrived, and Brazil led the way.

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**GEOGRAPHY ■ DEVELOPING THE AMAZON REGION**

The vast Amazon rainforest produces a considerable fraction of the world’s oxygen and contains much of its biodiversity. But much of Brazil’s economic growth depends on developing the Amazon basin. Some claim deforestation does more harm than good.

The first to be harmed are Brazil’s Indians, pushed back until they face extinction. Brazil’s constitution guarantees Indians rights to traditional rainforest lands, but in practice the need of farmers, ranchers, and miners for ever more territory has made enforcement spotty at best.

Of the 270 tribes of Brazilian Indians found at the beginning of the twentieth century, 90 have disappeared altogether and others are slipping fast. Particularly vicious have been gold miners, who readily invade Indian reserves and kill them with guns and dynamite or by using mercury (for isolating gold particles). More intent on development and jobs, few Brazilians worry much about Indians.

Brazilian agribusiness along with government planners—dubbed the “ruralistas”—say that controls on development hold back economic growth. Environmentalists, on the other hand, warn that the Amazon rainforest—already 18 percent deforested—is near a tipping point, ready to slide into savanna and lose biodiversity. Brazil’s current Forest Code calls for keeping 80 percent of Amazon properties as forest, but this is widely evaded.

A parallel problem is the huge Belo Monte hydroelectric dam now under construction on the Xingu River in the state of Pará in the north. Power blackouts are frequent, and Brazil badly needs the electricity, but the dam will flood 120,000 acres and displace 20,000 to 40,000 people. A former energy minister, President Rousseff strongly favors the dam.
REVIEW QUESTIONS

1. How did Spanish and Portuguese colonialism differ?
2. How did the Old Republic typify whig democracy?
3. What did Vargas attempt with his “New State”?
4. Why did Brazil’s generals take over in 1964? Why did they leave?
5. What are Brazil’s institutional weaknesses?
6. Explain the role of economics in Brazilian politics.
7. What factors made Brazil democratic? Will it last?
8. How does Brazil illustrate praetorianism? Is it over?
9. Why did Brazil’s economy boom?
10. Why was Lula a breakthrough in Brazilian politics?

KEY TERMS

autogolpe    fiscal    personalismo
Bolsa Familia globalization Positivismo
constructive bankruptcy hyperurbanization praetorianismo
coroneís IMF real
dependency theory inchoate regency
disinflation machismo Second Vatican Council
Estado Nôvo mobilize
favela Old Republic

FURTHER REFERENCE