

Introduction

This book is an attempt to analyze the political, economic, and social transformations that Brazil has undergone from 1930 to 1983. It concerns Brazil's transformation from an agrarian, mercantile society into a capitalist, industrial society where underdevelopment has been industrialized and the social formation, aside from being capitalist, also has monopoly and state characteristics. It also takes a look at the industrial revolution in Brazil, which had its start in the last century, but gained decisive impulse after 1930.

Consequently, one of the premises of this book is that the world economic crisis that broke out in 1929 and the Revolution of 1930 play a decisive role in Brazil's history. After the 1964 coup, many authors underestimated the importance of this historical moment, seeking the origins of industrial capitalism in Brazil in prior epochs in order to (a) deny the distinction between the industrial bourgeoisie and the mercantile coffee bourgeoisie, and (b) criticize the populist pact made between the left and the "national bourgeoisie." This book, in contrast, insists upon the importance of 1930 as a watershed in the history of Brazil's social formation. Though I consider the idea of a national bourgeoisie somewhat naive, I understand that after 1930, a breach began to form between the industrial bourgeoisie of immigrant origin and the mercantile coffee *latifundiário* bourgeoisie. This breach was to dominate Brazil's economic and political formation until 1964.

Nevertheless, as we will see in Chapter 4, a series of new historical facts that occurred in the mid-1950s would reunite the mercantile and industrial bourgeoisie, doing away with the populist pact and creating conditions for the establishment of an authoritarian regime in Brazil.

Although Brazil, and especially the São Paulo region, had been industrializing since the end of the nineteenth century, that industrialization was peripheral, subordinate to the existing primary export model. It was limited to the production of nondurable consumer goods—

textiles, food products, and furniture—with almost no vertical integration. There were no industries producing basic inputs, steel, or capital goods. The nation was dominated by an agrarian-mercantile bourgeoisie oriented to the exportation of primary products, principally coffee.

The primary export model, which had characterized the Brazilian economy from the time Brazil opened its ports in 1808 until 1930, was the means by which Brazil was integrated in a backward fashion into the industrial capitalism that was triumphing in Europe. Rather than entering the capitalist framework through direct industrialization, as did the later industrialized nations of Germany and Japan, Brazil, like the rest of Latin America, had no other alternative but to become an exporter of primary products, given the small scale of its internal market and the insufficient technological and cultural base inherited from the colonial period. As a result, the *latifundiária* bourgeoisie that had dominated during the colonial period remained in power, now taking on more clearly mercantile characteristics. With Brazil's integration into the international market, the accumulation of capital was speeded up, creating a mercantile bourgeoisie and a small urban middle class, but the development of the productive forces continued to be minimal. The mercantile and *latifundiária* bourgeoisie is speculative and depends upon the state. It appropriates surplus through the mechanisms of primitive accumulation—basically the expropriation and exploitation of peasants, squatters, and slaves—rather than through the incorporation of technical progress and the surplus value mechanism. As a consequence of this domination of mercantile capital, of which coffee production and exportation is a prototype, very little development of the productive forces occurred. The techniques of coffee production in 1930 were very similar to those practiced a century earlier.

However, in 1930, two decisive facts changed Brazil's history and marked the advance of industrial capital in relation to mercantile capital. On the one hand, international capitalism, which dominated Brazil, was in crisis. This crisis of imperialism, based on the international division of labor, constituted an opportunity for Brazil's development. On the other hand, the Revolution of 1930 took away some of the agrarian-export bourgeoisie's power and established the basis for a new political pact that was much more favorable to industrialization—the populist pact.

In the first four chapters of this book, we look at the period I call the Brazilian revolution, from 1930 to 1960. It was a period of transition from the domination of mercantile, *latifundiário*, and speculative capital to that of industrial capital, which intrinsically incorporates technological progress. The first chapter serves as an introduction; the second examines import-substitution industrialization. The third chapter analyzes social

changes and the emergence of new classes: the industrial bourgeoisie, the urban proletariat, and, mainly, the new salaried middle class, which in later works I have come to call the technobureaucracy. The fourth chapter develops an analysis made in 1963 concerning the populist pact and the new historical facts that were to determine its collapse, provoking the political crisis of the first years of the 1960s and the Revolution of 1964. It is perhaps the most original chapter of the first edition, because rather than merely denying the existence of an alliance between the industrial bourgeoisie and workers, it seeks to explain why the collapse of this fragile alliance led to crisis.

In 1962, industrial Brazil entered its first crisis, which would last until 1966. The Brazilian economy had already reached a sufficient degree of industrial integration to become subject to endogenous economic cycles, created by its own dynamic of capital accumulation. Chapters 5 and 6 examine this crisis in both economic and political terms, and also discuss the alternatives open to Brazil after the political consolidation of industrial capitalism starting with the revolution of 1964.

The first, 1968 edition of this book ended here. We were already coming out of the crisis, but in 1967, when I finished writing, this fact was not yet clear. This is why the second and third editions, published respectively in 1970 and 1972, added another chapter, which in this edition corresponds to Chapter 7. This chapter was written to give a theoretical explanation to the great expansion (the so-called "miracle") that began in 1967, and to the new development model. The discussion of income concentration and the economy's recuperation based on the durable consumer goods industry was written in 1970, before the publication of the 1970 census results that verified this concentration. The definition of the new Brazilian model was written in the following year.

Nine more printings were made of this book with no changes. However, when Westview Press showed an interest in publishing it, I thought it advisable to bring it up to date, because, starting in 1974, the economy had entered a new slowdown and the country was again in political crisis. Chapter 8 analyzes the economic crisis of the 1970s, which is still with us today, and Chapter 9 examines the long process of transition toward democracy, which began in 1974 and is still in progress.

Within this fifty-year period, Brazil had a populist dictatorship from 1930 to 1945, democracy for the next nineteen years, a military dictatorship from 1964 to 1978, and a semiauthoritarian regime dating from 1979, when Institutional Act 5 was annulled. The first thirty years correspond to the import-substitution model in economic terms and the populist pact in political terms. However, after the mid-1950s, a new pattern of accumulation was defined, based on the concentration

of income and the production of durable consumer goods by multinational industrial enterprises. This is the model of industrialized underdevelopment. With populism's collapse, almost ten years later, the authoritarian capitalist-technobureaucratic pact of 1964 was established and the bourgeoisie accepted technobureaucratic military tutelage in order to consolidate capitalism in Brazil. Yet in 1974, once the bourgeoisie had become strengthened and reassured, it began to break with this pact, as a result of both support and pressure from popular democratic forces—intellectuals, students, workers, and the Catholic Church. At this point, a peculiar dialectical process of transition to democracy began, while at the same time a new democratic social pact was finally outlined.

Today, Brazil is an industrialized underdeveloped country marked by contradictions and instability. It has a strong industrialized economy, which coexists with a subproletariat marginalized from the fruits of development. The economy, though technologically dependent, is making great strides so that its most modern and developed sectors form a part of the world capitalist center. The social formation is predominantly capitalist, yet increasingly technobureaucratic or state controlled. It is an economy in crisis, in the same way that the international economy is, but this crisis will probably imply a transition to a model of mature industrialized underdevelopment. This means that the continuity of the process of capital accumulation will depend upon Brazil's capacity to export goods that are technologically sophisticated yet labor-intensive, in order to compete directly with the central countries.

Development and Crisis attempts to analyze the entire historic process that began in 1930. It is an analysis that seeks to be independent, though not lacking in commitment. It was written in three different stages: 1965–1967 (Chapters 1–6), 1970–1971 (Chapter 7), and 1982 (Chapters 8 and 9). Only the conclusion was written in 1983. The book reflects the development through time of my vision of Brazilian society. This is why, except for a few cuts, the text has been rigorously maintained in its original form. It is a historical analysis, yet it is not a history book. Rather, it is an attempt to understand the fascinating phenomenon of Brazil's economic, social, and political development in an integrated and dynamic way.