

# DEBT AND DEMOCRATIZATION: Changing Perspectives on the Brazilian State\*

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- THE STATE AND CAPITAL ACCUMULATION IN LATIN AMERICA: BRAZIL, CHILE, MEXICO.* Edited by CHRISTIAN ANGLADE and CARLOS FORTIN. (Pittsburgh: University of Pittsburgh Press, 1985. Pp. 240. \$21.95.)
- AUTHORITARIAN CAPITALISM: BRAZIL'S CONTEMPORARY ECONOMIC AND POLITICAL DEVELOPMENT.* Edited by THOMAS C. BRUNEAU and PHILIPPE FAUCHER. (Boulder, Colo.: Westview Press, 1981. Pp. 272. \$26.00 cloth, \$12.50 paper.)
- BRAZIL: POLITICS IN A PATRIMONIAL SOCIETY.* Third edition. By RIORDAN ROETT. (New York: Praeger, 1984. Pp. 218. \$26.95 cloth, \$12.95 paper.)
- BRAZIL IN TRANSITION.* By ROBERT WESSON and DAVID V. FLEISCHER. (New York: Praeger, 1983. Pp. 197. \$24.95 cloth, \$10.95 paper.)
- SOCIEDADE E POLITICA NO BRASIL POS-64.* Compiled by BERNARDO SORJ and MARIA HERMINIA TAVARES DE ALMEIDA. (São Paulo: Brasiliense, 1983. Pp. 261.)
- O FUTURO DA ABERTURA: UM DEBATE.* Compiled by BOLIVAR LAMOUNIER and JOSE EDUARDO FARIA. (São Paulo: Cortez Editora, 1981. Pp. 104.)
- POWER AND IDEOLOGY IN BRAZIL.* By PETER MCDONOUGH. (Princeton: Princeton University Press, 1981. Pp. 326. \$25.00.)
- THE PATRIMONIAL FOUNDATIONS OF THE BRAZILIAN BUREAUCRATIC STATE.* By FERNANDO URICOECHEA. (Berkeley: University of California Press, 1980. Pp. 250. \$16.50.)
- POWER THROUGH BUREAUCRACY: URBAN POLITICAL ANALYSIS IN BRAZIL.* By RICHARD BATLEY. (New York: St. Martin's Press, 1983. Pp. 214. \$27.50.)

Brazil has served as a bellwether for shifting perspectives on the political economy of development for the last two and a half decades. The Brazilian case constituted a substantial portion of the material in-

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forming the earliest writings on dependency. The political and economic strategies of the military regime that came to power in 1964 also spawned a series of sophisticated and influential new models of accelerated late-industrial development under authoritarian rule. Just as these models were reaching their most coherent statement, however, the achievements on which they were posited started to crumble. Brazil's development model had rendered the economy highly dependent on imported oil and foreign capital, and the cost of both rose precipitously as Brazilian exports failed to keep pace with the country's foreign obligations. Inflation soared and production faltered. A series of strikes, student demonstrations, and entrepreneurial protests weakened the military regime's control over society.

Earlier analyses attributed the 1964 military coup and its subsequent repressiveness to a similar combination of economic crisis and popular unrest. This time, however, the regime responded very differently. It made concessions to labor and other protesting civil sectors and proceeded with a gradual return to civilian government. The earlier models of the Brazilian state were inadequate to explain these events. Liberalization occurred at a time apparently demanding austerity measures that only an authoritarian regime could impose (compare Skidmore 1973, 20; M. Wallerstein 1980). Meanwhile, the search for new models and explanations was complicated by the dramatic uncertainties faced by a government simultaneously negotiating a precarious transition in regime type and renegotiating an overwhelming foreign debt. Analytic responses to this volatile situation have ranged from historical-structural attempts to revise or entirely reject the earlier models to political histories attempting to predict the future directions of Brazilian politics by looking to the past.

It would be an exaggeration to say that all of the work reviewed here is aimed at a search for new paradigms. Riordan Roett and co-authors Robert Wesson and David Fleischer, for example, provide fairly conventional political historiographies in which the main actors are individual politicians and soldiers and the main action reflects their strategies to exercise power and implement their views of what the state should be and do. Peter McDonough attempts to define elites, their interactions and linkages, and their attitudes toward the military regime. All three of these books and the political chapters by Sebastião C. Velasco e Cruz and Carlos Estevam Martins, Fábio Wanderley Reis, and René Dreifuss and Otávio Soares Dulci in the Sorj and Tavares collection are essentially bound to the concept of a political culture and to the actions of "heroic" individuals within it. That is, they focus on the peculiarities of a particular national political character, on individual power holders, and on "elite" groups to explain events as well as the overall direction in the evolution of the state.

The attempts at historical-structural analysis stand in marked contrast to the above-mentioned studies of political culture and elite heroes. The historical-structural analyses are much more explicit in their debate with earlier models and their search for new ones. Thomas Bruneau and Philippe Faucher's edited volume, *Authoritarian Capitalism: Brazil's Contemporary Economic and Political Development*, especially Faucher's lead chapter, provided a remarkably foresighted attempt to point out the deficiencies of the earlier structural models as economic growth declined and politics opened up. The other chapters in this collection—Ronaldo Munck on growing labor militancy, Thomas Sanders on the constellation of popular organizations against the regime, Werner Baer and Adolfo Figueroa as well as Thomas Trebat on state enterprises, and Paul Erickson on Brazilian energy policy—all raise issues about the regime's performance that have become increasingly significant during the four years since *Authoritarian Capitalism* was published.

Christian Anglade is as critical of the earlier models as Faucher. Anglade had four more years of data on economic failure and political uncertainty to draw on than did Faucher, and he and coauthor Carlos Fortin utilized this data effectively in *The State and Capital Accumulation in Latin America: Brazil, Chile, Mexico*. Their concern was to move beyond dependency analysis to a more orthodox Marxist approach to the state, yet the most significant contribution in Anglade's chapter on Brazil is his refining and updating of the dependency perspective.

The rush of events has been too rapid and key events too unexpected for coherent historical-structural analysis, however. Individual "heroes" figure too prominently. Quirky aspects of presidential moods and health have contributed to an extraordinary number of succession crises in Brazil since 1960, and the personalities and individual ambitions of key ministers and generals have often appeared to influence crucial decisions. Political culture explanations are no more satisfactory because the condition of the world economy (too often ignored in analyses of the miracle years) now weighs too heavily to allow even the most conventional political historiographers to ignore structurally bound processes. For all of these reasons, the recent writings on the Brazilian state reviewed here do not achieve the theoretical coherence of earlier models. Taken together, however, they illuminate some of the central dilemmas of writing political history. Structure and process, national culture and individual action, public goals and private motives appear in all of these writings, sometimes at the center of a theory, sometimes in spite of declared theoretical perspective. But although no clear paradigms emerge, it is worthwhile to consider the problems addressed by their authors because Brazil will probably exemplify the processes of democratization and debt management in the 1980s as vividly as it exemplified authoritarian control over debt-driven growth in the

1970s. For the moment, however, none of these authors is willing to make clear predictions about how the tremendous tensions between internal pressures for political participation and improved livelihoods and external pressures for import restrictions and wage freezes to pay an overwhelming debt will finally be resolved.

*Doubts Arise about the Established Models*

It is impossible to appreciate the dilemmas that these analysts of the Brazilian state face without taking into account the impact of earlier studies on theories of the developmental state. The Brazilian military regime's performance in the 1960s and 1970s stimulated both Guillermo O'Donnell's 1973 model of the bureaucratic-authoritarian state and Fernando Henrique Cardoso's 1973 affirmation of associated dependent development. Both authors influenced many subsequent analyses of Brazil and other developmentalist authoritarian regimes.

O'Donnell compared Argentina's military coup of 1966 and the Brazilian coup of 1964 to argue convincingly against the modernist assumption that industrial growth fostered democratic ideals and popular participation. He maintained instead that advanced import substitution industrialization reached a point of economic and political crisis that fragmented dominant-class control and led to military coups seeking to transform both economic and political arrangements under an enduring authoritarian regime. Subsequent authoritarian coups in Latin America heightened the relevancy and influence of O'Donnell's analysis; and he and others extended and modified his original model to include a broader set of cases (see Remmer and Merckx 1982) and to explain the behavior of military regimes after obtaining power. The evident stability and political efficiency of the Brazilian regime remained a central point of reference in most of these analyses.

Cardoso's analysis of the economic performance of the regime, like O'Donnell's analysis of its political performance, generalized the regime's particular success into a broader theory. While O'Donnell used the Brazilian case to point out the weakness of simplistic assumptions in modernization theory, Cardoso used it to attack simplistic equations of dependency with economic stagnation. Cardoso examined Brazil's rapid industrial growth and diversification to show that development, even though highly unequal in its distribution of benefits, could occur under conditions of extensive foreign direct investment and lending.

Peter Evans's 1979 analysis of dependent development in Brazil integrated O'Donnell's and Cardoso's ideas into a powerfully conceived study of the relations within the "tri-pé" of international capital, the national bourgeoisie, and the military state. Although Evans was deeply troubled by the Brazilians' loss of political rights, he was clearly

impressed by the technical and planning skills of state enterprises, the ways the state manipulated business organization, and its policy of encouraging rapid industrialization and deepening it. By the time Evans's book was published, however, signs were appearing that the two models on which it was based were losing validity. Excess industrial capacity had long since been depleted, and a series of supply bottlenecks were starting to overheat the economy. Inflation had rekindled in 1976, and worker unrest was taking the most dramatic forms since the brutally repressed demonstrations of 1968. Problems with debt service and balance of payments, already troublesome by 1970, had mushroomed under the pressure of oil price shocks in 1973 and subsequent years. Factions of the national bourgeoisie had become increasingly critical of state intervention in the economy, particularly of the growing power of the state enterprises. Although the political representatives of this elite could be removed from official positions, members of the national bourgeoisie were essentially immune to the kinds of repression that the regime could use against workers, peasants, students, and intellectuals. By 1978 the leaders of the military regime, for the first time since the hard-liners succeeded President Castello Branco in 1967, sounded serious about turning formal control back to civilians (Roett, pp. 148–50; Wesson and Fleischer, pp. 106–8; Velasco e Cruz and Martins, pp. 58–60).

The "Brazilian miracle" had actually been rather short-lived in that the regime's most spectacular economic and political successes occurred between 1968 and 1973. Nonetheless, the quality of Evans's fieldwork and the elegance of his argument made his analysis one of the most influential applications of the dependency perspective. Evans stressed the significance of Brazil for comparisons with other countries of what Immanuel Wallerstein has termed the *semiperiphery* (1974a, 1974b), and Evans's work served as an important basis of comparison for analyzing other industrializing countries. His *Dependent Development* presented a far more elaborate and processual challenge to the simpler variants of dependency theory than Cardoso's seminal statement had offered, and unlike O'Donnell, Evans did not saddle himself with teleological implications of the quasi-inevitability of the bureaucratic-authoritarian state. Thus the main strands of theory inspired by Brazil's political and economic experience in the late 1960s and early 1970s were incorporated into their most sophisticated statement just as their empirical validity was collapsing.

The political culture analyses reviewed here search for predictions about future developments in their accounts of how the military regime achieved power and then lost legitimacy. These accounts diverge considerably from O'Donnell's writings. In the third edition of *Brazil: Politics in a Patrimonial Society*, Roett develops more cogently than

in earlier editions his notions of the Brazilian patrimonial state and the importance of following the rules of the game, which he sees as simultaneously elitist, exclusionary, and pluralist (that is, limiting popular participation by sharing power among the various elites). Despite his emphasis on the culture of political rules, however, Roett comes closer to dealing with one of the overwhelming structural facts of Brazilian economy and society—the highly uneven regional development arising from differing ecologies, differing social organizations and histories, and differing relations with the world economy.

Roett and coauthors Wesson and Fleischer provide informative introductions to Brazilian political history as well as competent summaries of recent political and economic events. Both *Brazil* and *Brazil in Transition* are organized around a series of general topics, although Roett is sometimes repetitious in different chapters. He effectively conveys a detailed understanding of the military's organizational and ideological history, however, and both books describe important continuities in the national political game across divergent economic periods and regime types. Both works therefore convincingly demonstrate the need to include political culture in analyses attempting to predict the future directions of the Brazilian state.

The collection organized by Bernardo Sorj and Maria Hermínia Tavares, *Sociedade e Política no Brasil Pós-64*, presents the results of a conference in Manchester in 1982. The essays assume considerable specific knowledge of Brazilian politics, but they provide a useful retrospective on the military regime's impact on different sectors of Brazilian society. The first chapter, by Velasco e Cruz and Martins, provides an excellent analysis of the changing political directions of the regime, and the third chapter, by Dreifuss and Soares Dulci, offers important insights into the ways in which the military acted as a self-interested institution. Peter McDonough's *Power and Ideology in Brazil* focuses closely on the attitudes of various Brazilian elites and balances extensive discussion of his survey results with analysis of how these attitudes responded to and affected the changing regime policy. His focus leads him, perhaps correctly, to downplay the impact of protests by non-elite civil sectors on the regime, but his ability to blend his survey results with processual political analysis is impressive. Like Roett, McDonough stresses the strong pressure for conformance with culturally determined "rules of the game," which he calls "limited pluralism."

In various ways, Velasco e Cruz and Martins, Roett, Wesson and Fleischer, and McDonough all explain the 1964 coup as a response to a series of political crises resulting from bungling by populist politicians. The latter in fact had little effect on the economy except in failing to control inflation, but their rhetoric essentially destabilized the working relations among the various political groups. Hence in contrast to the

historical-structuralists, these authors cite party and individual political actions rather than changing economic structures to explain the failure of the democratic regime. These explanations necessarily pass lightly over the rapidly changing economic, demographic, and social relations contributing to the crisis. But it is hard to deny that the political clumsiness of Quadros, his mishandled resignation, the successional crisis that followed, and Goulart's precarious juggling to preserve his presidency and personal power all seem to be accidents of extraordinary consequence that structural relations do not explain.

This interpretation carries over into the political culture explanation of the hardening of the military regime after its first four years in power. Roett implies and Wesson and Fleischer more explicitly argue that the opposition naively provoked the young military regime. While provocation was a tactic used deliberately by the urban guerrillas under Carlos Marighela (Wesson and Fleischer, p. 36), it probably was not the intended purpose of the politicians, students, and labor organizers who spoke out against the military in 1968. Velasco e Cruz and Martins are even more critical of the civilian politicians. They claim that "the opposition's mistake could not have been more drastic" (p. 25) and that the civil sectors neither perceived their defeat nor interpreted correctly the seriousness of the military government's intentions. Individual politicians continued to campaign on behalf of candidacies that had become phantasmagoric, and in the process, they exacerbated the repression.

Rather than viewing the military coup as a structurally conditioned response to economic crisis and social unrest, these authors characterize the military as responding to threats to its institutional integrity and prestige. In this view, each strong criticism of the military regime by civilian politicians allowed the hard-liners within the military establishment greater freedom of action and thus contributed to the severe repression after 1968. This interpretation appears to fit the sequence of events more precisely than O'Donnell's statement that repression is greatest immediately following a coup or his subsequent attempts to link postcoup military behavior to the level of precoup threat (1973, 25). The threat that O'Donnell has elaborated as stimulating coups and determining later levels of repression appears to have been less a threat to social order or the economy than to the military itself. Also, and implicitly contradicting O'Donnell, these authors characterize the more repressive presidents as being the most wary of direct foreign investment.

The gradual political opening that began after the opposition electoral victories of 1974, in Velasco e Cruz and Martins's description, resulted as much from the opposition's learning to play by the new rules as from the regime's intention to redemocratize or its need to respond to growing outside pressures. Therein lie more fascinating

tales, still only partially told, of the elaborate dance between personal and factional political interests, class interests and organizations, political parties, and a self-interested military with its own missions and programs.

The various recountings of this precarious process do not fully explain why the military chose to transfer power in the ways and at the time that it did, but the process itself lends credence to the idea that various political actors achieved an unspoken consensus about the rules by which they were playing. The opposition groups had to keep pushing or they would gain little or nothing. At the same time, they could not push too hard for fear of rehardening the regime and giving excuses for action to the conservative wing of the military. The military regime under Geisel and Figueiredo moved two steps forward and one step back, often attempting blatantly to direct the political opening while retaining ultimate control of the process and trying to deal with the crises of a declining economy.

Authors such as Velasco e Cruz and Martins, Roett, and Wesson and Fleischer do not organize their arguments as a counter to earlier models of the state. Indeed, their attention to historical events precludes model building. The above explanation is instead my synthetic attempt to point out divergences from other models, and it leaves aside the other part of the equation—that is, the developmentalist aspirations of the military regime. Military self-interest is certainly insufficient to explain the radical changes that the regime made in the economy. Roett describes the growing self-confidence of the military, its creating its own developmental ideology through the *Escola Superior de Guerra* (National War College), and the origins of various presidents' attitudes toward foreign investment, but he relegates economic policy to a brief penultimate chapter. Wesson and Fleischer pay even less attention to analyzing economic questions. Velasco e Cruz and Martins describe the regime's economic successes as bolstering its popularity, but they provide few clues to the role of the military's economic aspirations for the country as a whole. Dreifuss and Soares Dulci (also in the Sorj and Tavares collection) point out the many ways that economic growth has strengthened the military, not the least of which has been the development of a sophisticated national arms industry. They also stress military self-interest and document the remarkable growth and autonomy of the *Serviço Nacional de Inteligência*, whose agents reputedly penetrated all branches of government. Dreifuss and Soares Dulci's chapter on the military shows the ways in which economic growth benefited the military as an institution and how positions in the state enterprises benefited individual officers, but their analysis does not explain the forms that the regime's developmental ideologies and policies took.

The historical-structural analyses, which more directly confront

the earlier models, succeed much more in relating political and economic processes. In *Authoritarian Capitalism*, Faucher analyzes the struggles over the 1974 Segundo Plano Nacional de Desenvolvimento (PNDII) as a failed attempt by the national bourgeoisie to protect its own interests and by the state to assert its economic autonomy and administrative capacity (Anglade's 1985 analysis of PNDII essentially concurs with this view). Faucher then argues that Evans greatly over-emphasized the tri-pé model and that the capacity of its three parts to work harmoniously was already strained by the mid-1970s.

Faucher is pessimistic about the prospects of dependent development. His criticism of Evans combines class analysis with a focus on individual political actors, but within a structure of dependency. Faucher argues that much of the early growth was made possible by extensively underutilized infrastructure and plant capacity and that the crushing burden of debt and the overheating of an economy trying to squeeze through restrictive bottlenecks would eventually overcome the earlier growth. He maintains that neither the state nor the national bourgeoisie could counter the demands of foreign capital as effectively as Evans claimed.

It should be noted that in a separate article (Gereffi and Evans 1981), Evans himself wrote far more pessimistically of the capacity of national capital or the state to act with any autonomy against the investment flexibility of international capital. In his chapter in Bruneau and Faucher's *Authoritarian Capitalism*, however, Evans is still impressed by the ways that the state and national capital worked together to assure that neither the state nor international capital would dominate the complicated capital-intensive joint enterprises comprising the integrated Camaçari petrochemical complex.

More than any of the other work reviewed here, Anglade's chapter on Brazil in *The State and Capital Accumulation in Latin America* manages to integrate a historical-structural approach with consideration of particular political strategies in order to deal with external financial and internal political pressures. Anglade's impressive analysis of the means by which the Geisel and Figueiredo governments tried to deal with the impossible debt load, which they inherited from the earlier industrializing miracle, introduces a new stage of dependency—financial dependency—into the equation. But unlike earlier dependency analysis, Anglade's discussion focuses not simply on class alliances but on the hopeless struggles of individual politicians, soldiers, and technicians for political survival during the disaster. In this sense, more overlap exists than would immediately be expected between the conventional and the structural historiographies.

Anglade demonstrates how debt, or financial dependency, reduced the options and power of both the military regime and the na-

tional bourgeoisie. (He is perhaps too ready to assume that matters continue to work to the advantage of the international financial centers. They may have a relative advantage in cutting their losses, but the present crisis does not seem to be working to anyone's advantage.) His analysis, the most recent of those reviewed here, is also the most theoretically ambitious and the most pessimistic about Brazil's prospects for economic growth or political stability. Anglade strives to use a coherent Marxist model of the state and is refreshingly frank about the problems of finding a clear basis for this approach in the earlier Eurocentered debates about the state. In their introductory chapter, he and Fortin invoke Nicos Poulantzas's distinctions between "type of state, form of state, and form of regime," insisting on the importance of the forms of class domination. But their discussion actually follows paths easily located in other perspectives on Latin American political history, as they trace regime types from the peripheral export state to the populist state and through the crisis of import-substituting industrialization that led to the authoritarian state. Nor does their focus on the central role of the state in capital accumulation take them far from earlier analyses. What is new in their approach is their extension of the dependency perspective, as they attempt to explain how debt dependency changes the dynamics of peripheral economic relations with the core from a concentration on investment capital and profit returns in the 1960s to financial flows and interest payments in the 1970s. They claim that this change made international capital independent of specific productive enterprises in the periphery and transformed the state into the financial mediator between the local and the international economies (p. 14). Indeed, it is this new form of dependency, rather than Marxist interpretations of the state *per se*, that most of Anglade's data on Brazil address.

The basic condition of indebtedness and the enhanced susceptibility of the state to fluctuations in the international financial markets are important structural constraints, but Anglade must pay minute attention to the gyrations of individual politicians, soldiers, and ministers as the Brazilian regime attempted to reconcile the concessions demanded for a smooth transition to civilian rule under continued military tutelage and the austerity demanded by the debt squeeze. The spectacle of individual politicians and the military establishment attempting to preserve personal and institutional power does not fit easily into the framework that Anglade proposes, even though he deals competently with these issues. Structural analysis here is overwhelmed by the apparent importance of struggles for personal and factional power by both military and technocratic powerholders. Anglade argues fairly convincingly that the structure of international markets and finance sets effective limits for these apparently doomed efforts, but his

description of the personalities and ambitions of key ministers Antônio Delfin Neto, Karlos Rischbieter, and Mário Henrique Simonsen and their growing panic brings him close to the political culture emphasis on heroic individuals. Anglade offers no coherent explanation of the reasons why the military withdrew from formal power or its success in controlling the transition to civilian government. Nor does he acknowledge that individual political strategies may have played as great a part in creating the debt as in the struggle to survive within it.

The structural analyses provide the most coherent explanation of economic policies and outcomes, but they do not successfully explain the political process of liberalization. Thus the reader finds no explanation that adequately integrates the economic with the political factors. The arguments by Michael Wallerstein (1980) and Thomas Skidmore (1973)—that the economic crisis of the early 1960s could not be solved by a democratic regime and therefore a military regime emerged—are based ultimately on a peculiarly functionalist assumption that provides little insight into the prospects for increased popular participation in the present economic crisis. Neither do these arguments explain why the Brazilian military has managed the transition to civilian rule as smoothly as it has in such disadvantageous circumstances. The discussions of liberalization and the protests that presumably accelerated the process only supply pieces of the whole puzzle.

*O Futuro da Abertura: Um Debate* is a curious small volume in which Bolívar Lamounier and José Eduardo Faria record a three-day public conversation in 1981 among noted journalists and academics. The work is inclusive in documenting the participants' debates about the origins and future of the political opening, as they grope among structural arguments and blend them with accounts of particular heroic events and decisions. It is also a fascinating condensation of the difficulties of making sense of why and how the opening was being managed. As in the other explanations reviewed here, loss of legitimacy is the abstraction most frequently invoked, with various participants offering different catalysts and chronologies of this loss. Although the arguments are almost impossible to follow without a detailed knowledge of Brazilian public life, *O Futuro da Abertura* provides intriguing insight into what certain Brazilians were thinking about the regime at that time. Precisely because it is presented in raw form, as a debate, this volume communicates the difficulties of analyzing the present as history more clearly than any of the other works under review.

### *The Performance of State Enterprises and Bureaucracies*

The extraordinary growth in the size and power of state enterprises as well as their increasingly crucial economic position in Brazil

receive extensive analysis in all of these recent works, overshadowing O'Donnell's earlier emphasis on the state's control of labor. Evans dealt extensively with the management of these enterprises in *Dependent Development* (1979), and he provides a detailed analysis of how they worked in the Camaçari petrochemical complex in his chapter in the Bruneau and Faucher volume. In both cases, he was primarily concerned with the ways the state enterprises stimulated and provided nationalist ballast for the tri-pé and with the ways in which the state agencies fostered entrepreneurial and managerial expertise. But the state enterprises were the main target of elite protests against the military regime in the late 1970s, and the regime itself became increasingly concerned with its inability to control them and their massive expenditure of foreign currencies.

Evans was still moderately optimistic about the role of public enterprise in his contribution to the Bruneau and Faucher volume, but the other chapters on state companies were already reflecting criticisms that were to dominate analysis of them in the following four years. Baer and Figueroa analyze the ways that state enterprises heightened income inequalities and capital-intensive diminutions of labor absorption (see Baer 1983 and 1984 for an even sharper criticism of state enterprise). Thomas Trebat's chapter in the Bruneau and Faucher compilation confirms these tendencies. Trebat concurs with Evans in stating that public enterprise was motivated by two factors: nationalistic desires to limit foreign participation in certain strategic economic sectors; and the perceived need to establish crucial upstream industries for which the scale, risk, capital, and necessary coordination exceeded the capacity or interest of private capital. Trebat agrees that they performed reasonably well in comparison with public enterprise in other (especially Latin American) developing countries. Nonetheless, Trebat elsewhere stresses that "public enterprises in electricity, communications, and railroads during 1967–1979 absorbed resources worth considerably more than the output obtained from their economic activities" (1983, 174), and he entertains the possibility that they overbuilt and were wasteful. Part of the public enterprises' low or negative profitability derived precisely from their capital-intensivity. Trebat views this characteristic as necessarily resulting from their function in providing upstream capitalization, but it is also a major way that they have restricted labor absorption.

Erickson's contribution to *Authoritarian Capitalism* analyzes a single, but crucially important, public enterprise, Petrobras. The chapter traces the emergence of the state monopoly over oil and its gradual erosion under the pressure of oil dependency and the search for local deposits and alternative sources of energy. This essay also discusses the effects of a foreign policy increasingly influenced by the search for reli-

able external sources of oil. Erickson locates Petrobras's problems and power squarely in the Brazilian growth model, which sought to "emulate the United States, the world's most energy-inefficient economy" (p. 142) and left the economy enormously susceptible to external oil price shocks. He robustly denounces the Brazilian nuclear energy program, which he documents as being primarily based on national security rather than economic considerations and as having frighteningly sloppy technical standards (pp. 151–53). Otherwise, Erickson gives fairly high marks to attempts by the Brazilian state, through a variety of public enterprises, to solve its energy problems by utilizing hydroelectric and vegetable sources, building strong trade relations with oil exporting countries, and developing energy-efficient forms of transport. These areas are precisely the ones in which Trebat is most critical of public-sector performance, also the areas of greatest infrastructural importance.

Subsequent writing on the public enterprises reflected the growing opposition to them within Brazil itself. Roett, Wesson and Fleischer, McDonough, and Velasco e Cruz and Martins all emphasize bourgeois opposition to public enterprise as a key factor in the regime's loss of legitimacy. Roett and Wesson and Fleischer report that the regime itself had great difficulties in controlling public enterprise expenditures and foreign borrowing, suggesting that this problem was a major impediment to implementing successful austerity programs after 1980. Evans apparently modified his position on public-enterprise autonomy when he wrote of foreign investments being withheld when state policies even mildly restricted foreign firms' freedom of action (Gereffi and Evans 1981). Baer (1984) discusses the public enterprises' capacity to challenge central state decisions, but he also points out that in some cases, the government pressured public enterprises to borrow foreign currencies beyond their own needs when other sources of foreign credit were not available. Wesson and Fleischer also discuss the lack of central budgetary control over state enterprises.

Anglade pulls together many of these criticisms in the best documented critique of the public firms. He maintains that their bloated staffs and capital assets have required subsidies from the state, that their pricing policies have promoted inflation, that they have used their power for unprofitable expansion and diversification, and that they have injured other sectors of the economy by contracting debts they have no intention of paying. Anglade's analysis appears to be the culmination of a major reversal in earlier assessments of the public enterprises (compare Canak 1984). This changing perspective reflects both the increasing internal opposition to the public enterprises and the heavy costs they have continued to impose after their initial usefulness to the debt-driven growth process began to diminish. These various

analyses strongly convey the impression of a politically created monster run amok, impervious to control, increasingly corrupt, and responsible for a major share of Brazil's current economic difficulties.

Despite the general concern with centralization, political control, and the expansion of the state sector under the military regime, remarkably little organizational analysis of the state bureaucracy has appeared. Richard Batley's *Power through Bureaucracy: Urban Political Analysis in Brazil* is a short, but carefully documented, analysis of public housing policies and the financial agencies that administered them. The work discusses class analysis and the examination of regime characteristics as well as the interactions between a particular bureaucracy, the firms in the sectors affected by it, and the public. Batley's work on social welfare policy and implementation significantly complements the more numerous studies of the organizations aimed at industrial growth, but in the end, it is too narrowly focused to inform readers much about the national bureaucracy as a whole. Nevertheless, it is a work deserving more attention than can be devoted to it in the present context.

The least satisfying of the sparse offerings on state bureaucracy is Fernando Uricoechea's *The Patrimonial Foundations of the Brazilian Bureaucratic State*. Its ambitious title disguises a poorly documented attempt to cram the history of the national guard into a distorted version of Weber's theory of patrimonial bureaucracy. The story ends in the 1870s, but Uricoechea nonetheless calls his last chapter "The Modern State." Aside from some interesting anecdotes and a plausible, but unexplored, reference to the tensions between central and peripheral forms of administration, Uricoechea contributes little to general understanding of the Brazilian state or to theories of organization.

### *Popular Mobilization against the Regime*

Growing concern with the public enterprises has somewhat offset the central concern with the repression of the work force, which was crucial to O'Donnell's original formulation on how the Brazilian development model attracted foreign capital and remains central to analyses such as those of Gereffi and Evans (1981). The state clearly remains the major opponent of organized labor, but labor has been increasingly successful in overcoming official barriers to mobilization. Unfortunately, while labor militancy is described in various works, its impact on the military decision to transfer power is not adequately analyzed.

Little attempt has been made to explain the relations between various popular movements against the regime, beyond pointing out that they occurred concurrently with its declining economic performance. Different authors treat the various movements separately, so the reader is left with only the abstract commonsense explanation that

the regime was losing legitimacy with various sectors simultaneously. "Loss of legitimacy" works as a descriptive abstraction but not as a sufficient explanation for the decisions to transfer power to a civilian regime, or of the ways the state managed to control the transition.

In Bruneau and Faucher's *Authoritarian Capitalism*, Sanders describes the new wave of activities by the church's *comunidades de base* and the labor unions since the 1974 elections, while Munck (who dates the labor upsurge from the same period) stresses the wave of strikes in 1978 as weakening state control. In the Sorj and Tavares collection, Velasco e Cruz and Martins name labor organization as one of the three important forces causing the regime to liberalize. None of these authors is altogether clear on the stimulus for this resurgence, or why the state tolerated it. Ironically, Sanders credits an IMF report, which stated that the government had underreported inflation statistics by about 20 percent, with stimulating labor protest. Implicit in all three treatments is the idea that the labor movement coincided with several factors: the national bourgeoisie's protests against state enterprise; renewed student protests; the victory of the opposition party, the Movimento Democrático Brasileiro (MDB) and the regime's decision to work with the MDB instead of attempting to annul its victories as was done in 1968; and perhaps most important, the economic downturns that were undermining the regime's popularity. Clearly, hard-line repression of strikes and other protests would have contradicted the regime's aims for gradual liberalization. Nonetheless, all of these authors concur that the unions had always been subject to high degrees of state intervention since the Estado Novo of the 1930s, that they had not responded effectively to the coup in 1964, and that they (along with students and political parties) had been ruthlessly suppressed in 1968. More precise attention to the ways in which labor's organization and its relation to the state differed from earlier periods could help illuminate the ways in which the regime itself was changing. Indeed, somewhere in the divergent responses of the regime to the similar events of 1968 and 1978 may lie important explanations of what had happened to Brazilian society and politics during those intervening ten years. For example, General Alzir Benjamin Chaloub stated that the Escola Superior de Guerra would invite people who "thought differently" to participate in its seminars, and that among those who might be asked was Luis Ignacio de Silva (Lula), the union leader and president of the Partido dos Trabalhadores who had defied the regime by calling illegal strikes. According to Chaloub, Lula would be invited because he was "one of the first authentic representatives of the workers, the first who had the courage to stand out" (*se projetar*) (Dreifuss and Soares Dulci, in Sorj and Tavares, p. 116). This statement represents an extraordinary change in the public behavior of the military, however sincerely or insincerely it was

intended. Writers on these events have documented the many accompanying incidents and trends, but the entire process cries out for additional explanation of the regime's motives.

Indeed, the entire process of political opening so far appears to escape structural analysis. John Humphrey comes closest perhaps in explaining how changes in the economy as a whole and in the organization of the industrial work force in particular stimulated worker protest in the auto industry, and how this protest spread from the dynamic to more traditional sectors (1979, 1982). Except for the cliché that the regime lost legitimacy as economic performance declined, however, no clear explanation exists of the constellation of opposition from different sectors and actors—the national bourgeoisie, labor, the church, and political parties—nor of the reasons why the regime was unable or unwilling to stem these movements. Anglade, Baer (1984), and Michael Wallerstein (1980) all point out the parallels between 1964 and the present: growing inflation, scarcity of foreign credit, a growing foreign debt, and economic stagnation following a period of industrial growth. The assumption that such conditions led to the military coup of 1964 and to heightened repression after 1968 are not, on the face of it, compatible with the present fact of liberalization and return to civilian rule. Most of the authors reviewed here in one way or another mention the dilemma of liberalization under conditions requiring austerity, but none confront directly the contradiction between earlier models of the coup and their own hopes for successful democratization.

To the extent that the problem is considered at all, explanations are sought in the changing relations between the military and civil sectors. Again, the conventional historiographers have the advantage here because they can relate the sequence of events in terms of an evolving political culture, searching the military regime's past behavior for clues to the process of political opening. Velasco e Cruz and Martins start by observing that the regime was far less repressive than it might have been, less so than similar regimes in Chile and Argentina. They state that the regime manifested "characteristics close to those of republican normality" (p. 14), and they concur with Juan Linz's (1973) conclusion that the Brazilian case constituted an authoritarian situation as opposed to an authoritarian regime. This line of thinking, evident in Roett and in Wesson and Fleischer, emphasizes Castello Branco's relative moderation between 1964 and 1968, the brief duration of the exceptional powers his presidency arrogated unto itself, and the expectation of an early return to civilian rule. The same explanations stress the essential continuities between Castello Branco and the liberalizing regimes of Geisel and Figueiredo (1974–1985), interrupted by the "hard-line" dominance of the middle years of stern repression and spectacular economic growth under Costa e Silva and Médici. Thus the political culture as-

sumption, most clearly stated by Roett and McDonough, is that the political pact was based on a pluralistic sharing of power among elites and that the military regime overstepped these boundaries by monopolizing power and then had to extricate itself. It did so by striking a series of bargains that permitted a graceful exit without threatening its institutional integrity. These bargains, of course, required that the opposition learn to play by the military's "rules of the game." The idea that the opposition had to be tamed for liberalization to occur has its counterpart in the same authors' political-cultural and highly personalized accounts of why the regime became repressive in the first place, or indeed, of why it came to power or stayed so long. The assumption that the military would exit of its own accord once its rules were accepted is not particularly satisfying, but it is more of an explanation than the historical-structural analyses provide.

### *Conclusion*

Recent analyses of the Brazilian state raise far more questions than they answer. They all must confront the failure of earlier models to account for the decline of an authoritarian regime while taking into account its brief success. The task is complicated by the growing divergencies of the political paths followed by different Latin American authoritarian regimes. The remarkable coincidences and parallels that gave such power to O'Donnell's model have given way to divergent outcomes in the authoritarian experiences of various nations, and it is impossible to explain the series of events occurring in Brazil without recognizing the possibility of very different outcomes in Brazil as well. The Brazilian case dramatically exemplifies the dilemmas following rapid industrial growth under authoritarianism, and the attempts to explain what is now going on in Brazil reflect all of the uncertainties that the web of heroic action within structural constraints and the tensions between private and public goals inevitably entail. Matters will look simpler if and when the present flux of the Brazilian political economy stabilizes into some identifiable form, but it is to be hoped that model builders at that time will hark back to the complexities of the current era and resist the temptation to rely too much on univocal explanations.

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