

DEVELOPMENT, DEMOCRACY,  
AND INEQUITY:  
New Contributions on the Brazilian Political Economy

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- DEBT AND ADJUSTMENT POLICIES IN BRAZIL.* By Jorge Chami Batista. (Boulder, Colo.: Westview, 1992. Pp. 178. \$37.50 paper.)
- THE BRAZILIAN WORKERS' ABC: CLASS CONFLICT AND ALLIANCES IN MODERN SÃO PAULO.* By John D. French. (Chapel Hill: University of North Carolina Press, 1992. Pp. 378. \$49.95 cloth, \$18.95 paper.)
- BRAZIL: THE CHALLENGES OF THE 1990s.* Edited by Maria D'Alva G. Kinzo. (London: Institute of Latin American Studies, University of London, 1993. Pp. 214. \$59.95 cloth.)
- POLITICAL CONSTRAINTS ON BRAZIL'S ECONOMIC DEVELOPMENT.* Edited by Siegfried Marks. (New Brunswick, N.J.: Transaction, 1993. Pp. 182. \$18.95 paper.)
- BRAZILIAN INDUSTRIALISTS AND DEMOCRATIC CHANGE.* By Leigh A. Payne. (Baltimore, Md.: Johns Hopkins University Press, 1994. Pp. 216. \$32.50 cloth.)
- FOREIGN INVESTMENT IN BRAZIL.* By Keith S. Rosenn. (Boulder, Colo.: Westview, 1991. Pp. 405. \$58.00 paper.)
- SOCIAL CHANGE AND LABOR UNREST IN BRAZIL SINCE 1945.* By Salvador A. M. Sandoval. (Boulder, Colo.: Westview, 1993. Pp. 245. \$37.50 paper.)
- MANUFACTURING MILITANCE: WORKERS' MOVEMENTS IN BRAZIL AND SOUTH AFRICA, 1970-1985.* By Gay W. Seidman. (Berkeley and Los Angeles: University of California Press, 1994. Pp. 361. \$45.00 cloth, \$15.00 paper.)
- ENGINES OF GROWTH: THE STATE AND TRANSNATIONAL AUTO COMPANIES IN BRAZIL.* By Helen Shapiro. (Cambridge: Cambridge University Press, 1994. Pp. 267. \$54.95 cloth.)

In the last few decades, Brazil has experienced stunning success as well as striking failure. Between 1940 and 1980, rapid growth turned this largely agrarian country into a major industrial power. In the 1980s and early 1990s, however, Brazil suffered from a profound economic crisis. Moreover, deep social inequality and widespread poverty have continued to plague the country. Although dictatorship never took firm hold and

democracy prevailed from 1946 to 1964 and reemerged in the 1980s, democratic governance in Brazil has been rocked by constant problems.

Given these twists and turns, recent Brazilian history provides a rich platter of food for thought. Many of the "big questions" of the social sciences remain at issue: questions concerning economic development strategy, the relationship between development and democracy, and the compatibility of development, democracy, and greater social equity. It is no wonder that scholars from a variety of disciplines have felt inspired to analyze these issues. This review essay will assess a rich set of contributions that advance our understanding of these issues in crucial ways.

### *Brazil's Development Strategy*

The crisis of the 1980s and early 1990s has brought Brazil's development strategy under intense scrutiny. After all, state-led import-substituting industrialization (ISI) proceeded further in Brazil than in most of the third world. How can social scientists account for this remarkable success along with the equally striking problems of the last fifteen years? What have been the costs and benefits of advanced ISI? And what caused the crisis that erupted in the 1980s? Was ISI inherently flawed in its effort to establish sophisticated capital- and technology-intensive industries in a country whose comparative advantage lies in abundant unskilled labor, as neoclassical economists argue? Or was ISI implemented inadequately due to administrative deficits and business efforts to lobby for special favors (now termed *rent seeking*)? Or was ISI successful until the unpredictable impact of an external shock, manifested in the debt crisis, as neostructuralist economists maintain?

The significance of the Brazilian case makes these questions highly relevant for the ongoing debate about the most appropriate development strategy for third world countries. Two of the works under review here employ in-depth case studies to bring a wealth of evidence to bear on this controversy. Rejecting the orthodox neoclassical view, both Helen Shapiro and Jorge Chami Batista argue that ISI in Brazil was viable and that under the given circumstances, it constituted the most reasonable strategy for promoting development. Indeed, both authors show that import substitution promoted through determined state intervention (including protectionism) soon came to stimulate exports, rather than hindering them. This finding nicely complements research on the East Asian newly industrializing countries, demonstrating that these champions of export-oriented development have also promoted import substitution (Gereffi and Wyman 1990). The stark contrast drawn by neoclassical economists between export-oriented development, which they depict as market-driven and therefore successful, and ISI, condemned as a failure due to state interventionism, does not hold up under careful empirical investigation.

Shapiro's closely researched and theoretically sophisticated study, *Engines of Growth: The State and Transnational Auto Companies in Brazil*, analyzes how the government of President Juscelino Kubitschek (1956–1961) successfully promoted the creation of an auto industry in Brazil. Shapiro argues that this crucial step toward the import substitution of durable goods was a reasonable way of responding to the chronic constraint on foreign exchange from which Brazil was suffering (pp. 28–37). Memories of the sudden collapse of world trade in the Great Depression of the 1930s made policy makers shy away from export-oriented manufacturing (pp. 37, 69). Because the country lacked the capital and technology to establish an auto industry on its own, it needed to attract direct foreign investment. Shapiro's insightful analysis of the bargaining between a newly founded state agency, the Grupo Executivo da Indústria Automobilística (GEIA), and transnational corporations shows how the GEIA achieved its crucial goals by taking advantage of the emerging competition between transnational enterprises from different countries (chap. 3). Although this change in market structure prepared foreign auto firms to invest (however grudgingly) in developing countries with vast potential markets (such as Brazil), governmental subsidies were important in rapidly attracting massive foreign investment. Yet as a result of the burgeoning tax payments made by the foreign-owned auto firms, the Brazilian state soon achieved a net gain in resources (chap. 4). Thus under favorable economic conditions, state interventionism can be effective and efficient if public agencies possess sufficient institutional strength and coherence (pp. 22, 72, 133). While Shapiro advances a convincing argument, similarly detailed studies of other cases will be needed to specify the level of institutional strength and coherence required for successful state interventionism.

Whereas Shapiro's important study carefully balances the claims of neoclassical and neostructuralist economists, Batista embraces the latter stance more decidedly. In *Debt and Adjustment Policies in Brazil*, he analyzes the next milestone in Brazil's growth strategy, the Segundo Plano Nacional de Desenvolvimento (II PND), an enormous effort launched by the government of General Ernesto Geisel (1974–1979) to "deepen" ISI by establishing basic and capital-goods industries. Given the weakness of domestic business and the government's unwillingness to entrust strategic industries to foreign capital, this ambitious goal required massive state investment. Because these outlays caused much of Brazil's burgeoning external debt, the II PND with its "pharaonic projects" (such as the Itaipu dam) has drawn severe criticism.

In this controversy, Batista supports the revisionist position advanced by Antônio Barros de Castro and Francisco Eduardo Pires de Souza (1985), who have defended the II PND as a reasonable and in many ways successful attempt to overcome the external constraints facing Bra-

zil in the mid-1970s. In Batista's view, attempting to adapt to the oil price shock of 1973–1974 through orthodox adjustment would have severely depressed growth (pp. 12–22). The effort to push ISI toward completion was more promising. Batista adduces ample data to show that the investment and production goals of the II PND were fulfilled (chap. 3) and that Brazil's enormous trade surplus in the 1980s owed much to this accomplishment (chap. 4). He also claims that Brazil could have repaid its growing foreign debt had it not faced the unprecedented hike in U.S. interest rates in the early 1980s, which no one could have foreseen (pp. 45, 151–52). Batista thus attributes the eventual failure of the II PND and the crisis of Brazil's development strategy mainly to an unpredictable external shock.

These arguments have considerable plausibility. The debt crisis has certainly created enormous strains for Brazil (chap. 6), and the drastic jump in U.S. interest rates in the early 1980s contributed greatly to its eruption. Yet one wonders whether Brazil really could have serviced its debt without this external shock. As early as 1979, interest payments almost equaled the influx of new loan capital. Moreover, domestic factors played a major role in triggering the crisis. As Batista himself mentions, the government designed overly costly investment projects and pursued unrealistic economic expansion in 1979–1980 (chap. 5). Also, the Brazilian state increased its subsidies to the private sector and loosened tax extraction throughout the 1970s, relying on domestic and foreign debt to maintain fiscal balance. Although the cost of these favors for business is difficult to quantify, they surely contributed to the fiscal problems of the 1980s. Underlying this generosity was the state's increasing weakness vis-à-vis the private sector, which succeeded in bending instruments of state interventionism to its own benefit. Batista's attempt to downplay this political factor is not persuasive (pp. 37, 152). By the 1970s, Brazil's stated development strategy had become flawed in ways that undermined its success.

Whereas Shapiro and Batista demonstrate the benefits of state interventionism, Keith Rosenn underscores some of its costs. *Foreign Investment in Brazil* describes the evolution and content of the vast array of legal rules governing different types of foreign investment (chaps. 3–9) and reproduces the main regulations in English translation (pp. 227–381). Rosenn acknowledges the importance of controlling powerful foreign firms in order to further Brazilian development (pp. 53–54, 120–24, 152). But he stresses the problems arising from the enormous complexity of the legal system, its frequent changes, and the wide discretion it leaves for bureaucrats. Among the most serious deficiencies he analyzes are the strong disincentives to transferring modern technology that arise from prohibiting sufficient monetary rewards. Rosenn also criticizes the "market reserve" for computers, in force from 1984 to 1992 (pp. 119–26). In his view, the resulting inefficiencies have greatly hindered Brazil's recent

efforts to increase its exports. The details on the country's rapidly changing juridical norms will interest mainly legal experts and historians, but Rosenn's solid analysis of the inner workings of state interventionism counterbalances Shapiro's and Batista's more sanguine perspectives.

Read together, these three books yield a balanced and nuanced evaluation of Brazil's ISI strategy, a finding that does not justify a complete turnaround in the country's development model. Although Rosenn's analysis signals some of the benefits of market-oriented reforms, Shapiro's and Batista's important findings advise against "neoliberal" destruction of state interventionism.

### *Development and Democracy*

The benefits of Brazil's economic development have accrued disproportionately to better-off sectors. The ensuing inequality raises the question of whether rapid growth and democracy are compatible. Because the poor and disadvantaged can potentially use democratic rights to participation to encroach on the property of the rich, do the rich advocate authoritarian rule and endanger democracy?

Leigh Payne probes this important issue in *Brazilian Industrialists and Democratic Change*. Drawing on an impressive set of 155 interviews with industrial leaders in São Paulo, she finds that these capitalists have not maintained any firm or principled commitment to authoritarian rule. Although most of them supported the 1964 coup that ushered in the military regime, they did so only on perceiving a uniquely grave threat to their interests, one stemming from political instability and "leftist subversion" (chap. 2). After this exceptional situation subsided, few industrialists gave unwavering support to the military regime or opposed the democratic transition. An equally small minority consistently advocated democracy. Most capitalists adopted an uncommitted pragmatic posture, adapting flexibly to the prevailing regime (chaps. 3–4). Accordingly, despite an upsurge in labor conflict, severe economic problems, and governmental incompetence, most industrialists have accepted the incipient Brazilian democracy. They have not gained a dominant political position because their persistent diversity and fragmentation have continued to limit their influence (chap. 5). Similar divisions and adaptive postures have prevailed among business leaders in Argentina, Chile, and Spain (chap. 6).

Payne makes an important contribution in "de-demonizing" Brazilian capitalists, who under empirical scrutiny appear less reactionary and powerful than they have often been portrayed. In politics, they rarely operate as a unified class. Rather, they are usually confused in their goals, divided in their actions, and often surprisingly weak in their influence. Thus they are far from dominating Brazilian politics. Yet because their

potential enemies are also weakened by internal fragmentation, capitalists usually enjoy safety from grave threats. Most of them do not firmly embrace dictatorship but are willing to adapt to democracy. As far as the business sector is concerned, economic development and democracy in Brazil are compatible.

While Payne's analysis is persuasive and supported by ample interview data, one wonders whether her methodological procedure does not "reinforce" her findings. Ascertaining attitudes is notoriously difficult. Individuals interviewed at the inception of a new democracy are likely to downplay their approval of the preceding military regime. Thus heavy reliance on interviews may lead Payne to overestimate the pragmatism of Brazilian industrialists. But this potential problem does not detract from the value of her worthwhile study.

### *Development, Democracy, and Equity*

The deep inequities plaguing Brazil's economic development pose two sets of crucial questions. First, what prevented the disadvantaged Brazilian masses for long decades from seriously challenging a development model that guaranteed them only meager sustenance and a decreasing share of benefits? Was the decisive factor the small size of the working class, or employer and state repression, or governmental manipulation and co-optation? Second, what finally prompted large numbers of poorer Brazilians to engage since the late 1970s in forceful mobilization and demand full democracy and greater equity? Were the crucial factors changes in socioeconomic structure, or were they political factors, especially the military governments' decision to limit repression and liberalize authoritarian rule?

Most explanations of previous quiescence have emphasized successful efforts to confine workers to state-controlled interest organizations and co-opt them with limited social benefits. Youssef Cohen has recently advanced this "state-corporatist" argument in a particularly pronounced version, stressing the governmental "manipulation of consent" via the systematic inculcation in workers of ideas and values that diverge from their true interests (see Cohen 1989).

John French's insightful history of fifty years of working-class politics in the periphery of São Paulo, Brazil's industrial center, challenges this view. A penetrating analysis of the ups and downs of labor mobilization during the first half of the twentieth century, *The Brazilian Workers' ABC: Class Conflict and Alliances in Modern São Paulo* illustrates how workers consciously and skillfully used any political opening to advance their interests and aptly confronted the tremendous constraints they faced. Before 1930, only a few highly committed radical laborers chose to defy heavy employer and governmental repression (chap. 1). The regime of

Getúlio Vargas (1930–1945) conceded some protection and benefits to workers in order to gain their support. Trade unions took advantage of this opportunity, and more moderate workers decided to join their ranks. The labor movement's less-radical stance thus did not stem from manipulation but from workers' rational response to a change in governmental policies (chaps. 2–3). Similarly, workers' support for populist politicians after 1945 did not result from demagogic seduction but from a reasonable opting for the lesser evil (chaps. 4–5, 8–10). After the government squashed the tremendous outburst of autonomous worker mobilization from 1945 to 1947 (chaps. 5–7), workers had no better choice than to ally with populist politicians, who were notoriously unreliable but offered more benefits than their conservative adversaries.

French's beautifully told story is full of perceptive insights and draws on extensive research. His account nicely integrates a grassroots perspective with a keen sensitivity for the national political context. French's analysis of the emergence of populism, which arose from intralite cleavages and exploited tension-filled alliances to find sufficient support in a heterogeneous society, is nothing short of brilliant. His criticism of manipulation arguments is persuasive. As a historian, French keeps explicit theoretical discussion to a minimum, but his study speaks to a crucial debate in contemporary social science, namely rational choice versus sociological institutionalism. French's invocation of rational-interest calculations (most explicitly on pp. 256, 259, 272–73, 276), his rejection of any notion of "false consciousness," and his explication of working-class strategies as reasonable responses to the prevailing set of opportunities and (usually tight) constraints recall the basic principles of Adam Przeworski's "rational-choice Marxism" (1985). One may disagree with some of French's "class-based" interpretations, but anyone interested in Brazilian politics, working-class strategies in Latin America, or the emergence of populism will benefit enormously from reading this wonderful book.

Whereas French analyzes the political incorporation of the working class in the 1930s to 1950s, Gay Seidman explores how several decades later, labor gained the capacity for forceful autonomous demand making. Through an innovative comparison of Brazil and South Africa, she seeks in *Manufacturing Militance: Workers' Movements in Brazil and South Africa, 1970–1985* to uncover the causes for the rise of militant worker movements in the late 1970s. Given the stark differences in culture, politics, and race relations between the two countries (chap. 1), Seidman attributes the similarities in labor mobilization to a shared pattern of socioeconomic development. Advanced state-led industrialization concentrated large numbers of workers in big factories, creating the potential for mobilization. Increasing skill requirements made it more difficult for employers to replace their personnel and thus strengthened workers' clout (chap. 2).

When economic crises reignited conflicts between business and the state, which had joined forces to exploit and repress labor (chap. 3), workers in both countries used the opening created by this tension to advance forcefully their long-standing grievances (chap. 4). Because laborers were rooted in service-deprived poor neighborhoods, "labor activism [spilled over] into the broader community" (p. 203) and gave the broad-based challenge to authoritarian rule and socioeconomic exclusion a class-conscious character (chap. 5).

Seidman reminds her readers of key socioeconomic factors contributing to militant labor mobilization in two very different countries. Also, she perceptively stresses the links between worker activism and urban popular movements, which induced labor unions to transcend unexpectedly the defense of narrow member interests. But the effort to show similarities with South Africa (certainly an original endeavor) distorts Seidman's analysis of Brazilian development in several important ways. For instance, she clearly overrates the depth of Brazilian business criticism of the military regime (compare Payne, chap. 4) and its impact on the emergence of the "new unionism," while barely mentioning the Geisel government's autonomous decision to liberalize authoritarian rule. In the fifth chapter of *Manufacturing Militance*, Seidman exaggerates the class-conscious character and breadth of Brazilian popular movements, drawing excessively on the early enthusiasm for social movements among scholar-activists but overlooking more realistic assessments by such researchers as Ruth Cardoso, Eunice Durham, and Scott Mainwaring. Most important, a glance at other countries that underwent state-led advanced industrialization and suffered economic crises (like Mexico) suggests that the socioeconomic variables stressed by Seidman by no means necessarily trigger militant labor movements.<sup>1</sup> Political-institutional factors need to be taken seriously as well. Thus Seidman's ambitious and thought-provoking study is less than fully convincing.

Salvador Sandoval's *Social Change and Labor Unrest in Brazil since 1945* makes an important contribution in emphasizing the political factors neglected by Seidman. Sandoval's careful analysis of strike data shows that economic variables alone (such as changes in real wages) cannot account for the frequency and strength of urban work stoppages. Rather, governmental strategies to control workers in Brazil's corporatist labor system, especially the varied use of repression, have had more significant impact (chap. 3). Brazilian administrations during the "populist democracy" from 1946 to 1964 adopted different mixtures of tolerance, co-optation, and coercion, which led to divergent strike patterns (chap. 4). The

1. The problem arises from Seidman's case selection on the dependent variable (pp. 264–85; see Geddes 1990). At best, this procedure can yield necessary conditions but not sufficient conditions, that is, not a full explanation.



military regime, in contrast, suppressed labor unrest that had arisen in the early 1960s, kept unions under tight control, and purged with particular forcefulness traditional industrial sectors, long known for their militance (chap. 5). Labor activists therefore concentrated their organizational efforts on the shop floor and on working-class neighborhoods, especially in the growing modern sectors of industry. Thus when political liberalization limited repression in the late 1970s, a new and autonomous worker movement arose and rejected the reliance on the state prevailing under populism (chap. 6). This mobilization, reinforced by advancing democratization and deepening economic crisis, produced an unprecedented wave of strikes in the 1980s (chap. 7). Political factors thus molded long-term developments in strike activity.

By placing socioeconomic factors within a political-organizational framework, Sandoval provides a more convincing interpretation of Brazilian labor activism than Seidman. Although the reliability of Sandoval's strike data (based on newspaper reports from 1945 to 1980) is difficult to assess, he clearly advances general understanding by presenting new empirical evidence and systematic analysis. A more profound theoretical discussion, however, could have further improved Sandoval's interesting study.

Finally, the concept of "the working class" demands clarification in all three books on labor. In Brazil, the industrial proletariat is only one part of the lower classes, which include a large contingent of self-employed persons in the informal sector (Portes 1985). These diverse segments display divergent socioeconomic characteristics, organizational capacity, and political influence. Glossing over these differences can lead to unrealistic assessments of "working-class" strength. It also masks tricky political questions. Measures that benefit the industrial proletariat may not necessarily benefit the poorest groups and may even hurt them. Fearing for their own relative privileges, workers may oppose extending benefits to the most destitute (Malloy 1979, chap. 4). The problem of social equity in Brazil is therefore much more complex than a simple "class approach" would suggest.

When taken together, the three books on labor imply that the old corporatist mechanisms can no longer contain social conflict in Brazil as they once did. This finding raises an important question for the contemporary period: How can the country negotiate a new and democratic "social contract" that will give workers and other poor people a fair share of the benefits of development? How will the Brazilian development model have to change to serve this purpose? And as if these questions were not difficult enough to resolve, what additional constraints do Brazil's persistent economic problems and the ongoing but uncertain process of market-oriented restructuring impose? How can the country reignite sustained growth, improve social equity, and consolidate democracy?

*The Future of Development, Democracy, and Equity in Brazil*

Two new edited volumes shed much light on these issues by analyzing Brazil's economic, social, and political difficulties in the 1980s and early 1990s. Maria D'Alva Kinzo's *Brazil: The Challenges of the 1990s* and Siegfried Marks's *Political Constraints on Brazil's Economic Development* showcase essays by leading Brazilian experts. The Marks volume also reproduces conference discussions, but they are too elliptic and disparate to be of much use (pp. 1–73). The essays edited by Kinzo are virtually all impressive and form a comprehensive overview of Brazil's recent problems. Those by Sérgio Abranches, Fernando Barbosa, and José Roberto Afonso in the Marks volume also make important contributions.

The common theme of both collections is the crucial importance of political factors as causes of the Brazilian crisis and as obstacles to its resolution. Yet the contributors' analytical emphases and ideological orientations diverge. The Kinzo volume and Abranches's essay in the Marks collection stress how the deep fragmentation of Brazil's political system has undermined governability and has impeded agreement on any coherent economic strategy or social policy. In contrast, the debate in the Marks volume focuses more on faulty leadership, its "arbitrary" interference in the market, and the ensuing delays in the neoliberal restructuring of Brazil's economy, which many conference participants consider indispensable. In this vein, Barbosa's and Mário Henrique Simonsen's essays criticize state interventionism, especially the heterodox stabilization plans enacted without lasting success under the new democracy.

Essays by Alkimar Moura, Gustavo Franco, and Carlos Alberto Longo in the Kinzo volume explore the causes of Brazil's economic difficulties in greater depth. Moura interprets the numerous "surprise attacks" on inflation since 1985 as a string of noncooperative games in which each failed effort stimulated counterproductive societal reactions and reduced the government's capacity to impose a solution. Franco shows how low budget transparency and weak fiscal controls made irresponsible spending increases possible, which in turn fueled inflation. Longo explains the failure of President Fernando Collor's stabilization efforts and the delays in his market-oriented reforms in terms of incompetent leadership and the governability problems inherent in the Brazilian presidential system. Afonso's contribution to the Marks volume attributes many of the country's fiscal problems to opaque budget rules and unresolved power struggles among the federal, state, and municipal governments. All four authors thus stress political factors as major obstacles to Brazil's economic recovery.

Bolívar Lamounier's and Kinzo's essays in *Brazil: The Challenges of the 1990s* and Abranches's contribution to *Political Constraints on Brazil's Economic Development* take these analyses a crucial step further by elucidating the crisis of governability under Brazil's new democracy. Kinzo

focuses on the multiple weaknesses of most Brazilian parties, which lack organizational stability, internal discipline, and firm roots among societal groups. Lamounier stresses internal tension in the Brazilian system of government: a large number of independent power centers in the party, parliamentary, and federative arenas coexist with a plebiscitarian presidency. Because support for presidents is fickle, the president cannot hold centrifugal tendencies in check, and the result is often political paralysis. Similarly, Abranches emphasizes deepening fragmentation in the party system and in the congress, which also makes it exceedingly difficult for presidents to command reliable support.

Maria Helena Castro's and Maria Hermínia Tavares de Almeida's essays in the Kinzo volume draw on similar concepts to shed light on Brazil's pressing "social question." As Castro demonstrates, most efforts to reform Brazil's mistargeted social policies after 1985 were blocked by "structural political constraints" (p. 88) resulting from party weakness and divisions within the state apparatus. Almeida argues that organizational fragmentation and rivalry inside the labor movement led many unions to adopt a confrontational stance toward the new democratic government. While this radicalism saved workers from substantial wage losses, it also helped fuel the inflationary spiral and prevent a negotiated solution to the economic crisis.

With its emphasis on political-institutional factors, Kinzo's *Brazil: The Challenge of the 1990s* manifests unusual coherence for a collection of essays. Although the concepts employed are not always precise and well defined, the diagnosis is convincing overall. In fact, the thrust of the volume is fully in line with the effort at "rediscovering institutions" that has had such a salutary effect in the social sciences during the last fifteen years (see March and Olsen 1989). Abranches, Kinzo, and Lamounier appropriately stress long-standing institutional legacies and contemporary formal rules as causes of Brazil's difficulties. The emphasis on deeply ingrained political patterns, such as pervasive clientelism, corrects excessive hopes for institutional engineering, like the frequent proposal to change Brazil's presidential system to a parliamentary one (Marks, pp. 25–37). The idea that legal institutions can in principle be reformed rapidly is one reason why they have attracted much attention in the debate over new democracies. Yet by pointing to underlying political patterns of long standing, these authors advise against placing too much causal weight on legal rules. Also, formal-institutional change itself is not easy to effect because incumbents tend to defend the institutions that brought them to power. For these reasons, institutional engineering is unlikely to provide the "magical formula" for resolving Brazil's crisis quickly (Marks, p. 41).

What do the books under review imply about the future of democracy, growth, and equity in Brazil? José Alvaro Moisés's essay in the Kinzo volume, which demonstrates Brazilians' growing commitment to

democratic values, and Payne's *Brazilian Industrialists and Democratic Change* suggest that democracy is likely to persist. But as outlined in the Kinzo and Marks collections, severe institutional deficiencies will continue to limit accountability, obstruct governability, and block clear redefinition of Brazil's development model. To win support for reforms designed to overcome the worst economic problems, the government will have to buy off elites benefiting from the status quo, as President Fernando Henrique Cardoso has done. These payoffs will reduce the resources available for an attack on poverty, as proposed by José Márcio Camargo and Renato Barros in the Kinzo volume. For this and other reasons, deep social inequity will probably remain the most serious problem plaguing Brazil.

### *Conclusions and Suggestions for Further Research*

Most of the books under review reflect an important theoretical advance in the social sciences, namely the renewed emphasis on politics and institutions (March and Olsen 1989). Shapiro, Batista, Rosenn, and the Kinzo and Marks collections all underscore the importance of institutional factors in economic development. French, Sandoval, and Payne demonstrate the impact of political parameters on labor and business activism. And several contributors to the Kinzo and Marks volumes focus on the institutional roots of Brazil's political difficulties. Because a fairly autonomous state in Brazil has for decades played a decisive role in socioeconomic and political development (Shapiro, Batista, Rosenn, French, Sandoval, Kinzo, Marks) while the most powerful socioeconomic force—private business—has rarely acted as a unified class in politics (Payne), a political-institutional approach is indeed a highly useful framework for analyzing the Brazilian political economy.

Yet what version of institutionalism is most fruitful? The most important distinction separates rational-choice approaches (Shepsle 1989) from sociological institutionalism (March and Olsen 1989). A central debate in the contemporary social sciences centers on the relative merits of these two "paradigms." Brazil's political economy could provide important test cases for this discussion. If proponents of rational choice can advance convincing explanations and predictions for a country in which a nonindividualistic culture is often said to prevail, their case will be strengthened. Yet if sociological institutionalists can show that persistent institutional patterns underlying the frequently changing formal rules deeply shape individual actors and their interests, the claims made by this approach will appear more persuasive. This crucial debate can thus stimulate a series of significant contributions and greatly advance analysis of the Brazilian political economy.

Emphasizing the central role of institutional structures does not

imply a neglect of socioeconomic factors, however. Economic constraints and opportunities as well as patterns of social stratification are critical to Brazilian development. Yet students of political economy need to consider these variables in the context of political-institutional factors, as is done ably by French, Sandoval, Shapiro, and the contributors to the Kinzo volume. Also, it is advisable to go beyond a simple class scheme and consider other cleavages, such as the difference between the formal and informal sectors. Brazilianists urgently need a careful sociological map of Brazil drawn along these lines. Scholars could analyze the political role of “nonconventional strata,” such as the heterogeneous middle class or the equally diverse informal sector. After all, without a substantial following among the unorganized poor, no candidate can win a presidential election in contemporary Brazil. Thus the impact of socioeconomic factors on politics continues to be an intriguing topic, regardless of the current and appropriate prevalence of political-institutional frameworks.

This review of recent work on the Brazilian political economy has yielded some specific ideas for further research, which could usefully complement the extant literature. First, systematic cross-country comparisons would greatly benefit “Brazilian studies,” which has remained a fairly insular field in which single-country analyses have predominated. Even Brazil’s special features become distinct only when contrasted with other nations. For instance, the impact of a stable institutional framework is difficult to assess in a single country, requiring comparison with otherwise similar nations with different institutional frameworks. Although in-depth case studies are difficult to conduct in more than one country, they must be placed in comparative context, as Payne does in the concluding chapter of *Brazilian Industrialists and Democratic Change*.

Second, many books on Brazil have focused on “best cases.” For instance, researchers analyzing labor often concentrate on Greater São Paulo, where worker mobilization has progressed most. Analysts of state-led development tend to investigate priority projects, such as the auto industry, the II PND, or the much-studied computer industry. Although such “best-case” analyses make invaluable contributions, they are not fully representative. Worker mobilization is much weaker outside Greater São Paulo, and state interventionism may be less effective in nonpriority sectors. It is important to investigate “normal cases” as well, such as unions in less-developed areas or sectors like the pharmaceutical industry.

Third, scholars have investigated disproportionately the “good guys,” such as exploited workers seeking redress or popular movements demanding progressive reform. Although selecting this kind of topic is fully legitimate, the “bad guys” are often equally if not more significant. Yet with some notable exceptions (such as Payne’s study), they rarely become the center of attention. Consequently, we know too little about

the Brazilian landed elites and their political influence; the role played by the military in the new democracy; the eternal government party, the Partido da Frente Liberal, and its support base; and even about the rise and fall of former President Collor.

Fourth, many books on Brazil have concentrated on a single actor, such as labor, a particular social movement, or a certain political party. While these studies greatly advance general understanding, they cannot easily assess the chosen actor's relative importance. Influence and power in particular are relational concepts that are difficult to measure by focusing on one side only. Scholars need to examine relationships among actors. Actor-oriented studies therefore should be complemented by analyses of interest articulation, decision making, and program implementation in certain issue-areas. For instance, researchers interested in labor influence could analyze the politics of wage-setting; students of popular movements could focus on health policy; and analysts of clientelist politicians could investigate education policy.

The preceding suggestions are meant to call attention to important gaps in scholarly knowledge of Brazil. The investigations they recommend, together with the extant studies, could yield a more balanced and realistic image of Brazilian politics and society, where stagnation or regression has often prevailed over progressive change.

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