

**DEVELOPMENT and  
CRISIS in BRAZIL,  
1930-1983**

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**Political Development  
and the Crisis of the  
Populist Alliance**

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Various approaches can be used in the effort to understand the general lines of Brazilian politics, to find an explanation for the Brazilian political process. A personalist approach attempts to explain political events through an analysis of the personalities of the principal leaders. A structuralist approach searches for an explanation in terms of the country's economic and social structure. This book focuses on the interests and ideologies of diverse socioeconomic groups, broadening and transforming the structuralist approach into an historical-structuralist approach, which seeks the basic causes of Brazil's political structure in its social and economic structure, viewed dynamically as an historical process in which each moment can be understood in terms of previous historical developments.

This does not mean, however, that the personalist approach will be ignored here. Especially in a short-term political analysis it is absolutely essential. And even in long-term analyses, when exceptional individuals arise who leave a personal mark on history, the personalist approach is essential to complete the historical-structural one.

**Ideological Struggles**

The Brazilian industrial revolution—the radical but peaceful process of economic, social, political, and cultural transformation through which Brazil passed between 1930 and 1961—sets the scene for an understanding of Brazil's social and political processes in the 1960s.

Three fundamental ideological struggles marked the Brazilian national revolution, and continued until the end of the 1950s: industrialism

versus agriculturalism; nationalism versus cosmopolitanism; and state interventionism versus economic liberalism.

### *Industrialism Versus Agriculturalism*

The first ideological struggle, that of industrialism versus agriculturalism, had already begun in the nineteenth century. For example, a debate was waged over the protectionist tariff proposed by Alves Branco, but it never attained great significance because the defenders of industrialism lacked sufficient strength. The rural aristocracy dominated the country; it was during this period that the production and exportation of coffee became the dominant phenomenon in the Brazilian economy, strengthening the position of the great *fazenda* owners and the ideology of agriculturalism. It was only after the 1930s, with the crisis in coffee exports, and principally after the Second World War, with significant industrial development in Brazil, that the arguments favoring industrialism gained force and the struggle became important within the Brazilian political scene.

Agriculturalism was based in the belief that Brazil not only had been but should remain for a long time, if not indefinitely, an essentially agricultural country, because it did not have the necessary conditions for industry. Any industrialism would be artificial, producing goods at high cost, and would survive only through government protection. Besides, what advantage was there in industrializing the country? Nothing prevented agricultural productivity from being as great as or greater than that of industry. In fact, it would be through agriculture rather than industry that Brazil would become ripe for rapid economic development. And at this point in the debate the supporters of agriculturalism offered the argument they intended as the definitive scientific proof: the law of comparative advantage in international trade.

The supporters of industrialism defended the opposite argument. Brazil not only could but must become an industrial country. Perhaps in abstract theoretical terms it was possible to imagine Brazil as a highly developed country without industrialization, but in practical terms it was impossible. In the short run, the production costs of a national industry would be high, requiring government protection, but in the long term the problem would be resolved. At any rate, even if production costs in certain industries remained permanently higher than those abroad, it would still be wise to protect these industries. When Brazil was on an equal footing with the industrialized, developed countries, then it could be guided by the law of comparative advantage. Ricardo's famous law could not be applied between industrialized and agricultural countries. The dispute between industrialism and agriculturalism continued in these terms, becoming an interminable debate between con-

flicting interests until it finally reached its conclusion at the end of the 1950s.

### *Nationalism Versus Cosmopolitanism*

The second ideological struggle, that of nationalism versus cosmopolitanism,<sup>1</sup> also has origins in the last century. At that time, however, nationalism was confused with nativism or with patriotism. It was only after the beginning of the Brazilian industrial revolution, and particularly after the 1950s, when Brazilian industrialization was transformed from a project into a reality, that the industrial entrepreneurs became a strong enough group to sustain an ideology that could arouse the entire nation. Only then did the struggle between nationalism and cosmopolitanism erupt.

The advocates of nationalism proclaimed it as a total ideology, subsuming industrialism and interventionism. Their central thesis was that Brazil, which until 1930 had been a semicolonial country entirely dominated by a local aristocracy servilely allied to international capitalism, had now attained the necessary conditions to become an independent country, a true nation.

What were these conditions? The fundamental one was the industrialization that had already occurred and that ought now to be accelerated. As a result of industrialization, Brazil would no longer be a mere exporter of primary products. It would not only develop economically, but also give rise to a new middle class from among the industrial entrepreneurs and eventually from among the industrial workers. These would form new elements capable of administering the country in accordance with the interests of the Brazilian people. In Celso Furtado's words, industrialization would "transfer the centers of decision making"<sup>2</sup> from outside to within the country. Industrialization would also allow the development of an authentic national culture and diversify the social structure, definitively excluding the rural aristocracy from governmental control. Nationalism thus encompassed industrialism, with one qualification: industrialization had to be carried out by a national bourgeoisie. The supporters of nationalism considered industrial development through foreign investment impossible. But even if it were possible it still would not be of interest for political reasons. If international capitalism controlled national industry then it would continue to dominate the country politically, and Brazil would remain a semicolonial country. The only difference would be that this dominance would be exercised directly, rather than through a rural import-export aristocracy.

Thus nationalism's fundamental project was to transform a semicolonial country into a truly independent nation. (The neutrality of many of the nationalists originated from this orientation.) Industrial-

ization was the key to bringing about this transformation, and the nation's attention should focus on the best way to promote this industrialization. Its defenders claimed that Brazil could and ought to industrialize. Developmental interventionism would protect national industry, promoting its development.

The supporters of cosmopolitanism denied, formally or implicitly, all the nationalist theses, beginning with the thesis that Brazil was a semicolonial country. A typically defensive ideology, complemented by agriculturalism and economic liberalism, cosmopolitanism never succeeded in organizing its ideas completely. Only on one point did the cosmopolitan ideology have a strong and coherent argument: its defense of foreign capital. Whereas the weakest point of the most radical form of nationalism was its total rejection of foreign capital, cosmopolitanism, at the other extreme, was marked by a complete lack of confidence in Brazil's potential. Either directly or indirectly, it affirmed that Brazil's climatic and racial characteristics would not permit it to develop as a great civilization—a typical example of the colonial inferiority complex.

Accordingly, the advocates of cosmopolitanism denied any possibility of economic development for Brazil without direct foreign investment. And, in relation to this point, just as with the law of comparative advantage in international trade, orthodox economic theory gave more support to cosmopolitanism than to nationalism in general and to the most extreme nationalists in particular. It is natural, therefore, that the advocates of cosmopolitanism wanted to concentrate their discussion on this point, strategically omitting most of the nationalists' other theses.

### *State Interventionism Versus Economic Liberalism*

The third major ideological struggle during the first phase of the Brazilian national revolution was that of state interventionism against economic liberalism. State interventionism should not be confused with socialism or communism. As it was presented and debated in Brazil, state interventionism is a moderate ideology that complements industrialism and nationalism. It is an attempt to determine means by which to promote Brazilian industrialization. The fundamental thesis of its proponents is that state intervention in the economy is necessary for rapid economic development. Without such intervention—leaving the economy to the mercy of market laws, as the liberal ideology proposes—the economy would either remain stagnant or develop very slowly.

It is true that some countries, such as England and the United States, have developed without major state intervention, but these countries are the exception, having benefited from an extremely fortunate convergence of natural and human resources along with particularly favorable conditions in the domestic and international markets. Other capitalist

countries, such as France, Germany, and Japan, have attained development only as a result of significant state intervention. In Brazil in the mid-twentieth century such a favorable convergence of factors does not exist. On the other hand, planning and rational economic administration have been greatly improved by the development of economic theory as well as national accounting methods. Thus the state should play a fundamental role in the promotion of the country's economic development, devoting its efforts to the protection and stimulation of national industry.

State intervention should be put into practice through two complementary means: economic planning and direct investment by the state. Economic planning, using fiscal, monetary, credit, and exchange policies (the last being the most controversial) would make the process of public and private investment more rational, by means of a well balanced system of stimuli to those investments considered to be in the interests of development. Through direct investments, the state could control certain basic sectors of the economy, such as public services, transportation, and the petroleum, steel, and petrochemical industries, either as monopolies or in competition with private initiative. According to the proponents of developmental interventionism, such direct investments are necessary not only because of the private sector's inability to invest enough in these areas, but also because without state control of them, economic planning would become practically impossible.

It is not necessary at this point to review the fundamental theses of economic liberalism, which developed in Europe as a rationalization for the bourgeoisie's emergence as the dominant class. But there is one curious aspect of the transplantation of this ideology to Brazil: Whereas in Europe liberalism was an essentially bourgeois ideology, that is, an instrument of the commercial and industrial businessmen in their fight against the privileges accorded to the rurally based aristocracy, in Brazil just the opposite occurred, and economic liberalism was transformed into the ideological arm of the Brazilian rural aristocracy. Such a fact appears paradoxical, but in fact it is perfectly understandable. Although typically bourgeois, liberalism was not necessarily useful only to the bourgeoisie. In its purely economic aspect, liberalism affirmed the superiority of the market economy, regulated by the price system, as opposed to any system of state intervention in the economy. According to liberals no special protectionist measures should be taken. The task of controlling the economic system should be left to the natural processes of competition, excluding those who are less efficient.

Economic liberalism thus becomes an arm of those economic groups that are more efficient in the short run and are able to compete in the domestic as well as the foreign market. Whereas in Europe the most

efficient, most competitive group was made up of the industrialists and the bourgeois businessmen who arose with them, in Brazil in the short term only the tropical and semitropical agricultural crops were able to compete under the terms proposed by liberalism. Liberalism thus became the ideological tool of the great *fazendeiros* and of the Brazilian importers and exporters: an ideology that would in practice oppose the emergence of an industrial entrepreneur class in Brazil. Thus, since the beginning of the past century, when D. João VI proposed to give moderate protection and stimulation to Brazil's industrial development, the liberal creed has inspired bitter criticisms of government interventions in the economy.

### **Socioeconomic Groups and Ideological Struggle**

It is not difficult to discover which socioeconomic groups were on which side in these struggles. Industrialism, nationalism, and interventionism were clearly the political expression of the newly emerging social groups. To the extent that the Brazilian national revolution emphasized industrialization, however, these ideologies were above all representative of the interests of the emerging class of industrial entrepreneurs. This is especially true of industrialism, which directly served the needs of Brazilian industrial entrepreneurs.

In the same way, nationalism, which had its major expression during the 1950s, could be characterized as an essentially bourgeois ideology. In particular, the nationalism of the industrialists was restrained, with more restricted objectives than the more fanatical nationalism of certain leftist groups. In many respects this nationalism could almost be identified with industrialism. The industrialists were nationalists to the extent that they wanted to protect their businesses against the competition of imported products, even those manufactured in Brazil by foreign enterprises. It has already been noted that the central thesis of nationalism was that Brazil could overcome its semicolonial phase only through the creation of a national industry. The majority of Brazilian industrial entrepreneurs agreed with this thesis. Thus in matters concerning exchange or tariff protection for national industry, or special exceptions for the importation of equipment, or the transfer of income from agricultural exports to industry, or the creation of barriers to certain foreign enterprises interested in entering the country, the industrial entrepreneurs identified with nationalism. Nationalism then served their interests directly. They were less interested, however, when the subject was control of profit remission, royalties, or the nationalization of foreign enterprises already installed in the country.

The industrial entrepreneurs' support for developmental interventionism follows naturally from what has just been said. All protective

measures lauded by nationalism could be carried out only through state intervention. The industrialists also felt that for the development of their own industries, it was necessary that the state invest directly in some sectors of the economy, such as steel, for example.

Defense of the three contrary ideologies—agriculturalism, cosmopolitanism, and economic liberalism—naturally fell to the traditional middle class and, more particularly, the rural aristocracy and the major exporters and importers, whose interests were threatened by industrial development. Such development would call into question the dominion that had been exercised peacefully by the rural and commercial aristocracy since independence, in perfect consonance with the interests of the industrialized nations and under the protection of economic liberalism. It was in these nations' interest to keep Brazil agriculturally based, as a complement to their own economies. This objective was shared by the old Brazilian aristocrats, who saw industrialization as a threat to their position. Certainly industrialization might benefit agriculture, but the benefits would arise out of the production of agricultural goods for the domestic market, whereas the traditional Brazilian dominant class was strongly tied to production and sales for export. The export market would not be significantly strengthened by industrialization, whose principal objective was import substitution. In addition, the old Brazilian aristocracy, which suffered a rude jolt with the Revolution of 1930, understood that industrial development could occur in Brazil only under government protection. Any type of protection would immediately result in a transfer of income to the benefit of industry and probably to the detriment of export-oriented agriculture. This was the case, for example, in the policy of "exchange confiscation."

It can thus be seen that the rural aristocracy and the exporters of agricultural products and importers of manufactured products had a series of reasons to defend agriculturalism, cosmopolitanism, and economic liberalism: Their political and social position was threatened by the emergence of a new socioeconomic group, the industrial entrepreneurs; industrialization would not increase their market for export products; the importation of manufactured products from their traditional trading partners would be halted or gradually reduced; and governmental protection of industry would put traditional export agriculture at a disadvantage.

### **The Role of the Left**

The major interested parties in the political battles that occurred from 1930 through the presidential term of Juscelino Kubitschek were on the one side the class of industrial entrepreneurs, and on the other,

the old dominant class made up of the large *fazendeiros* and those involved in foreign trade. The struggle was thus between two groups within the upper class. What, then, was the role of the other socioeconomic groups in this political debate? More particularly, what was the role of the left groups? The struggle was taking place between two socioeconomic groups both of which generally belong to the forces of the center or the right in any political process. Could it be that the members of the left—the most politically aware workers, students, intellectuals, and members of the military—were alienated from the great political battles of the Brazilian national revolution?

Before answering this question one must first define the left. In this book, the left means those political groups that want to institute any type of socialist regime in Brazil, through reform or revolution, gradually or radically, desiring at least that in the basic sectors of the economy a system of collective or state ownership of property should replace private ownership.

Second, one must determine at what point the left, so defined, could begin to be considered a significant political reality in Brazil. This began to occur only after the beginning of the Brazilian national revolution, and particularly after the Second World War. Leftists had existed in Brazil before this; there already were socialist, communist, and workers' organizations—left groups ranging from the most moderate to the most radical. But they were not significant political groups. They were generally restricted to a small group of intellectuals and some leaders who had no real impact on a considerable portion of the Brazilian people. In 1935, for example, the Brazilian Communist Party tried to gain power through a coup, rather than through a revolution with genuine popular participation. Predictably, the attempt failed, revealing the lack of political representativeness in this radical left current.

After the Second World War, however, a more authentic left began to emerge, more representative of the aspirations of certain sectors of the population. Communism continued to be a completely alien ideology in Brazil. Inconsistent and with a foreign orientation, it never succeeded in becoming a strong political force within the country. However, in all the parties, and especially the Brazilian Labor Party (PTB), leftist groups did arise. In Congress they joined together to form the National Parliamentary Front. A great number of student organizations and labor unions came to be controlled by the left. Finally, by the 1950s a left with meaningful political significance could be found in Brazil.

But what were the political objectives and the ideologies of the left during this period? Did the leftists aim to transform Brazil into a socialist country within the short term? No. This objective was put aside as impractical by the great majority. Socialism or even social



reformism were not, therefore, the typical or most important ideologies of the left groups in Brazil. They did exist, but only in a latent form. Then what were the real left ideologies in Brazil? Simply put, they were nationalism, industrialism, and developmental interventionism. In summary, the left ideologies were the same as those defended by the most representative elements of the emerging socioeconomic group of industrial entrepreneurs.

There is no question but that the nationalism of the left was more radical than that of the industrial entrepreneurs. Some left groups went so far as to deny the advantages of any and all foreign investment in Brazil, and to recommend the nationalization of almost all the already established foreign enterprises. Such ideas were not shared by the industrialists, nor by the less radical nationalists. Developmental interventionism, which was moderate among the industrialists, was also more radical among certain left sectors. Only in relation to industrialism was there a clear identity of objectives between the left and the industrial bourgeoisie.

Although differences did exist between the industrial entrepreneurs and the most representative left elements, they were only minor ones. Much more important was the identity of points of view in the common struggle against cosmopolitanism, agriculturalism, and liberalism. And thus it is not surprising that a group of left intellectuals such as the so-called Itatiaia group, who published *Cadernos de Nosso Tempo* from 1953 to 1956 and afterwards met in the Advanced Institute for Brazilian Studies (ISEB), came to be the ideological spokesmen of the Brazilian industrial bourgeoisie during the Institute's first phase.<sup>3</sup> Nor is it surprising that the PTB, which, for better or worse, was the political manifestation of the left, allied itself with the Social Democratic Party (PSD), where, among others, the interests of a good part of the Brazilian industrial bourgeoisie were represented.

What conclusion can be drawn from this identity of ideologies between the left and the industrial entrepreneurs? It has already been shown that the Brazilian nationalism of the 1950s was essentially a bourgeois ideology. Nationalism, which was the basic ideology, and industrialism and developmental interventionism, which served as means to attain nationalist objectives, were above all else in service to the emerging industrial bourgeoisie. What we are calling the Brazilian national revolution had as its central objective the transformation of Brazil into a truly independent nation. Industrialization, to be carried out by the industrial entrepreneurs with the aid of the state, was by far the best method to reach this goal. The socioeconomic group that benefited most from the Brazilian national revolution was therefore that of the industrial entrepreneurs. The important conclusion to be drawn from this fact is

that the role of the left, in the first phase of the Brazilian national revolution, was not to put forward an independent policy but to serve as an auxiliary political force to the industrial bourgeoisie.

### **New Historical Facts**

This, then, was the political alignment that characterized the Brazilian national revolution: on the one side the old forces that had dominated Brazil since its independence; on the other, the industrial bourgeoisie allied (at times explicitly, at times tacitly) to the left groups that arose as industrialization gained impetus. This alliance was established by Getúlio Vargas in his first term and fully confirmed in the 1955 presidential elections, when the left supported Juscelino Kubitschek, a typical representative of the industrial bourgeoisie. Obviously this is a very simplified description of a much more complex reality. Certainly there were many industrial entrepreneurs who were unaware of the struggle taking place with the old rural aristocracy. In the same way, there were also left elements that did not perceive or did not want to admit their role as auxiliaries to the industrial bourgeoisie. Yet this attempt at a united front was without a doubt the most significant political characteristic of the first phase of the Brazilian national revolution.

After the presidential elections of 1955, however, a series of new historical facts appeared that provoked structural modifications in Brazilian politics.

The first and most important new fact was the consolidation of Brazilian industrialization. During Juscelino Kubitschek's term an extraordinary industrial development took place in Brazil. Using Rostow's model, Hélio Jaguaribe states that the takeoff of Brazilian development took place at this time.<sup>4</sup> I do not agree with this analysis. The takeoff, or to use a more traditional term, the onset of the Brazilian industrial revolution—the accelerated transformation of the country into an industrial economy—occurred during the 1930s and particularly the 1940s. It was during the earlier period that Brazil developed a consumer goods industry and established its industrial base, for example, with the iron and steel mill at Volta Redonda. As we saw in Chapter 2, however, it was during the Kubitschek government that the heavy industrial sector was definitively set up in Brazil, with the establishment of the automobile industry, the industrial equipment industry, and the naval industry at the same time that basic industry gained a new impetus through the installation of the petrochemical industry, the construction of new iron and steel mills, etc. In other words, this was the time not of industrial development's takeoff, but rather of its consolidation.

The most direct consequence of industrialization was the victory, and the subsequent loss of importance, of industrialism as an ideology. After the great industrial investments made in the 1950s, especially during the second half of the decade, it no longer made sense to discuss whether or not Brazil ought to become an industrial country. São Paulo was already an industrial state. Reality had refuted the thesis that Brazil could not industrialize, that its natural and ethnic conditions would not allow it to breed a powerful industrial sector like that of other developed countries. Indeed, reality continued making clearer, more indisputable, the truth of the theory that economic development was not possible without industrialization, that agriculture could attain high levels of productivity only if the country were industrialized. Economists, sociologists, and almost all social scientists interested in economic development were forced to reach the same conclusion. These two factors, especially the consolidation of Brazilian industrial development, turned agriculturalism into an anachronism. This change completed the victory of industrialism, which ceased to be the ideology of this or that socioeconomic group of the left or the right and became a generally accepted idea.

A second new fact was the crisis of overproduction of coffee. This crisis was a serious blow to the old rural aristocracy's power, another setback in the chain of defeats suffered after 1930 by those interested in agriculture for export, particularly coffee. The power of the industrial entrepreneurs grew with the coffee crisis, at the same time as the *fazendeiros'* power was being reduced. The focus of the *fazendeiros'* battle was the "exchange confiscation" policy through which the government transferred income from export-oriented agriculture to various other sectors of the economy, particularly the industrial sector. With the coffee crisis, this battle ceased to have the same importance. Exchange confiscation continued but was for the most part compensated by government purchase of surplus, under the policy that supported coffee prices. The groups involved with coffee continued to protest against the confiscation, but had lost their energy and vehemence.

The convergence of these two facts resulted in a consequence of major importance. With the industrial entrepreneurs strengthened by their consolidated position and the rural aristocrats and importers and exporters weakened, there was no more reason for the two parties to engage in direct struggle. The industrial entrepreneurs finally became accepted as members of the capitalist class, and immediately assumed leadership positions, especially in the more industrialized areas such as São Paulo. Up until this point, the industrial bourgeoisie had been a class on the rise, making use of its progressive ideologies to facilitate its social mobility. Now, having reached the top, it began to abandon

the ideologies that supported a continual transformation in the social process. The industrial bourgeoisie's new interest was to maintain the advantages it had achieved. In other words, the industrial entrepreneurs, whose industrialism had never been of an advanced, progressive stamp, began to move to the right, breaking their alliance with the weak left.

Another consequence of the consolidation of industrial development and the coffee crisis was the fact that nationalism began to lose its importance on the Brazilian political scene. In the case of nationalism something similar to the metathesis of industrialism occurred: In becoming a victorious policy it began to lose its force as a political instrument. The difference is that whereas industrialism's victory was practically a total one, this was not the case with nationalism, which continued to be an ideology of struggle. With the consolidation of Brazilian industry, which was the main aim of nationalism, the latter began to weaken. There was still much to be accomplished, but the primary thrust had already been made and industry was a definitive fact in Brazil.

The collapse of nationalism was accentuated by the passage in 1958 of the new tariff law, the third new fact in Brazilian politics. Before the tariff law, national industry was protected by means of administrative measures, with a system of import licenses and exchange measures such as the exchange auctions established in Brazil by Instruction 70 of SUMOC. These protectionist measures were unstable, under constant threat of repeal by a simple administrative decree. Therefore they were under continued attack from the adversaries of protectionism. With the approval of the tariff law, however, nationalism achieved a great victory. The protection of national industry would no longer be contingent, provisory, and unstable. Now Brazilian industrial development was safeguarded by a law rather than a mere administrative decree. To the extent that this victory was accomplished, however, and the industrial entrepreneurs became more secure in their positions, they lost the *raison d'être* for their nationalism, or at least nationalism as they understood it.

A fourth new fact further diluted the industrialists' interest in nationalism. Unlike the first three, however, it did not weaken the nationalism of the various left groups; in fact, it strengthened their nationalism. This new fact was SUMOC's Instruction 113, which gave foreign enterprises an advantage over national ones with respect to the entrance of industrial equipment. Initially this instruction provoked a negative reaction from various national enterprises. When their complaints received no response, many of them opted for the easiest solution: They allied with foreign enterprises that could bring equipment into the country without the exchange charge. Concomitantly, because of the

protective system organized for Brazilian industry, foreign businesses were no longer able to export to Brazil. The only way to avoid losing the market was direct investment in the country. National enterprises' interests in associating themselves with foreigners thus dovetailed with the interest of the foreign enterprises in investing in Brazil. As a result a great number of joint investments were made by national and foreign firms.

Obviously, this development would also tend to merge the interests of the two groups. Thus the industrial entrepreneurs' support for nationalism lost vigor. A new nationalism with different characteristics, and without ties to the interests of the industrial bourgeoisie, began to arise as a tool of the left. This new nationalism did not have the same general impact as the first. Its major focus had shifted away from the protection of national industry to a struggle against foreign enterprises installed or about to be installed in Brazil: that is, from support for industrialization by Brazilian entrepreneurs to the desire to nationalize foreign enterprises and control profit remissions, with the most radical nationalism seeking to freeze all remissions.

Another significant new fact was that during the 1950s labor unions gained power. In 1953 the first seamen's strike took place. It was also during the 1950s that Brazil's first important interunion agreement was made—the Pact of Union Unity (*pacto de Unidade Sindical*). This agreement was followed by many others. During this period the unions began to organize, abandoning the governmental patronage that had been established in the 1930s; the co-opted *pelegos*<sup>5</sup> lost force and more authentic leaders, although still representing only a small portion of the working class, assumed control of the unions, either legally or illegally.

There were two basic consequences of this increased union power, which was controlled mostly by leaders with basically left positions, including a few communists. First, by strengthening the claims to power of workers' movements, it moved the position of the industrial entrepreneurs to the right in reaction. Second, it strengthened the position of the left, which found in the union movement one of its major sources of support.

Finally, during the 1950s there was increased popular participation in Brazilian politics. Guerreiro Ramos said of the times, "The cardinal political factor in Brazilian life today is the existence of the people . . . as the outstanding actors in the political process."<sup>6</sup> During the entire previous history of Brazil it had been meaningless to speak of the "people" in relation to the political process, because the preponderant portion of the Brazilian population was minimally involved in politics. In early times, before independence and for many years afterward, political control remained the task of a small dominant class of landed

gentlemen in alliance with Portugal and later England. At the end of the last century, with the development of an incipient domestic market, and with the growing importance of the army after the Paraguayan war, the middle class began to emerge as a political force. It assumed power with the proclamation of the Republic, lost it soon after with the election of Prudente de Morais, and regained it only with the revolution of 1930. The old dominant class, except for the coffee planters, maintained a substantial part of its power, but a new upper class, the industrial entrepreneurs, emerged from the middle class, and after 1930 the participation of the middle class in the Brazilian political process was assured. The rest of the population, however—rural workers, laborers, and even large portions of the lower middle class—remained completely marginalized from the political process, as it had been during the Empire and the First Republic.

With the Brazilian industrial revolution, however, the situation changed. The growing importance of industrial workers as a socioeconomic group, the spread of mass communications, particularly radio, and various other factors provoked among the population at large a growing interest in the country's political destiny. The populist leaders who arose, particularly in the postwar period, took advantage of this interest to get elected. Populism, despite its demagogic character, represented progress in relation to the previous style of client politics in which *coronéis* manipulated the elections. At least now it was necessary to try to convince the electorate. And in the 1960 elections, as had occurred to a lesser extent in the two previous presidential elections, there was a clear manifestation of popular will. After these elections one could say that the Brazilian people had come to exist. At least in the elections for executive offices, and particularly for the presidency of the Republic, the population truly participated in the political process.

### **The Collapse of the Alliance Between the Left and the Industrial Entrepreneurs**

The union of the industrial bourgeoisie with the rest of the capitalist sectors and the relative strengthening of the left are basic to Brazil's political evolution immediately after 1960. On the one hand, as Brazilian industrialization became an accomplished fact, the industrial entrepreneurs were slowly abandoning the progressive ideologies that had been appropriate to an upwardly mobile socioeconomic group in need of new ideologies and new value systems to support its climb to power. On the other hand, the left was gaining strength as the country was moving from clientele politics to populist politics and then to ideological politics. No expert wisdom is required to conclude what would be the principal

result of these two occurrences. The old political alliance between the industrial entrepreneurs and the left was broken. The left would no longer serve an auxiliary political force for the industrial bourgeoisie. It became autonomous. For the first time in Brazilian history one could actually speak of the existence of an autonomous left with reasonable political significance.

Obviously, neither all the industrial entrepreneurs nor all the left elements desired this split. In particular, the most progressive industrialists, those who understood that the Brazilian national revolution as a process of economic, social, political, and cultural development was still incomplete, together with the moderate left, felt that the break was unnecessary and premature. But the process of political radicalization through which Brazil passed, especially after Jânio Quadros's resignation in 1961, weakened the position of these elements.

### **Reformism Versus Conservatism**

With the consolidation of industrial development, the victory of industrialism, the dilution and transformation of nationalism, the breaking of the alliance between the industrial entrepreneurs and the left, and the latter's concomitant achievement of autonomy, the first phase of the Brazilian industrial revolution came to an end. In this phase the larger goals of the struggle waged by new emerging groups had been subordinated to the goal of industrialization. Now a new phase in Brazil's development began, in which there emerged a demand for the reform of social and economic structures, with the objective being not only to facilitate development but also to improve the distribution of income. The term "basic reforms" came into vogue. The more popular reforms began to be discussed throughout the country—agrarian reform, fiscal reform, bank reform, etc. Actually a new ideological struggle had begun that would characterize this period in Brazilian history: the battle between reformism and conservatism.

Reformism surged forward with great vigor after the 1960 presidential elections. It was an ideology of the left, both of the left's moderate sectors and of a good part of those sectors today considered extreme. The fundamental thesis of reformism was that the Brazilian juridical structures, which regulated economic, social, and political relations in Brazil, were archaic; for the most part they corresponded to the semi-colonial and semifeudal phase of Brazil. According to reformism, these structures, especially ownership of agricultural land (it should be noted that the old rural aristocracy continued to be the principal target of the left), represented the institutionalization of privilege and were an obstacle to the economic and social progress of Brazil. It was therefore

necessary to reform these structures, eliminate privilege, and improve in the short term the lowest living standards in Brazil, not only by means of economic development and the resulting general increase in income, but also through more even distribution of the presently available income. These reforms were to be made peacefully.

The reformist ideology thus encompassed nationalism as a subsidiary component. International capitalism continued to be regarded by the left as an enemy, an exploiter in search of easy profits, but not as the principal enemy. The latter was to be found within Brazil itself, in the most reactionary semifeudal and capitalist groups, now strengthened by the adhesion of the industrialists.

Conservatism denied the necessity for reforms, or at least reforms of the depth called for by the reformists. The majority of reforms desired by the reformists were not really radical. They did not aim to change Brazil's social structure overnight—for example, to abolish private ownership of the means of production and institute a socialist regime. Nevertheless, in the long run, they represented a tendency in this direction. The conservatives did not see any necessity for these constitutional reforms. According to them, what Brazil really needed was more education, more moral leadership, greater economic development. Social justice would follow naturally from the development process and some appropriate legislative measures that would arise out of it.

This was the political picture that began to emerge after the 1960 presidential elections. These two conflicting ideologies resulted in the break in the alliance between the left and the industrial bourgeoisie and the realignment that had been taking place since the mid-50s. It is curious, however, to see how slow the political groups themselves were in perceiving these changes. The presidential elections of 1960 serve to illustrate this. In an article published some weeks before the elections, the *New York Times* stated that in Brazil the candidate with a personal position leaning toward the right was supported by the forces of the left, while the candidate with leftist tendencies was supported by the right. The statement is paradoxical but was not very far from the truth. This paradox was a result of the great political confusion brought about by the series of new facts described above. The leftists continued to think in terms of the ideologies of the 1950s. For them a candidate would have to be a nationalist and a supporter of industrialism. General Henrique Teixeira Lott was both of these, although personally he was a man of the right, a conservative. And Jânio Quadros, despite all his personal contradictions, was a reformist. Yet because he never particularly defined himself in nationalist terms and never allied himself with the political groups that had remained in power during



the first phase of the Brazilian revolution, he was in a position to win the support of the right.

### **Alarmism and Radicalism**

There is a simple explanation of why it was reformism that predominated in the struggle against conservatism, rather than a more radical ideology such as communism or socialism. Many of the left groups had not yet come to see socialism as a short term goal for Brazil. And those who did clearly saw that in Brazil at that time conditions did not exist for a socialist revolution, given the relative success of capitalism, which through industrialization was raising the standard of living at the same time as it allowed the development of an entrepreneurial group and a powerful middle class.

Thus it was logical that the dominant ideological struggle, at least for some years, would be between reformism and conservatism. However, after the resignation of Jânio Quadros, and even more so after 1963 when João Goulart proposed some basic reforms, a process of political radicalization and polarization began in Brazil. Between reformism and conservatism a dialogue had still been possible; an atmosphere had still existed that was favorable to compromise, to a bargaining process through which the various socioeconomic groups could resolve their conflicts by means of mutual concessions. As the positions polarized, however, such dialogue became increasingly difficult. Many of the reformists became revolutionaries, uninterested in transforming society by peaceful means; many of the conservatives became rigid, determined not to give in on any point, reasoning that any compromise would be a defeat and would encourage the left to call for more changes. Conservatives who, before the 1963 National Democratic Union party convention in Curitiba, had accepted the idea of agrarian reform by constitutional amendment no longer considered the idea. On the other hand, reformists who had been willing to settle for moderate agrarian reform now began to demand a more radical program.

What explains this polarization? The answer lies in the structural modifications referred to in this chapter. These modifications united the forces of the right and strengthened the left, creating the conditions for the latter's independence. It was to be expected, then, that the extremist elements of the two political wings would not be content with the moderate platforms of reformism and conservatism, but would attempt to test their own strength by the propagation of revolution and immobilism.

The polarization that had reached great extremes by the end of 1963, and finally resulted in the Revolution of 1964, thus had roots in the

structural transformations that had just taken place in Brazil. The left, despite its relative weakness in the Brazilian political scene (its political ideology was only beginning to take shape), became autonomous, stronger than it had previously been. The most extreme groups, because of the relative growth of their power among the labor unions, student groups, lesser army officers, and rural workers linked to the peasants, began to believe that they possessed great political strength in Brazil. The path to the radicalization of the left was obviously open.

On the other hand, the right began to see that for the first time in the history of Brazil, left groups with a certain degree of political significance were trying to gain power. Formerly the battle could be carried on between subgroups within the dominant class. At the most there were conflicts between the upwardly mobile middle class and the old rural aristocracy. Now, however, left groups existed whose objective, at least in the long run, was to do away with the capitalist system. Such groups were indeed entering the political arena to contend for power. Thus the door was opened to alarmism, and the radicalism of the right had a favorable environment in which to develop.

Alarmism, then, was the major instrument of radicalization for the leaders of the far right. (It was also of service to the radicals of the left, but with less efficiency.) First, rightist leaders spread apparently defeatist statements such as "communist revolution is knocking at our door"; "I don't think a year will pass before there is a communist revolution in Brazil"; and "Let's take advantage of the last days of bourgeois comfort. . . ." This last had a humorous tone, but its effect was to create an atmosphere of fright. These statements were slogans without a fundamental base in reality. Communism never had any great political significance in Brazil. And even the noncommunist left was too weak to bring about an armed revolution. But as the left began to emerge as an autonomous political force, the slogans began to resound. They began to be repeated, and the alarmists of the right concluded that if the communists were knocking at the door it was high time to organize a resistance; no compromise should be made with reformism; it was necessary to join forces against the communists. In other words, the times demanded radicalization. And thus many people who until then had not been very radical, that is, who had had conservative but not immobilist tendencies, underwent a radical shift to the right without realizing that they were victims of political manipulation by certain radical leaders who benefited greatly from this shift.

The radicalization of the right was used by radicals of the left to transform moderate leftists into radicals. "Reformism won't solve our problems," they said. "Brazil needs reforms, but it is impossible to attain them through peaceful means. The right dominates the press and

the Congress and is not ready to give in on any point. Only through revolution can we transform the country." And to the extent that these statements appeared to be confirmed by the increasing radicalization of the right, the left radicals also won converts.

Two other causes contributed to this polarization: personal factors and inflation, whose acceleration after 1961 brought major economic and political instability, favoring political extremism. The only personal factors it is necessary to mention here are the frustration of the right and the left respectively provoked by the resignation of Jânio Quadros and the accession of João Goulart to the presidency of the Brazilian republic.

Quadros's resignation was frustrating primarily for the right, which thought it had achieved political victory in 1960. During his short term in office, from January to August 1961, however, Quadros created a series of frustrations for the right, especially as it became aware of his political independence. The medal given to Ché Guevara during his brief visit to Brazil is an example of the strange and independent behavior of the president. As if this were not enough, Quadros resigned, handing over power to João Goulart, an historical enemy of the right in Brazil. Obviously such a frustration would arouse an aggressive, radical reaction.

The presidency of Goulart was particularly frustrating for the left, which believed that with his ascension to power Brazil finally had a president who would carry out its programs. However, because of his personal characteristics and, more importantly, because of the weak left's inability to provide the support to keep him in power, Goulart did not fulfill these hopes. The frustration of the left was profound. Yet the right also felt frustrated. Goulart could not have carried out a rightist program. If he had done so he would have found himself in an intolerable political situation, having lost the left's support without having gained the confidence of the right.

This frustration of both the right and the left, together with inflation (increasing at an extremely high rate) and, principally, the structural modifications that resulted in the realignment of political forces and the transformation of the ideological struggle in Brazil, brought about an ever increasing polarization, a total suspension of political dialogue that resulted in the absolute refusal of both the radical right and the radical left to participate in a bargaining process in order to negotiate mutual concessions. It was an impasse, with some factions promoting revolution and others promoting immobilism, neither of these solutions being in the best interest of Brazil. The result was the Revolution of 1964, which marked the predictable victory of the right over an immature left, and represented the consolidation of the capitalist system in Brazil.