



Book The New Brazil

Riordan Roett
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Recommendation

If you only associate Brazil with soccer, samba and “The Girl from Ipanema,” adjust your thinking. Brazil inaugurated its first female president, Dilma Rousseff, in 2011, and it will host the 2014 World Cup and the 2016 Olympic Games. But even more significantly, Brazil has become a global economic powerhouse. Political scientist Riordan Roett explains how it all happened – from Brazil’s status as a neglected Portuguese colony to its 20th-century military dictatorship to its modern role as a commercially influential nation. Published just prior to Rousseff’s election, Roett’s slightly stolid book ends with former President Luiz Inácio (Lula) da Silva’s second term and leaves you wanting to know more, though it reveals in exhaustive detail how this dynamic democracy has come so far so fast. Roett’s tough-going textbook style can be dense, but *BooksInShort* promises you will learn a lot about Brazil, the 21st century’s “crafty superpower.”

Take-Aways

- Smart fiscal policies, savvy political moves and a growing economy contribute to Brazil’s rise onto the world stage.
- As a neglected Portuguese colony, Brazil lagged behind its South American neighbors.
- Its natural resources, particularly its coffee crop, kept the nation dependent on exports.
- In 1930, Getúlio Vargas, “the father of modern Brazil,” put the country on the road to economic development.
- Brazil became a democratic state after World War II, though the military exerted influence behind the scenes.
- The republic collapsed in 1964, and a “bureaucratic-authoritarian” regime ruled Brazil for the next two decades.
- From 1985 to 1994, Brazil drifted through political and economic crises.
- President Fernando Henrique Cardoso created economic stability with the Real Plan.
- President Luiz Inácio (Lula) da Silva built on Cardoso’s policies, turning Brazil into a 21st-century economic, energy and agricultural giant.
- Brazil partners with Russia, India and China in the influential BRIC coalition.

Summary

“The New Brazil”

While its path to modernization has not been smooth, Brazil now is an economic and political world leader. It is a rising star on the newly reconfigured, post–Cold War global stage along with its BRIC partners – Russia, India and China. Thanks in part to the sensible fiscal measures Brazil has undertaken since 1994, the South American nation weathered the 2008–2009 financial crisis better than most countries. Like its fellow BRICs, it is a major player in international trade and development. With its energy independence, robust ethanol program, and discovery of large oil and natural gas reserves off its coast, Brazil has become a leading voice in international energy policies. The country also has joined its BRIC cohorts in squaring off against the world’s industrialized nations on such issues as global growth and climate change. How did this “new Brazil” come into being? First, you have to understand the history of the “old Brazil.”

“Colony, Empire and Republic”

Portugal’s 16th-century king Dom João III divided heavily rural Brazil into “large landed estates” known as “hereditary captaincies.” Portuguese court favorites took responsibility for developing these territories. As a colony, Brazil – though South America’s largest country – lagged behind the rest of the continent in development. While other countries under Spanish settlement broke away and became independent republics, Brazil remained a monarchy until 1889. Its feudal system defined Brazil’s evolution and “contributed to income inequality, limited the internal market and maintained a strict division between the haves and have-nots.”

“Brazil’s emergence as a new player in world affairs could not have been predicted just two decades ago.”

Brazil’s economic strength came from its rich “natural and mineral resources” – sugar, coffee, gold, diamonds, brazilwood and cotton. Portuguese slave traders imported more than four million Africans to work the estates. “African slavery helped to define and demarcate the social and class lines of Brazilian society for centuries.” The country expanded over a vast area comprising more than half of South America.

“Brazil was almost an afterthought for the seagoing Portuguese, who were much more interested in India and Africa.”

Portugal, though benefiting from the wealth and riches Brazil provided, never integrated the colony into its own society. After the revolutionary movements at the end of the 18th century, Brazil eventually achieved independence from Portugal in 1822. The Portuguese royal family, which was under siege by Napoleon’s forces, escaped to Brazil and settled there, ruling as emperors even after independence. Brazil opened its ports to the major European powers and, under the influence of the monarchy, began to develop politically, artistically and economically.

“The end of the empire, while abrupt, transpired quietly and without violence, leaving the military and civilian elites to struggle with the question of what to do next.”

Brazil needed a government that recognized the emperor’s role and incorporated its vast territory. In 1824, it adopted a new constitution that guaranteed “individual liberty and rights” and that provided for the election of representatives to both houses of the national legislature. But many Brazilians remained disenfranchised. The emperor, opposed by liberal parties, abdicated in 1831. After much political wrangling, the country installed his 14-year-old son as emperor in 1840.

“Once again, the armed forces used their ‘moderating power’ to introduce regime change, and, once again, the central figure in the old regime understood the rules of the game and left peacefully.”

Coffee soon became Brazil’s main export. The British recognized Brazil’s economic opportunities and invested in the country, sending in engineers and growers who hired nonslave workers. Additional immigration helped reduce reliance on the slave trade, which ended in 1855 (and was outlawed in 1870). By the 1850s, the country moved toward republicanism, due in part to coffee growers’ influence in the provinces. These “coffee elites” and the military pressed “for renewal and modernization.” In 1889, the emperor went into permanent exile in Europe.

“In politics, timing is often critical. Brazil was unlucky in the timing of its return to civilian government in March 1985.”

From the late 1800s until 1930, Brazil governed itself as “the old republic.” In 1891, a new constitution created a classic federal system that devolved some power to Brazil’s individual states but centralized the national government in Rio de Janeiro. While the military exerted power behind the scenes, all but three of Brazil’s leaders during this period were civilians who introduced universal suffrage and separation of church and state.

“As the new plan gained popularity, the economic team decided to introduce a new currency...they called it the real.”

Domestic politics stabilized, but no one leader or institution effectively unified the country or established a national identity. Coffee continued to drive the economy, crowding out other industries. In the 1920s, revolts challenged the coffee-based oligarchy. After much political turmoil – and the economic crash of 1929 – Getúlio Vargas assumed power, becoming one of Brazil’s most important 20th-century leaders.

The Beginnings of a Modern Brazil

Vargas ruled Brazil for 18 years in many capacities: as a provisional leader, as an appointed chief executive, as a “soft” dictator and as an elected president. He centralized authority by nationalizing the labor force under the first Ministry of Labor, Industry and Commerce, establishing a Ministry of Education and Health, and securing close relations with the Catholic Church (resulting in the raising of the Christ the Redeemer statue on Rio’s Corcovado Mountain).

“For decades Brazil’s political leaders had been unable to provide the vision and leadership needed to realize the country’s vast potential. Cardoso was the first president who seemed up to the job.”

In 1934, the national assembly crafted a new constitution that established a one-term, four-year presidency, but by 1938, Brazil faced renewed political upheaval. Just before the end of his presidency, Vargas swept away “representative government” and cracked down by creating the *estado novo* – “the new state.” Quashing his political opponents, Vargas shifted his focus to industrialization. Using both economic initiatives and canny political instincts, Vargas was able to consolidate his power throughout the early 1940s despite the emergence of opposing factions. Promoted as “the father of modern Brazil,” he stepped down only in the face of military opposition after World War II.

“Lula’s commitment to economic orthodoxy as president...led to marked improvement in Brazil’s economic performance.”

In 1946, Brazil established a new republic and began a gradual transition to democracy. But “Brazilian leaders became increasingly pessimistic about the country’s economic future,” mostly due to its overreliance on exports. Eurico Gaspar Dutra’s administration could not grapple well enough with these issues to stave off Vargas’ return in 1950.

“Something had changed in Brazil since the opening of the century. Was it due to luck? Careful planning? Or is Brazil’s rise best explained by one of Lula’s

favorite sayings, ‘God is a Brazilian’?”

Upon reassuming the presidency, Vargas established the National Bank of Economic and Social Development and, in 1953, created the national oil company, Petrobras. But he lost his significant influence after one of his political opponents suffered an assassination attempt. With the military again calling for his resignation, Getúlio Vargas committed suicide in 1954.

“Looking forward at the end of the Lula years, Brazil appears poised to consolidate its lead role as an emerging-market economy.”

For 10 years, Brazil lurched through several presidential administrations, each unable to deal effectively with the country’s national debt, inadequate education system and crumbling infrastructure. “Import substitution” policies promoted industry, but economic difficulties continued to exacerbate political tensions. Communist groups gained increasing popularity. Brazil’s military, operating in the background, stepped forward in 1964 to force massive change.

Brazil: 1964-1985

The chief executive fled the country and an acting president took office. No one really knew what to expect, but Brazilian leaders felt they had reached a watershed moment. Brazil needed to “modernize and deradicalize.” The answer was a “smart state”: The military established a “bureaucratic-authoritarian government” under civilian administration. The government kept its constitution, but the new leader assumed broader powers. Unfortunately, this included police action against “subversive” groups, a campaign that led to torture and suppression.

“There is no doubt that Lula has been a ‘lucky’ president.”

The new regime implemented its “Economic Miracle” between 1968 and 1973. Brazil’s economy improved with an increased federal role in investments and expenditures. But despite new programs and progress on the fiscal front, the repressive government’s popularity fell dramatically. Civil unrest increased.

“As the Lula administration comes to an end, the question is whether the glass is half full or half empty.”

To maintain its hold on power during the economic difficulties and energy shortages of the early 1970s, the military government instituted another state-sponsored economic development plan that focused on import substitutions and infrastructure investments as well as sustained economic growth. The plan was successful enough, but the country’s debt burden increased.

“[The new president’s] inauguration in January 2011 will be one more milestone in the long road to economic and political consolidation.”

At the same time, the nation’s leaders came to understand that the only way to address internal unrest was for the political system to achieve *abertura*, or openness. The idea of transitioning back to civilian rule met with increasing public acceptance. At the same time, Brazilian unions began gathering new political strength, staging strikes and slowdowns in the latter part of the decade. A new labor union leader emerged: Luiz Inácio da Silva, also known as Lula.

Brazil’s looming debt crisis forced its politicians to institute an austerity program in 1979; in 1982, the government overcame its reluctance to accept the International Monetary Fund’s conditions in exchange for its economic help. By 1984, inflation had spiraled completely out of control, reaching 200%. A civilian government won the 1985 presidential election, but the new president, Tancredo Neves, died before he could take office, ushering in Brazil’s “incomplete transition” years.

Cardoso Ends Years of Drift

The unexpected president, José Sarney, had to negotiate perilous political and economic waters. His efforts to control Brazil’s debt and runaway inflation generally failed. A number of presidents and finance ministers came and went, ushering in colorfully named economic plans, establishing and devaluing currencies, and imposing taxes. After years of floundering, Brazil reached a “critical juncture” with the ascension of President Fernando Henrique Cardoso in 1995. Cardoso had introduced the Real Plan (named for the country’s currency) in 1993 when he was finance minister. The plan checked inflation, stimulated GDP and raised citizens’ purchasing power. As president, Cardoso continued policies to reduce the size of the public sector, increase privatization and institutionalize fiscal responsibility. While some of his measures – such as reforming social security – failed, the economic tide had turned, and long-term solutions were taking hold.

Although external crises such as the 1994 Mexican peso crisis and Russia’s 1998 debt default buffeted Brazil, Cardoso’s policies were successful enough to earn him a second term. Then, in 1999, economic tensions pressured the overvalued real; Cardoso’s government had no choice but to allow the currency to float free from its US dollar-pegged range. The real lost 40% of its value, and Cardoso never recovered. Lula seized his opportunity.

“Lula’s Brazil”

The milestone presidency of Luiz Inácio da Silva began in 2003, after he won his fourth try for national office. Although a union leader and leftist, Lula had shown the voters that “he had a pragmatic side as well” through his *carta ao povo brasileiro* (letter to the Brazilian people). His presidency combined progressive social policies with fiscally conservative principles. The result: a vitally reinvigorated Brazil.

During his eight years in office, Lula oversaw several successes: He 1) reformed the social security system; 2) lifted millions of Brazilians out of poverty through the *Bolsa Família* (“Family Basket”) aid program; 3) increased local education funding; 4) helped the country become “a net foreign creditor for the first time”; 5) established Brazil as a leader in ethanol production and prepared it to become a major fossil-fuel exporter; 6) integrated the financial sector with worldwide markets; 7) welcomed new domestic and foreign investors; 8) promoted “economic integration” in South America; and 9) established Brazil as a global political leader by working with the other BRIC countries to challenge the political supremacy of the G-20 industrialized nations, particularly the United States.

Although Lula has made some controversial political moves on the world stage – expressing support for Iranian president Mahmud Ahmadinejad’s “civilian nuclear program,” for example – he leaves office with his country recognized across the globe as an engaged, forward-looking economic and political force. While some questions remain – “Lula, or his successor, will need to understand that an increase in Brazil’s profile entails responsible global conduct” – the future is bright. “The

country of ‘tomorrow (and always will be)’ has become a significant actor today.”

About the Author

Riordan Roett is a professor at Johns Hopkins University, where he leads the Western Hemisphere and Latin American Studies programs.
