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The ambivalence of an emerging power

The cadets of the British Royal Air Force are being trained on the EMB-312 Tucano, a turboprop aeroplane developed by the Brazilian aeronautics company EMBRAER and assembled under a contract with Great Britain involving transfer of technology. This illustrates the success of a nascent arms industry which places Brazil among the ten largest producers of weapons in the world, an unprecedented situation for any other Latin American country. In terms of war, the country has made itself fully modern, but in terms of peace it has barely reached the threshold. Average life expectancy in Brazil is sixty-five years, inferior to that in the neighboring countries of Paraguay (sixty-seven years), Argentina (seventy years), and Uruguay (seventy-one years).

Brazil is little known, even by those who live and work there. The speed with which transformations took place in the last thirty years, combined with systematic control of information by the authoritarian regime, have made it difficult to comprehend its real dimensions. Brazil is not a great power, which the military so ardently desire and consider to be the country’s manifest destiny. Nor is it a member of the “Third World,” as preached by its most simplistic critics. Rather, Brazil is an example of an emerging power within a regional context, marked by contradictory features.

The ambivalence of a regional power has to do with three levels of power. The first involves growing in a space submitted to the hegemony of a world center, in this case, Latin America under the dominant influence of the United States. The second reflects shifting pretensions by competitors in the regional context, in this case, Argentina, which was until recently the most important economy in South America. The third level expresses the political control over
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territory and society which, within Brazil, assumed the form of a national authoritarian project.

This chapter portrays Brazil’s contradictory features within the world context. It presents the concepts of historic capitalism and the world-system, developed originally by Immanuel Wallerstein, which make it possible to situate Brazil in the semiperipheral sector of the capitalist world-system. Finally, it utilizes some elements in Latin American and Brazilian social thought in order to characterize the specificities of Brazil as a region within the world-economy.

An unknown continent

Brazil is a country of multiple times and multiple spaces. The speed with which technological innovations are incorporated is extremely rapid in certain parts of its territory, taking place alongside primitive living conditions whose rhythms are determined by nature in immense extensions. Grand national television networks, similar to the North American pattern, daily establish the bridge between past and future, between isolated garimpeiros (prospectors) in the jungle searching for El Dorado and managers of large multinational corporations seated on Avenida Paulista, the “Wall Street” of Brazil.

Accelerated timing

As part of the world-economy, Brazil is one of the most dynamic segments when economic indicators are considered. Its historic rates of gross national product (GDP) growth are comparable with the advanced economies since the end of the last century. Since 1940, GDP growth averaged 7 percent per year, attaining 11 percent annually between 1967 and 1973 – the years of the “economic miracle” which coincided with evident signs of slackening growth in the rest of the world (Table 1.1).

Accelerated urbanization is the most obvious expression of this process in terms of space. In contrast to the majority of Latin American economies, Brazil does not have an extreme concentration of activity in a single grand national metropolis. Instead, Brazil has a constellation of nine metropolitan areas with more than one million inhabitants each and a large number of medium and small cities dispersed throughout its territory.

Its recent industrialization distinguishes Brazil from the rest of Latin America; in this regard it far surpassed Argentina and was accompanied with less intensity by Mexico. The association with
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Table 1.1. Average rate of GDP growth in constant prices (%)

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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>United States</td>
<td>4.2</td>
<td>2.8</td>
<td>3.7</td>
<td>1.9</td>
</tr>
<tr>
<td>Germany</td>
<td>2.8</td>
<td>1.3</td>
<td>5.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Japan</td>
<td>2.5</td>
<td>2.2</td>
<td>9.4</td>
<td>3.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.0</td>
<td>2.7</td>
<td>6.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.3</td>
<td>4.9</td>
<td>7.5</td>
<td>4.5</td>
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</table>


International capital was a common feature in the region’s development but, in Brazil, the state had a decisive role in accelerating the pace of growth, advancing the private sector, and maintaining high rates of investment. On the other hand, Brazil is also one of the largest debtors within the world financial system in absolute terms. Its total debt was approximately US$112 billion in 1988, a balance equivalent to a little more than one-third of its GDP.

The Latin American industrialization model, based on import-substitution, sought to manage the domestic market as the principal attraction for large transnational corporations. Brazil reached more advanced stages of this process, and successfully consolidated a diversified industrial base – due largely to the potential of its economy, whose capacity to attract capital was made viable and amplified by the state.

A moving frontier

Brazil is a continent. This is a fundamental difference in comparison with its Latin American neighbors. Its territorial extent places it fifth among the nations of the planet in terms of size, with an area of 8.5 million square kilometers and a population of 155 million inhabitants in 1990. Its demographic density of 18.2 inhabitants per square kilometer leaves immense potential for growth, since it is more sparsely settled than the United States and comparable to the Soviet Union.

Brazil’s resource potential is amplified by the availability of usable space, resulting from its geographical position. Brazil, which includes two-thirds of the South American continent, is certainly the largest country situated in the intertropical band. The grand reserve of land in Brazil is the greatest rain forest on the planet, the Amazon, with its immense variety of species. Nevertheless, the delicate ecological
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Table 1.2. Income distribution – selected countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Years</th>
<th>Bottom 20%</th>
<th>Lower 40%</th>
<th>Upper 20%</th>
<th>Top 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1984–85</td>
<td>9.8</td>
<td>22.8</td>
<td>39.4</td>
<td>25.4</td>
</tr>
<tr>
<td>Peru</td>
<td>1985</td>
<td>4.4</td>
<td>12.9</td>
<td>51.9</td>
<td>35.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>1983</td>
<td>2.4</td>
<td>8.1</td>
<td>62.6</td>
<td>46.2</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1987</td>
<td>4.7</td>
<td>13.9</td>
<td>50.6</td>
<td>34.2</td>
</tr>
<tr>
<td>Italy</td>
<td>1986</td>
<td>6.8</td>
<td>18.8</td>
<td>41.0</td>
<td>25.3</td>
</tr>
</tbody>
</table>


balance of the Amazon challenges Brazilian society and world science to find appropriate forms of occupation.

Natural conditions are important, but they are not determinant. While Argentina maintained its agro-pastoral orientation to complement the world center, Brazil, which historically played a comparable complementary role, has today diversified its export pattern of agricultural “commodities.” Originally a large coffee producer, Brazil is currently the second largest exporter of soy and derivatives, with the advantage of placing its product on the market between North American harvests. Although little known in Brazil only fifteen years ago, soy has conquered the ecological barrier of the cerrados (central savannahs) and spread rapidly, thanks to investments in genetic improvements and the development of cultivation treatments. In 1975, the cerrados were responsible for producing almost 6 percent of Brazilian soy; in 1982 they produced 22 percent of the national crop; and with the large harvest of some 8 million tons of soy in 1987–88, they accounted for 44.5 percent of the national total.

The Brazilian economy grew, and continues to grow, through an impressive capacity to incorporate new land rapidly. The total area occupied by agricultural establishments was 198 million hectares in 1940, jumping to 365 million hectares in 1980 – which already represents about half of the net area available for cultivation and ranching.

The role of the frontier and access to land are fundamental in distinguishing Brazil from its Latin American peers, configuring the agrarian question in a peculiar way. In Mexico, for example, the scarcity of arable land has been a problem since the beginning of industrialization. This made it necessary to confront the rigidity of agrarian structures and mobilize state resources to increase the production of food and agricultural raw materials. The agrarian
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Table 1.3. Ethnic situation

<table>
<thead>
<tr>
<th>Ethnic groups</th>
<th>Population (%)</th>
<th>Illiteracy (%)</th>
<th>Median income (US$/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whites</td>
<td>56.6</td>
<td>12.3</td>
<td>214.00</td>
</tr>
<tr>
<td>Mulattoes</td>
<td>37.2</td>
<td>29.0</td>
<td>100.00</td>
</tr>
<tr>
<td>Blacks</td>
<td>5.6</td>
<td>29.5</td>
<td>87.00</td>
</tr>
<tr>
<td>Asians, and without declaration</td>
<td>0.6</td>
<td>7.4</td>
<td>377.00</td>
</tr>
</tbody>
</table>

Source: IBGE 1990b.

reform, then, was a requirement of the industrialization process itself. In Brazil, by contrast, the supply of agricultural products was guaranteed by the incorporation of new lands, without touching the pre-established structure of landownership which constituted the base of power for the dominant groups.

The large rural properties in Brazil, inherited from the slave latifundios, were a basic instrument for maintaining the reproduction of the labor force in conditions close to subsistence, lowering the general wage level in the economy. The caloric consumption per inhabitant in Brazil is 2,657 per day, lower than the values for Iraq (2,891), Iran (3,115), or Turkey (3,218). The hourly wage is among the lowest in the world – about US$1/hour – while in countries like the United Kingdom and France the average hourly wage is around US$17.

Brazil is a rich country of poor people. The brutal social discrimination in appropriating the benefits of economic dynamism is a dominant feature of Brazilian society, even when compared with the rest of Latin America. It is one of the few economies in the world where the richest 10 percent control almost half the national income, and any indicator of social welfare reflects this situation (Table 1.2).

This discrimination suffuses Brazil’s social structure from top to bottom. Sexism is expressed by the fact that 67.1 percent of Brazilian women over ten years of age have no income, while only 24.7 percent of the men face this situation. Blacks and mulattoes, who represented some 45 percent of the Brazilian population in 1987, face social and economic discrimination in terms of social mobility. They make up a grand contingent of labor power with low professional qualifications, contrasting with the Asian immigrants and their descendants, mainly Japanese (Table 1.3). Ethnic discrimination is also present in relation to the remaining 200,000 indigenous people
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who survived the colonizing massacres; their rights are restricted and their capacity for self-determination is subordinated to bureaucratic tutelage.

In sum, Brazil carries the confrontation between North and South within a national economy. The contradictions of historic capitalism in Brazil assume a paradigmatic character, and the current crisis only accentuates its ambivalence, exposing the vulnerability of its power and its fragility as a nation. To understand Brazil’s significance, it is necessary to define its position in the capitalist world-economy.

Historic capitalism, world-economy, and semiperiphery

For Wallerstein (1983), capitalism is above all a historic social system. To understand its origins, functioning, and current perspectives, we must look at the present reality. This premise is fundamental to specify the historicity of the geographic fact and its interpretation. This is not an attempt to find universal and atemporal explanations but, to the contrary, an effort to define and reaffirm the historic character of the social processes, and also the geographic forms which they create. The Brazil which will be described here is a region historically inscribed in the world-economy.

Rescuing history

The concept of historic capitalism is based upon the conceptions of Braudel (1979) concerning the longue durée of historic time, breaking the limits imposed by division into hermetic and isolated periods. Historic capitalism has its own dynamic which, from the start, is counterposed to a positivist vision of social progress. This is not “historicism,” i.e. a deterministic vision of history, but rather historicity. There is nothing peculiar in the capitalist way of producing merchandise which would identify it as “social progress” in relation to earlier modes of production, much less that it exhausts itself.

The dynamic of historic capitalism occurs through long-lasting cycles of growth and recession. There is considerable evidence today that, at least since the end of the eighteenth century, the world-economy has passed through four great cycles. These have phases of growth (A) and stagnation (B) and were called “cycles” or “long waves” by Kondratieff (1935), the Russian historian who first identified them. The approximate dates of these cycles are:
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<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
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<tbody>
<tr>
<td>I</td>
<td>1780–90</td>
<td>1810–17</td>
<td>1844–51</td>
</tr>
<tr>
<td>II</td>
<td>1844–51</td>
<td>1870–75</td>
<td>1890–96</td>
</tr>
<tr>
<td>III</td>
<td>1890–96</td>
<td>1914–20</td>
<td>1940–45</td>
</tr>
<tr>
<td>IV</td>
<td>1940–45</td>
<td>1967–73</td>
<td>?</td>
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A well-accepted explanation, although by no means definitive, focuses on the contradiction between the immediate interests of firms on the one hand, and the general requirements of business on the other. In phases of growth, profits are greater and firms tend to over-invest, generating crises of overproduction.

The correlation with technological changes is high. Growth in the A phases of successive cycles corresponds, respectively, to the Industrial Revolution (I), the expansion of the railroads and steel (II), chemical and electrical innovation (III), and the aerospace and electronic developments of the current cycle (IV).

There are also important political and spatial correlations. According to Wallerstein (1979), the four Kondratieff cycles when placed in political context can be described as “two-paired Kondratieffs.” The first pair covers the nineteenth century, involving the rise and decline of English dominace. The second describes a similar trend for the United States in the current century – not that these represent equivalent forms of domination.

As for the period before 1780, there is little evidence for such cycles. Nonetheless, it is possible to identify “logistic waves,” of about 300 years. Wallerstein recognizes two of these:

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<tbody>
<tr>
<td></td>
<td>c. 1050</td>
<td>c. 1250</td>
<td>c. 1450</td>
</tr>
<tr>
<td></td>
<td>c. 1450</td>
<td>c. 1600</td>
<td>c. 1750</td>
</tr>
</tbody>
</table>

The first of these corresponds to the rise and fall of feudal Europe, and the second covers the emergence and crisis of European agricultural and mercantile capitalism, from which the modern world-economy emerged.

The conception of a capitalist world-economy as a universe of analysis which is historically and geographically determined breaks with the spatial imprecision of positivist origins, such as earth surface or landscape. The point of departure for constructing this model is the conception of a world-economy, consisting essentially of a single world capitalist market. This means not only that merchandise is produced primarily for the market rather than for use, but also that
the development of exchange with the exterior and the existence of a world market are inherent conditions for the emergence and development of the capitalist mode of production. Wallerstein is emphatic in affirming that “capitalism was from the beginning an affair of the world-economy and not of nation-states” (1979: 19). The dynamic vector of the world-economy lies directly in the formation and development of this world market, both the origin and product of capitalism itself.

Meanwhile, if there is only one world market, it is based on a multiplicity of national states. “As a formal structure, a world-economy is defined as a single division of labour within which are located multiple cultures” (Wallerstein 1979: 159). This is a second element of Wallerstein’s perspective, for were this not the case there would be only a single world-empire, that is, an immense territory subordinated to a single political entity.

The role of the nation-state is to distort the functioning of the world market in the interest of classes or social groups. The stronger the state machinery, the greater its capacity to influence the market’s operation on a significant geographic scale, and even beyond its territorial limits. In this way, the nation-state is a political and economic instrument utilized by dominant classes and sectors, regional or national, to maintain parts of the world-economy under their control. They seek to control not only the markets for goods and products, but also, and principally, the labor-force market.

The first process of industrialization in Great Britain was exceptional because its economic advantages relative to eventual competitors permitted a relatively small role for the state. In all other cases, such as the United States, Germany, and Japan – referred to as “late industrialization” – the process counted on active state policy and territorial support for “national” enterprises.

The result of this active state participation in the struggle between monopolies could only be discharged in open conflicts, such as occurred in the two world wars from which North American hegemony over the world-economy emerged. The globalization of the dollar as an international currency and of the North American patterns of production and management expressed in Fordism and Taylorism unleashed a double process in the world-economy. On the one hand, multinational corporations whose interests define planetary space of operation grew and expanded rapidly; on the other hand, nation-states proliferated, following the process of decolonialization which redivided territories into ever smaller
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parcels, ever more distant from the “classical” concept of a nation (Hobsbawm 1977).

The territorial dimension of the world-economy

This complex network of relations formed a spatial structure which, in Wallerstein’s view, is not exhausted by the classic model of center/periphery because the capitalist world-economy requires a semiperipheral sector. The semiperiphery assumes a fundamental role in the functioning of the world-economy, not so much economic as political, helping to stabilize the world-system.

The existence of the third category means precisely that the upper stratum is not faced with the unified opposition of all the others because the middle stratum is both exploited and exploiter. It follows that the specific economic role is not all that important, and has thus changed through the various historical stages of the modern world-system. (Wallerstein 1979: 21–23)

The concept of semiperiphery has an important aspect: the role of the state in politicizing the economy. “The direct and immediate interest of the state as a political machinery in the control of the market (internal and international) is greater than in either the core or the peripheral states, since the semiperipheral states can never depend on the market to maximize, in the short run, their profit margin” (Wallerstein 1979: 72).

The role filled by public funds in a semiperipheral economy is a peculiar one, since the state is a fundamental instrument for the accumulation process and is directly present in leveraging growth as well as in productive activities. But the other side of the coin is also important: by adopting the role of grand financier, the state ends up assuming the liabilities of the economy, becoming the debtor par excellence, fulfilling a role which historically was left to the investment banks. In the downturn of the cycle, the ambivalent character of the semiperiphery is apparent, since the economic crisis takes on the character of a profound political crisis.

The semiperiphery is the synthesis of the contradictions of historical capitalism within the same national economy. It is the locus of the profound structural heterogeneity accumulated by capitalism through its long history, of which Brazil is a magnificent example. But the category of semiperiphery does not exhaust the specificity of Brazil as a regional power. It is necessary to historicize it.
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An authoritarian path toward modernity

Latin America is the oldest periphery of the world-economy. It is part of the process which formed and developed the capitalist world-system, oriented toward the production of high-value merchandise for Europe ever since the beginning of colonization. Divided between Spain and Portugal, Latin America's economic formation was marked by mercantilism and its society was molded in the image of Iberia. Its underlying development was intimately associated with the dynamic of the centers of accumulation in the world-economy – first, Great Britain and later the United States. Latin American countries participated in the resulting international division of labor as economies exporting primary materials.

Nevertheless, the general movement of the world-economy should not obscure the importance of internal factors in Latin America's formation. This formation is the product of a complex interplay in which the international context and the domestic situation both played significant parts. Their comparative weight, however, varied over time. In this sense, the task of reconsidering Latin American history has advanced in recent years. Its history cannot be described as a backward stage of development, nor as a mere extension of imperialist metropolises, but rather as an integral part of capitalism, inseparable and specific.

A certain capitalism

The Economic Survey of Latin America – 1949 by the Economic Commission for Latin America (ECLA, also known by its Portuguese acronym CEPAL), marked the birth of the ECLA perspective of political economy. It was best represented in Brazil by Celso Furtado, and it clearly delineated the specific problematic of peripheral capitalism. The Survey, coordinated by Raul Prebisch, developed from evidence that Latin American growth relied directly upon the export sector, which furnished the foreign exchange necessary to import manufactures. This center–periphery structure tended to perpetuate itself, in that its dynamic was controlled by decisions made in the center and was accentuated by the deterioration of the terms of trade. In this context, only national industrialization would be capable of breaking the vicious cycle of underdevelopment.

The inability of industrialization to achieve national redemption through import-substitution encouraged new theories which sought to understand the roots of underdevelopment in the relations of