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**Nunes, Edson de Oliveira**

BUREAUCRATIC INSULATION AND CLIENTELISM IN CONTEMPORARY  
BRAZIL: UNEVEN STATE-BUILDING AND THE TAMING OF MODERNITY

*University of California, Berkeley*

Ph.D. 1984

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Bureaucratic Insulation and Clientelism in Contemporary Brazil:  
Uneven State-Building and the Taming of Modernity

By

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Grad (Federal University of Fluminense) 1970

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**DECEMBER 18, 1984**

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Clientelism and Bureaucratic Insulation: Uneven State  
Building and the Taming of Modernity in Contemporary Brazil.

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Edson de Oliveira Nunes



À Memória de Sergio (Alemão) Coimbra de Melo,  
doutor em política

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"O máximo de confusão somado ao máximo de ordem: parece-me um cálculo sublime."  
(Umberto Eco, O Nome da Rosa, p. 253)

"The maximum of confusion achieved with the maximum of order: it seems a sublime calculation." (Umberto Eco, The Name of the Rose, p 217)

## Introduction

Brazil is an example of a country that adopted, in the last fifty years, a modern and internationalized capitalist economy. Countries trying to implant a modern capitalist order in their territory have to create new institutions. As Karl Polanyi argued, the operation of the modern capitalist system requires individual and institutional behaviors that are compatible with the logic of economic production. According to Polanyi the modern capitalist economic order penetrates all spheres of social life and "economizes" other institutions, and the logic of the market becomes the dominant grammar for the organization of political and social life. Individual behaviors must also be "embedded" in the logic of economic production (Dalton, 1965). In observing the impact of capitalist production on society, Max Weber called our attention for the same order of problems that later were brilliantly put together by Karl Polanyi's economic anthropology:

The capitalist economy of the present day is an immense cosmos into which the individual is born, and which presents itself to him, at least as an individual, as an unalterable order of things in which he must live. It forces the individual, in so far as he is involved in the system of market relationships, to conform to capitalistic rules of action. The manufacturer who in the long run acts counter to these norms, will just as inevitably be

eliminated from the economic scene as the worker who cannot or will not adapt himself to them will be thrown into the streets without a job" (Weber, 1958: 54).

The idea that social reality is organized around a complex intertwining of more "modern" and less "modern" forms of behavior has of course been widely debated. Nonetheless, the study of relations between market and non-market traits, modernity and tradition, continues to be a basic point of reference in the social sciences. In the context of Brazilian studies, interpretations of contemporary Brazil have been prolific in the production of dichotomies, all of which represent variations of the classic theme of the "two Brazils": development versus underdevelopment; urban Brazil versus rural Brazil; industrialization versus the rural oligarchy; public power versus the private order; centralization versus local power; systole versus diastole; representation versus cooptation; tradition versus modernity. The history of the country has frequently been explained in terms of the constant tension between two poles that alternate in unending cycles, or between two poles in permanent contradiction with each other.

Thus, Nestor Duarte, Oliveira Viana, and Vitor Nunes Leal emphasized the importance of private power as a barrier to the building of a public order. From Oliveira Viana and Francisco Campos to Raimundo Faoro and Simon

Schwartzman, scholars have investigated the use of public power in the creation of a statist order. From Maria Isaura Pereira de Queiroz to Golbery do Couto e Silva, they have emphasized the importance of successive moments of centralization and decentralization, of systole and diastole, in the formation of the Brazilian state and society. It is not an exaggeration to say that the idea of two Brazils has exercised a permanent fascination, in its various forms, over Brazilian intellectual life.

Dichotomies have proved useful in the production of many insightful analyses of the Brazilian polity. However, the institutional system has evolved into a form that can no longer be contained in the notion of two Brazils. While there has been criticism of the dual-society/two Brazil's thesis, it is now time for the literature to go beyond general observations that elements of tradition and modernity interact in elaborate ways to the systematic analysis of that interaction and the construction of an analytic framework that captures the many dimensions of their interaction.

In general, much of the critique of the dual society paradigm has come from a neo-Marxist perspective focusing on the complexities involved in the articulation of modes of production. The critique has frequently approached the problem from the economic and international vantage point. It is now appropriate to attempt, as I do in this research, to disaggregate the dual society approach from

a perspective that combines the concern with the economy and a firm focus on the interaction between several institutional dimensions within the political realm of a national case.

Within the framework of this interpretive political focus, it is important to demonstrate how new types of political and social organizations emerged, how they became institutionalized, and how they impacted on groups, conflict resolution, patterns of interest intermediation, and on governance. In arguing for the relevance of the study of political institutions. Arthur Stinchcombe (1983: 247) suggests that in answering the question of how class relations are aggregated in society, we cannot simply look at the economic sphere. The answer "depends of how the political system adds them up, not on how the economy adds them up". Political institutions played a crucial role in the shaping of class relations and patterns of capital accumulation in the process of implantation of a modern industrial economic order in Brazil; they also played a crucial role in the maintenance, and integration within a national framework, of many relationships that do not reflect the existence of modern capitalist mode of production in the country.

In the process of adopting modern capitalism, Brazil had to create many new institutions in a relatively short period of time. Contradicting both Weber's and Polanyi's



diagnoses, however, not all of them were penetrated by the impersonal logic of modern market relations. This process of institution building amidst profound economic and social change constitutes the focus of this research. I propose an interpretive framework for understanding the relations between formal political institutions and society in contemporary Brazil. The analysis begins with a discussion of the characteristics of capitalism in advanced industrial societies as contrasted to peasant societies and non-industrialized peripheral capitalist societies. The aim is obviously not to reify these contrasts, but rather to take them as a point of departure in sorting out different sets of possible relations between mode of production, patterns of social action, and formal political institutions and to propose that four institutionalized patterns of relationships or "grammars" exist that structure the links between society and formal institutions in Brazil: clientelism; corporatism; bureaucratic insulation; and procedural universalism. Of these four, only the last one clearly reflects the logic of the modern capitalist market.

After laying out the theoretical framework I undertake a historical analysis of the factors that accounted for the existence of the fourfold Brazilian institutional system. I proceed by showing, in the following three chapters, how corporatism, bureaucratic insulation, and procedural universalism were added to the

clientelistic grammar already in place under the old regime.

I will argue that the institutionalization of the four grammars went on, unevenly, for decades, beginning in the 1930s, under Vargas. In that decade corporatist legislation was issued in an effort to create social solidarity and peaceful relations among groups and classes, where the perceived divisiveness of political parties and the failures of the liberal economic order would not exist. Vargas ruled from 1930 to 1945, one of the longer periods of rule by one person in Latin America. In 1934 Brazil elected a congress along the lines of corporatist representation. The 1934 regime was replaced by a dictatorship in 1937, but corporatist provisions remain in place until today; they did not create the social solidarity than envisaged but functioned as a powerful instrument for control and incorporation of labor.

In the post-1930 period, a process of political centralization paralleled the establishment of the corporatist regulation. This process siphoned off from the regions and localities almost all means for clientelistic politics and transformed the central state into the most powerful political actor of the period. From 1937 on, when a dictatorship was installed, corporatist provisions were intensified, and centralization was deepened. However, centralization and

corporatism did not destroy clientelism and patronage: these processes in fact created new resources for clientelism now administered by the central state.

The 1937 dictatorial regime also sought to alter the traditional basis of the Brazilian state through a civil service reform based on procedural universalism. The new regime also created a technical body, insulated from political disputes, to assist in policy formulation.

I will examine the historical legacy of the 1930s. Corporatism was clearly one of the most important parts of this legacy. The attempts at implanting procedural universalism and bureaucratic insulation were not as successful and did not enjoy as much support as the corporatist provisions.

The democratic regime of 1945 came into existence when one of the new institutional grammars, corporatism, was already in place alongside the old one, clientelism. The new political parties, created with the democratization, made extensive use of clientelism in their process of party-building, thus reviving and giving new strength to this old grammar. Procedural universalism was deemphasized, and corporatism was kept in place.

The years following the installation of the democratic regime were years of party-building. State resources played a crucial role in the creation of the new parties. Out of the three most important political parties that emerged in the period only one had no access

to state resources from the beginning. The two parties that were mobilized from within the state apparatus, PSD and PTB, formed a de facto coalition for patronage whereas the other one, the UDN, never found its true identity and vacillated between attempts at participating in pork barrel politics, and posing as a defender of procedural universalism, public morality, and market rules.

Modernizing elites perceived this de facto coalition for patronage as an impediment to progress. If procedural universalism was not strong enough, with its feeble support, to dislodge the traditional order controlled by the political parties, the solution seemed to be the creation of bureaucratic insulation in order to pursue development policies that were not constrained by patronage politics. Agencies protected by bureaucratic insulation were meant to abide by technical procedures and a certain measure of procedural universalism in the recruitment of their personnel.

In the early 1950s insulated agencies were created amidst a heated debate between nationalists and internationalists. The new agencies, although technically competent, were deeply politicized and patterned their activities after clear political preferences that also played a role in the recruitment of their personnel. In designing and implementing the economic policies that lead to heavy industrialization, some agencies had a

nationalist bent, some others had a more "cosmopolitan" tendency. Two presidents in the 1950s, Vargas and Kubistchek, were able to benefit from the competent operation of both kinds of agencies, at the same time making full use of corporatism and clientelism in other political arenas. Given their ability to juggle institutions that were based on different logics, the two presidents permitted and supported the institutionalization of the multifaceted Brazilian political system. From the 1950s on, clientelism, corporatism, bureaucratic insulation, and procedural universalism, through different institutional means, played an important role in the political life of the country.

Summarizing, my goal is to show how the introduction of modern capitalism in Brazil interacted with the creation of a syncretic institutional system that is now national and multifaceted, not regional and dual. The objective is to undertake a systematic examination of the evolution and integration of the different aspects of the system into a set of national and pervasive institutions. I propose to look at the problem of articulation of this industrializing society from the point of view of its political structures, in interaction with its economic transformation.

## Chapter 2

## Types of Capitalism, Institutions, and Social Action.

The objective of this chapter is to argue that four main grammars for state vs. society relations exist in Brazil: clientelism, corporatism, bureaucratic insulation, and procedural universalism. I argue that formal institutions may operate, in a variety of ways, according to one or more grammars. Societal groups may also base their action on one or more of these grammars.

In order to place the discussion in the appropriate frame, this chapter does three main things. First, it reviews concepts that have been utilized in discussing differences and similarities between the formal institutions and the patterns of interest intermediation in the modern, industrialized capitalist formations and in a peripheral, semi-industrialized one like Brazil. It also highlights the crucial role played by the timing in which similar universal elements may combine for the generation of different societal and political outcomes in the non-industrialized periphery as compared to the industrial core. While the categories of core and periphery are highly aggregated and obviously contain within them enormous variations, they are useful as an

initial point of reference in introducing the concepts used in this research. Second, it introduces the theme of clientelism as a distinctive component of some capitalist societies. Clientelism is contrasted to the procedural universalism of the industrialized capitalist societies by means of a distinction between "specific exchange" and "generalized exchange" in market societies. Third, in the last sections of the chapter I contrast corporatism -- as a major characteristic of the Brazilian polity -- to clientelism. I conclude that the notion of clientelism can successfully complement the efforts of students of corporatism by bridging several gaps not covered by corporatist analysts.

## 2.1 - Variants of Capitalism and Institutions

Capitalism is usually understood as a mode of production in which property and control of the means of production are in the hands of the bourgeoisie. This mode of production requires the existence of a free labor market. The owners of the means of production buy in the free market the amount of labor necessary for the production of goods. This is the basis of a set of class relations where capital and labor constitute two

necessary poles.

In modern capitalism the extraction of surplus is made indirectly, not through the armed confiscation of the harvest or through the direct taxation of what is produced by the workers. Modern capitalism makes no use of extra-economic means for the extraction of the share destined for the dominant fractions, although it may use them to enforce extraction (Warner, 1973:58).

Given the complexity of the contemporary capitalist society, the dynamics of the stratification of the class structure allows for the existence of a multiplicity of clusters of interests (Giddens, 1975; Bourdieu, 1974; Aguiar, 1974; Cohen, 1979:56ff). In modern capitalism the "concertated" action of groups of individuals depends on several factors such as position of the group in the matrix of social stratification, access to the use of political resources, degree to which the economic necessities are satisfied, prevailing arrangements for aggregation and intermediation of interests, and so forth. Class situation does not constitute sufficient basis for collective action and political conflict (Weber, 1968; Stinchcombe, 1983: 240ff).

At the political level, liberalism has been hypothesized by some authors to be the appropriate political companion to modern capitalism because class



and citizenship are antagonistic entities that liberalism seeks to reconcile through the "public realm." Suffrage and citizenship are the political equivalent to the economic market. It has been said that citizenship constitutes the major revolution of our era (Bendix, 1977a:89ff). The "public realm" where individuals function as voters, as checks and balances to the power of the state, as citizens, has been viewed as a consequence of the functioning of the free economic market. The public realm is the abstract space in which the contradictions between the logic of capitalist production and the demands of society are reconciled.

The modern state became the ultimate possessor of force as an attribute of its authority (Bendix, 1977a: 74/5, 89; Bendix, 1977b: 417/8). The construction of a rational and territorially universal authority was a key factor in the development of contemporary capitalist states (Tilly, 1975:17). This authority has been developed through several types of domination that progressively marked the separation between state and society. Historically there was concentration of authority in the hands of the state, but a sizeable amount of authority remained in the hands of local elites. Industrialization and social mobilization eroded local authority and generated a national public realm in

which individuals relate to each other and to the state in an impersonal and more individualized manner.

The public realm is regulated by norms and institutions based on procedural universalism, i. e., norms that may be formally used by or applied to all individuals in the polity in electing representatives, protecting themselves from being abused by state power, checking the power of formal institutions, and making demands upon the state. "Free speech, free assembly, and freedom of the press are basic aspects of procedural representation. When these procedural guarantees are suppressed, it is extraordinarily difficult for people to formulate and express their interests" (Katznelson, 1975: 28). Procedural universalism per se does not guarantee the existence of democracy but is a crucial component of it (Katznelson and Kesselman, 1975: 22ff).

The long historical process of the development of the modern capitalist society represented not only an economic revolution but also marked the redefinition of the patterns of social and political relationships within nation-states. It meant the reformulation of the relations between individuals; it redefined basic institutions such as the church, the family, and property; it reformulated the concept of freedom (Dalton, 1977: 25ff; Polanyi, 1957). This "great transformation,"

nevertheless, took place only in a very small part of the globe, the one constituted by the Northwestern European nations and by the United States. (Tilly, 1975:81). The terms "modern capitalism," "democratic societies," and "western civilization," largely refer to these societies. The North Atlantic and North American capitalist societies are the product of a combination of multiple historical factors and contingent circumstances that, so to speak, helped to "freeze" a set of elements that were crucial for the creation of the Western democratic societies.

Modern industrial capitalist societies are those composed by: a) a distinct pattern of rational authority based on procedural universalism; b) a dominant pattern of social action based on individualism and procedural impersonalism that rests on a multiplicity of class fractions, status groups, political parties, and citizenship; c) a market economy based on the impersonal transference of economic resources, where the exchanges that take place are independent from the personal characteristics of the individuals involved. (Jowitt, 1978:9; Warner, 1973:59). In a few words, what we call modern capitalism is a composite, a combination, of inter-connected economic conditions, social arrangements, and political structures.

It would be problematic to make use of the history of the industrial capitalist societies as a paradigm to predict the future of the peripheral, non-industrial, or semi-industrialized ones because the core went through stages and plateaus that are specific to its history. The combinations, i.e. the sets of relationships between economic conditions, social structure, and political arrangements that took place there -- and that are responsible for the heterogeneity within the core itself -- are not to be found elsewhere.

For simple probabilistic reasons, no linear evolutionary perspective that took the core as paradigm would be able to predict the historical unfoldings of the non-core countries: several factors internal to these countries would have to repeat themselves in the same way they took place in the core and several other international factors, that constituted the setting for the development of the core countries would have to be present again. To make things more complicated, the timing of the combination of the events would have to be the same (Mouzelis, 1980: 3; Cardoso de Mello, 1982:98).

In addition, a final impossible condition would have to be met: the core countries should be absent in the present world because their simple existence not only curves the space in which the peripheral countries must

subsist but also sets parameters, incentives, and constraints for these countries. Even within the portion of the world I am referring to, in a simplifying way, as the "core" the early industrializers set the agenda for the late-comers. In comparing Britain to the Continental nations around the year of 1848, Willian Langer (1969: 45) concluded "that the entire Continent, with the possible exception of Belgium, was a full generation behind Britain". As Bendix (1984: 115) puts it:

Modern history has been characterized by consecutive revolutions or restorations, and each of these transformations has influenced the next....Each of these revolutions or restorations was a collective response to both internal conditions and external stimuli. Each had repercussions beyond the frontiers of the country in which it occurred. After each transformation, the world changed in Heraclitus' sense that you cannot step into the same river twice. Once the English king had been overthrown and Parliament declared supreme, other monarchies became insecure and the idea of parliament government was launched. Once industrialization was initiated, other economies became backward. Once the idea of equality had been proclaimed before a worldwide audience, inequality became a burden too heavy to bear.

When capitalism is understood as a package of conditions and relationships among variables in the context of capitalist production, it becomes possible to speak of "variants of capitalism" that may share similar

traits while being, at the same time, profoundly different one from another (Eldridge, 1980:34; Guimaraes, 1977: 193ff; Fernandes, 1976: 222ff). Take non-industrial, or semi-industrialized capitalist societies for example. What separates them from modern capitalism is not only a time lag, or a few stages in one hypothetical scale of modernization. Modern industrial capitalism and peripheral capitalism may be substantively similar with respect to the basic capitalist structure and, at the same time, they may differ with respect to:

- a) the historical unfoldings that produced capitalism in the periphery as consequence of its existence in the core;
- b) the historical unfoldings, and the timing, of the conflicts and contradictions existing in the periphery as a function of the relative importance of each major political actor;
- c) the political arrangements that were established to administer the capitalist order and the patterns of separation, or integration, of state and society;
- d) the patterns of social action and normative orientation of individuals as members of different classes, groups, or factions;
- e) the distinct "passages" that took place in each

peripheral society and that helped to "freeze" or recreate important aspects of the given society (Stinchcombe, 1978:61ff);

f) the characteristics of the process of capital accumulation (Gerschenkron, 1976,7ff; Caporaso, 1981).

The understanding of capitalism as a package of conditions and relationships must include the characteristics of the system of property and control of the means of production, patterns of social action, type of public authority, and patterns of interest intermediation. This procedure will not allow for the discussion of peripheral capitalism as a transition between traditionalism and modern capitalism (Bendix, 1977a: 382ff; Chirot, 1978: 35ff): it will direct the focus of the analysis towards the distinct and durable combination of elements that characterize one specific society in comparison to others.

The notion of combination (and the timing of this combination) is a crucial one. Historical unfoldings are as much the product of the cumulation of structural factors as they are the product of virtual choices (Stinchcombe, 1978: 70), or life chances (Dahrendorf, 1979: 53ff). Structural conditions provide the setting, the "window", for choices, coalitions, and conflict resolution. That is to say that similar structural

conditions, if they ever exist, may produce different outcomes in distinct societies depending on the pattern of choices that are made by the major political actors. A "structurally created opportunity guarantees nothing. Opportunities, in order to be realized, must be captured and molded by intelligent human action" (Karl, 1982: 2). Whenever a major transformation, a passage, -- like industrialization or a political revolution -- takes place, it forecloses several alternatives and opens a number of others (see Hewlett & Weinert, 1982 for a comparative example).

Think about industrialization. It creates new opportunities for political coalitions as well as new types of conflicts. It offers new grounds for political competition. It erodes the power of landed elites and make it impossible for them to rule in an oligarchical way. It also gives rise to new collective actors. That is to say that, at the same time, industrialization creates new opportunities and prevents the existence of several other alternatives. In every case, existing political outcomes will always be the product of the combination of several important factors in a given time sequence.

In the case of Brazil, industrialization took place in a context where oligarchical groups were already weakened by political confrontations, by the world



depression of the late twenties, by the presence of a growingly strong state elite (Murilo de Carvalho, 1982), and by the existence of competing groups (1). The emergence of a new order, in the 1930s and even more clearly in the 1950s, took place under the absence of a clearly dominant, hegemonic faction. The modern state that began to be built from the 1930s on has been called a "state of compromise" where no major actor or faction enjoyed clear supremacy over the others (Fausto, 1970; Reiss, 1980; Weffort, 1980).

Modern statecraft in Brazil antedated class formation in industry; the regulation of citizenship cut across class solidarity and intervened in the class relations; corporatist legal arrangements set parameters and limitations for the citizenship of workers (Santos, 1979); the bourgeois revolution took place when many elements of modern state were already in place. The bourgeois revolution was made in association with MNCs and with state participation and supervision.

Modern capitalism came to being in Brazil in a context that was distinct from the one that prevailed in the early industrializers. Clientelism constituted one important aspect of political and social relationships in the country. Clientelistic arrangements were not eroded by the modern capitalist order. They got integrated into

it in a conspicuous manner. After examining, in the following sections, the constitutive features of clientelism, I will point out the specific ways in which clientelism became integrated with industrial capitalism in Brazil.

## 2.2 - Specific Exchange and Generalized Exchange in Capitalism

The notion of clientelism was originally associated with studies of peasant societies. In such a context clientelism means a type of social relations marked by face-to-face contact between patrons and peasants. The peasants, i.e., the clients find themselves in a subordinate condition given their lack of land. The peasant groups that served as the basis for the development of the notion of clientelism were always on the verge of scarcity. Inequality plays a key role in the survival of both patrons and clients and generates a series of personal links between them that range from simple "compadrio" to political protection and political loyalty. (Powell, 1977:147ff).

It has been argued that in the family is the basic unit of the peasant economy and society, a unit both of

production and consumption. Peasant societies are frequently described as having domestic modes of production and consumption. In such an economy the family institution plays a crucial role, and the extended family is an additional guarantee for future survival. Fictive kinship is equally relevant for the maintenance of this mode of production. The marriage of daughters and sons is viewed as part of the overall strategy of survival and is part of the economy of investments, an insurance for times of scarcity. Peasant societies are primary groups where all relations are based on personal and direct contacts. (Jowitt, 1978, 7/8; MacFarlane, 1978: 22ff).

In peasant societies the social and economic worlds are fused. Intensive, capitalist-like, social differentiation is absent, and the value system is based on particularistic or non-universalistic criteria. On one hand, the personal and dyadic character of the patron-client relations inhibits the formation of collectivities of interests and of collective action. On the other hand, the acceptance of such a condition is perfectly rational from the point of view of peasants. The patron is the actor that has contacts with the exterior world and has command over external political resources. The patron has resources - both internal and external to the community - on which clients depend.

In clientelistic settings the exchanges that take place are generalized and personal. Each object or action that is exchanged contains a reference to the general condition of the group. The relationship known as "compadrio", for instance, includes the right of the client to future protection from his patron. (2).

The exchange of goods is restricted; it takes place in an atmosphere where an impersonal market economy is absent. Generalized exchange includes promises and expectation of future returns.

The system of "generalized exchange" of clientelism is different from the system of "specific exchange" that characterizes modern capitalism. Here, the process of exchange and acquisition of any goods does not include the expectation of future personal relationship, nor does it rely on the existence of past relations between the parts involved. Labor, for instance, is bought and sold in the free labor market; desired goods are acquired in shops especially designed to display and sell such goods. Safety nets, if they exist at all, are part of the the domain of the public realm. The exchanges occur without regard for the personal characteristics of the individuals involved. They are characterized by their impersonalism. Impersonality constitutes one of the basic factors of the free market as well as the basis of the

notion of citizenship. (Eisenstadt & Roninger, 1980).

However generalized exchanges are also found in modern capitalism. This non-capitalist system of exchange has been observed in rural societies linked to the market (Grazziano, 1977: 360ff), in urban capitalist centers (Oliven, 1982:15ff; Oliven, 1980:32; Leeds & Leeds, 1978,55; Allum, 1973, 93), in political parties (Diniz, 1982; Chalmers, 1977: 401; Zuckerman, 1977; Sayari, 1977; Chubb, 1981; Ozbudun, 1981; Purcell, 1981), in economic organizations (Berger & Piore, 1980, ch.4; Viana & Salinas, 1982; Sorj, 1981), in several other institutions of capitalist and socialist societies (Tarkowski, 1981; Ionescu, 1977; Willerton, 1979). The co-existence of capitalist patterns with non-capitalist ones has been proved real in many cases. (Fernandes, 1976: 222ff; Fernandes, 1978: 21ff). Although they comprise two distinct "grammars"for the establishment of meaningful relationships and in spite of being constituted by principles that are logically antagonistic and incompatible, the grammar of generalized exchange and of specific exchange are empirically compatible (3).

Studies conducted in capitalist societies indicate a curious relationship between the grammars of generalized and specific exchange (4). Although they co-exist in permanent tension in the same capitalist formation, they

frequently combine in ways that are positive for capitalist accumulation (Lemarchand, 1977:100ff; Eisenstadt & Roninger, 1978; Eisenstadt & Lemarchand, 1982). Clientelism and market relations are two different forms of controlling the flux and the transfer of resources in a given society.

Clientelism is a system characterized by paradoxical situations because it involves:

"first, a peculiar combination of inequality and asymmetry in power with seeming mutual solidarity expressed in terms of personal identity and interpersonal sentiments and obligations; second, a combination of potential coercion and exploitation with voluntary relations and compelling mutual obligations; third, a combination of the emphasis on these obligations and solidarity with the somewhat illegal or semi-legal aspect of these relations ... (T)he crux of patron-client relations is indeed the organization or regulation of exchange or flow of resources between social actors." (Eisenstadt & Roninger, 1981: 278/9).

The dyads characteristic of conventional descriptions of clientelism tend to turn into extensive networks in the modern capitalist societies where they exist. As Kaufman (1974: 291) and Powell (1977) point out, the analysis of the clientelistic dyad can be extended to encompass patron-client clusters -- structures in which many clients attach themselves to the same patron -- and patron-client pyramids -- structures that emerge when leaders of various patron-client

clusters establish linkages with still higher placed actors - thus making possible "the conceptualization of a potentially, large-scale, multi-tiered network of relationships, all of which are 'based' on the patron-client exchange" (Kaufman, 1974: 291).

In syncretic societies like the Brazilian or the Italian, the logic of generalized exchange is transferred into associations, political institutions, public agencies, political parties, cliques, factions (Powell, 1977: 152ff; Di Palma, 1978: 12; Allum, 1973: 93; Leeds & Leeds, 1978, ch.2/3; Kenny, 1977: 355ff; Guasti, 1977: 422ff).

The role of clientelism is also important in socialist countries. It has been reported that clientelism works as a countervailing force to the powerful and centralized bureaucratic state of Leninist countries. Personal, hierarchical networks perform the function of mock channels for participation, competition for resources, and resource allocation according to demands from below (Ionescu, 1977; Tarkowski, 1981).

### 2.3 - Capital Accumulation, Institutions, and Clientelism in Brazil

In contemporary Brazil the clientelistic system performs functions that are somewhat similar to the ones it performs in Leninist societies, i.e, it takes the place of channels of communication and representation between society and the all powerful state, and provides the lower strata of the population with voice and mechanisms for specific demands (Diniz, 1983). However, it is also embedded in circumstances that make it different from the Leninist states because clientelism in Brazil belongs in a capitalist setting where social classes operate. In this particular context clientelism constitutes both an alternative to the pervasive presence of state structures and a grammar of non-market social relations between classes and social groups.

Capitalist accumulation of capital rests on principles that contradict clientelistic ones. Capital accumulation generates new investments for the expansion of the system and, as it happens, personal links between labor force and capitalists are eliminated.

The logic of capitalist expansion is associated with the logic of impersonalism. Nevertheless, there are cases in which the capitalist mode of production becomes dominant in a specific social formation without becoming universal for the same particular social formation. There are also instances -- and this is the case of Brazil --



where the capitalist mode of production is universal but is combined, mixed, with non-capitalist traits that were not destroyed by the expansion of capitalism (Fernandes, 1976, 1978). These factors were nevertheless blended under the domination of a capitalist logic. In the process of its historic maturation, such a syncretic system developed formal institutions, patterns of social relationships, patterns of relations between individuals and institutions, and patterns of political domination that are fully impregnated by the logic of the grammars of generalized and specific exchange. Such elements are integral to capitalism in Brazil. The effects of such a combination should not be seen as a passage, or a stage of modernization, but rather as a particular combination of traits of capitalism in that particular social formation (Berger & Piore, 1980).

What characterizes a society like Brazil is exactly the discontinuities it presents along several areas of the social, economic, and political life. The process of subordination of many other spheres of the social life to the commands of the economic order, as described by Polanyi for the core capitalist countries, did not take place in Brazil.

Family life is of great importance in Brazil. The accelerated industrialization of the last 30 years did

not affect the family structure in the directions one would expect should the core capitalist societies be taken as paradigm. Industrialization and urbanization were accompanied, clearly, by stronger emphasis, at the family level, on individual achievement. This "individuation" was paralleled, however, by a reinforcement of the extended family structure exactly in the urban and industrial centers. Based on extensive comparative (Brazil vs United States) research, Rosen reports that it is precisely the "achiever" of the industrial areas the one that seeks to reinforce the family structure and the kinship network:

"But the kinship group that becomes reinvigorated in the city is not the classical extended family, for that system seldom exists anywhere, but a smaller, less hierarchical system similar to the Brazilian parentela. To the parentela the achiever turns for emotional support in times of stress, for help in finding work and promoting a career, for the approval that validates his success. Hence this person is strongly motivated to keep the ties with kinfolk in good repair. But doing so is not easy; it requires careful attention to kinship concerns, to maintaining physical proximity to relatives, to visiting them regularly and attending family ceremonies, to giving and receiving help". (Rosen, 1982; 295).

Individual entrepreneurship and individual achievement are necessary for the reinforcement of the parentela. By means of this "individuation with reinforcement" of the parentela ties, the primary

group becomes more cohesive and more democratic at the same time as industrialization proceeds. This process hinges on a clear separation between family unit, productive unit, and formal institutions. The reinforcement of this separations depends on the individual achievement outside the realm of the family, in the world of the economy.

This individuation with reinforcement of the parentela separates the Brazilian society from the domestic modes of production. It also sets it apart from the American model where the stronger emphasis on the nuclear family and individualism, coupled with an extremely high geographic mobility, redefined the family as the nuclear group composed only by parents and children, thus weakening the intersection between kinship and social order. Rosen points out that the term family has distinct meanings in Brazil and in the US. When Brazilians say "my family", they mean the extended family, the parentela. When they want to refer to the nuclear family they usually say "my wife (or husband) and children".

The importance of the family structure in Brazil has been compared to the role families play in the Japanese industrial society. In research that reports results similar to the ones presented by Rosen, Takashi Mayeama

(1983: 164)) points out that:

"Man is born into a 'familia' and grows up surrounded by warm affection...However, in order to 'levantar a vida' (to make a living and get on in the world) - i.e., secure himself a job and his daily bread - he must 'go out in the world' (sair pelo mundo)...The formula he employs in thus having to venture out into the world is that of the 'familialization' of this 'unfamiliar' world through 'neo-familism'. This somewhat resembles the so-called 'familial structure of Japanese society".

Mayeama argues that Brazil has a network oriented social structure where intolerance for sharp group divisions based on ethnical or cultural backgrounds is very high. Brazilian society seeks to "universalize" the relations within it and has little tolerance for separated groups. This universalization is coupled with a strong hierarchization that is mitigated by personal networks.

"Instead of placing himself within the bounds of a particular group and finding his own identity through the group, a Brazilian would prefer to conduct and pursue his own life by manipulating personal relationships in accordance with the requirements of each specific situation. Instead of ... dividing people into groups such as white people vs. the blacks, Japanese vs. non-Japanese, group members vs. non-members ... Brazilians tend to view the world surrounding them and interpret human relations they are woven into, in terms of relationships essentially of one individual to another and, as a whole, in terms of accumulation and unfolding of these dyadic linkages" (p. 162).

Personalism impregnated and "framed" many institutions. Procedural universalism is permanently

under stress in Brazil. Personal and hierarchical relationships are crucial for everything, from getting a job to having a petition approved by some public agency; from finding a housemaid to getting a major business contract from the government; from licensing your automobile to getting appropriate medical attention. Brazilians praise the jeitinho (i.e., a private and personal accommodation of your demands) and personal authority as daily mechanisms for regulating social relationships and relations with formal institutions (Matta, 1979; Vieira, Costa & Barbosa, 1982).

The drive towards personalism is well illustrated by the institution of the jeitinho and by the use of personal authority so well represented by the paradigmatic expression "voce sabe com quem esta falando?" (do you know whom your're speaking to?), brilliant and extensively analyzed Matta (1979). Clientelism and personalism, however, were meant to be challenged and corrected, since the 1930s, by political decisions leading to procedural universalism, to laws regulating public service jobs, and by the creation of insulated bureaucracies that would not be receptive to pork-barrel demands stemming from political parties. Chapters 3 and 4 analyze this process.

#### 2.4 - Bureaucratic Insulation and Procedural Universalism as Alternatives to Clientelism

How does clientelism operate in a complex society like the Brazilian one? Clientelism rests on a set of personalistic networks that extend into political parties, bureaucracies, and cliques. These networks involve a pyramid of relationships that pervade society from the top down. The national political elites rely on a complex network of political brokerage that goes from the top echellons down to the localities. State resources play a crucial role in the operation of the system; the political parties -- i.e. those parties that support government -- have access to a number of privileges through the state apparatus. These privileges range from the creation of jobs to the distribution of other resources like paving roads, building schools, appointing the heads of services and agencies like the school district, the local health service. Privileges also include creating symbols of prestige for the main brokers in the network by favoring them with privileged communication with the power centers. In addition to these traditional means of patronage, other "indirect" means are created such as lines of credits to be used by local farmers or businessmen through the Banco do Brazil

or other state banks and development agencies. Contractors and developers working for the state by contract frequently benefit from networks in order to be promptly paid by the services rendered.

Formal state institutions became fully impregnated by this process of exchange of favors to a point where few bureaucratic procedures take place without a "helping hand". The bureaucracy thus lends support to the operation of clientelism and supplements the political party system. This system of exchange not only characterizes a form of control of the flow of resources in the society but it also guarantees the political survival of the local broker. The whole set of relationships characteristic of a network is based on personal contact and loyal friendship.

Virtually all authors who write about Brazil's political parties agree that clientelism is one of their most marked characteristics. Clientelism has been frequently seen, however, as a characteristic of the old republic, of the politics of "café com leite", of "coronelismo", in short, as a characteristic of archaic Brazil.

Political clientelism, however, remains very much alive in the two most modern urban centers of the country, Rio de Janeiro and São Paulo. Those who examined

post-war clientelism frequently saw it as a survival of the past, a survival that was deteriorating in the polarized milieu before 1964. Those who analyzed the more recent manifestations of clientelism -- Malufism in Sao Paulo and Chaguismo in Rio de Janeiro -- saw clientelism as a product of authoritarianism. The military dictatorship is viewed as having suppressed the mechanisms that allowed the confrontations of interests to such an extent that the only political language available is the grammar of clientelism, which prevents the appearance of the antagonisms that would reflect the real cleavages in Brazilian society.

Both the arguments above contain elements of truth. Nevertheless, neither is capable of unraveling the reasons for the existence of political clientelism in modern areas of Brazil before, during, and, as everything now indicates, after authoritarianism. Clientelism has been strong during democratic periods. It did not fade away during the period of authoritarianism. It was not extinguished by industrialization. It shows no signs of weakness during the current abertura.

Procedural universalism and bureaucratic insulation are frequently perceived as appropriate means to countervail clientelism. Procedural universalism, based on the norms of impersonality, equal rights before the



law, and checks and balances, would challenge and curb personal favors. Bureaucratic insulation, on the other hand, is perceived as a strategy for by-passing clientelism through the creation of islands of rationality and technical expertise.

Phrasing it in terms of contemporary organizational theory, bureaucratic insulation is the process of buffering the technical core of the state from environmental interference stemming from the public or other intermediate organizations. To the technical core is assigned the accomplishment of specific goals. Bureaucratic insulation means the reduction of the scope of the arena where societal and popular interests and demands may play a role. This reduction of the arena is achieved by decoupling crucial organizations from the traditional bureaucracy and from the political space governed by the congress and political parties, thus sheltering these organizations from traditional bureaucratic or redistributive demands.

Given the complexity of the task and its multiple constitutive parts (determination of project feasibility, financial analysis, supervision and management of projects, generation of financial means, assessment of the country's needs, generation of agreement on goals and values), the task environment of insulated agencies is

highly complex. Under such conditions, information is highly valued and coalition building with selected external actors is vital to guarantee both the necessary additional resources for goal achievement and to solidify the buffering of the technical core from noise originated in the external environment (5).

There are two properties of the process of insulation that must be understood. One involves variations in the degree of insulation, the other changes over time. First, not all insulated agencies are insulated to the same degree. One can think of a continuum ranging from total insulation to high degree of penetration by the political and social environment, i. e., social engulfment. Degrees of insulation or engulfment will have implications upon the structure, efficiency, responsiveness, and accountability of organizations.

Second, not all agencies that once were insulated will remain so over time: as the goals are achieved, the task -- environment becomes less complex and organizations can either cease to exist or be de-insulated. De-insulation may occur because the technical core does not require buffering when the task environment is analyzable, predictable, and less uncertain. In turn, new insulated agencies may become

necessary for other tasks that are perceived as fundamental ones. Under these conditions, state actors will always seek to insulate what they perceive as the technical core, be it composed by economic policy-making agencies, agencies in charge of security and information, nuclear policies, or computer policies.

In order to achieve high degrees of insulation, state agencies must enjoy strong support from selected actors in their task environment. In the context of the Brazilian political reality the relevant partners were industrializing elites, national and international. Reduction of the scope of the arena for policy formulation usually meant the exclusion of political parties, congress, and popular demands. In excluding them, the actors who promoted insulation wished to curb personalism and patronage in favor of a more technical basis for priority setting.

However, contrary to the rhetoric of its sponsors, bureaucratic insulation was by no means a technical, non-political process: agencies and groups competed with each other for the allocation of alternative sets of values; political coalitions were established with groups and actors outside the administrative arena in order to guarantee the feasibility of the projects; political parties were cajoled to protect projects in congress.

The most obvious contemporary example of a highly insulated bureaucracy is the SNI (National Informations Service). The SNI is the federal intelligence agency, directly linked to the presidency. There are no controls or checks and balances to the SNI's activities at any level of government. The DASP (Department of Public Service), created in 1938 can be cited as an example from the past that was created both to enforce procedural universalism and to perform other activities that typified the DASP as an insulated bureaucracy. In addition to these two agencies, however, other civilian agencies, such as BNDE (National Bank for Economic Development), Petrobras, CNEN (National Comission for Nuclear Energy), mostly in charge of economic production and economic policy-making, were also insulated from the widespread network of personalism and clientelism stemming from the political system.

Procedural universalism is frequently associated with the notion of full citizenship and equality before the law as exemplified by advanced market economy countries ruled by a representative government. Middle class groups, professionals, technocrats are many times perceived as a potential "constituency for universalism", i.e, "groups which oppose the patronage system and which insist that public benefits and burdens be allocated

according to a set of general -- universalistic -- rules and procedures..." (Shefter, 1976: 12). Journalists always write about the evils of clientelism and personalism; neighborhood associations frequently express their demands for more universalistic participation in the decisions that are relevant for their constituencies, claiming for more impersonal rules and more procedural universalism; opposition political parties quite often criticize the use of clientelist procedures by the government.

#### 2.5 - Corporatism and Clientelism: Tensions and Complementarity.

Formalized in laws, corporatism reflects a search for rationality and organization that challenges the informal nature of clientelism. Although regulated by general written norms corporatism is not the same as procedural universalism. Corporatist regulations do not contain in themselves provisions for individual challenge to the system of corporatist laws; these laws are concerned with incorporation and control, not with fair and equal treatment of all individuals: corporatism sets boundaries for membership and cannot, so far, be changed

by the vote of those who are subjected to it. Willingly or not, one is automatically covered by corporatist laws as soon as one signs a labor contract. "In Brazil, the highly structured, minutely regulated labor code is a superb example of the quest for rationality" (Erickson, 1977: 8, my emphasis). Corporatism and procedural universalism have a different etiology: corporatist legislation seeks to inhibit the emergence of a class conflictive order whereas procedural universalism would tend to emerge as a second best option to conflict or stalemate. It also inhibits the existence of autonomous interest groups that could defeat the logic of clientelism through the organization of independent pressure groups. This, in turn, reinforces the importance of personal, clientelistic arrangements in order to by-pass the formal, rigid corporatist legislation.

The early corporatist thinkers in Brazil believed corporatism was a device appropriate for the creation of a "sociedade solidaria" (entrepreneurs included) where political and class conflict, perceived as divisive, would not exist. Corporatism in Brazil today is a political device that serves the purpose of preempting political conflict through the incorporation and organization of labor. The type of state corporatism

implanted in the country in the 1930s differs sharply from the form of societal corporatism that exists in some advanced capitalist countries. In spite of the trend towards state capitalism, forms of societal corporatism also emerged in the last thirty years as a business strategy to penetrate the state (Guimaraes, 1979).

Like contemporary clientelism, corporatism is a piece of political engineering aimed at political control, interest intermediation, and control of the flux of available resources. Before comparing clientelism and corporatism in Brazil, and because Brazil has frequently been characterized as one of the most corporatist countries, a few words about variations of corporatism are in order. Let us review the main tendencies in corporatist reasoning in order to demonstrate how the study of clientelism can fill in some gaps not covered by the literature on corporatism.

## 2.6 - Variants of Corporatism in a Comparative Perspective.

For the sake of brevity I chose to discuss two of the most influential perspectives about corporatism: Schmitter's in the United States and Winkler's in Europe.

(see Collier & Collier, 1979; and Stepan: 1978, for an American perspective; see Bob Jessop, 1979, for an European evaluation). Schmitter, in his seminal article (1974) argues that corporatism is a system of interest representation (or interest intermediation as he prefers in a later work) (1977) based on limited numbers of compulsory, non-competitive, hierarchical, functionally separated categories that are recognized, licensed, and subsidized by the state. In the case of state corporatism groups are dependent and penetrated; societal corporatism is autonomous and penetrating. Schmitter sees societal corporatism as the natural answer to the inefficiency of economic liberalism in post-industrial settings (see also Maier: 1975 for similar perspective). Corporatism is thus viewed as both a system of interest intermediation and as a system of policy-making. In both cases corporatism is a strategy to pursue economic efficiency with low levels of conflict.

As conceived by Schmitter corporatism represents a major challenge to pluralist theories that assume that interests come "after" the individuals and that the state appears as a structure to mediate, balance, and give passage to individual (or group) interests. Corporatist reasoning, however, asserts that a) the state has always been present in the organization of interests, and b)



that organization is not totally spontaneous.

As a matter of fact Schmitter indicates that the existence of corporatism points towards the existence of variants of capitalism that are not based on markets, impersonalism, and public arenas, but rather based on corporatism. However, this thesis is only latent in corporatist reasoning and it is not developed in further detail. The major concepts in the literature on corporatism are interest (and organized interests), representation, and state, but these concepts are not fully developed and are not related to any pattern of historical change outside the state realm (see Schmitter, 1979, for an attempt at filling this gap).

According to the corporatist reasoning, in pluralism the structure of organized interests appears under the form of pressures, whereas in corporatism it appears as "concertation". For pluralism, politics is a process in which group interests are exchanged and channeled through agencies and the state is a reflection of that process. The state is a process of permanent transformation of pressures. For corporatists, the state is an organization with established interests, a major actor, side by side with groups. Since the state has to compete with societal groups and, at the same time, maintain its monopoly of authority, quite often it issues incentives and

constraints for group action (Collier and Collier, 1979). Because of that, as argued by Durkheim, individuals and groups will tend to see the state as a potential enemy and societal corporations emerge as an answer to state power and begin to operate as structures for intermediation of interests.

Another version of corporatism is more straightforward with respect to viewing corporatism as a mode of production. In contrast to the now classic definition provided by Schmitter, Winkler defines corporatism as "an economic system in which the state directs and controls predominantly private-owned business according to four principles: unity, order, nationalism and success" (Winkler: 1976: 103). The focus here is on political economy. Corporatism is viewed as a third type of mode of production besides capitalism and socialism. It is worth while it to reproduce here Winkler's chart that aims at a graphic representation of the relationship between ownership and forms of control of the means of production.

Winkler sees the emergence of corporatism as a major response to the complexities and inefficiencies of advanced capitalism. Corporatism emerges whenever an industrial society is facing crises, internal unrest, and inefficiency. The major prediction here is that England

FIGURE 1

OWNERSHIP VS. CONTROL OF THE MEANS OF PRODUCTION IN  
SOCIALISM, CORPORATISM, SYNDICALISM AND CAPITALISM

		Public	Private
CONTROL OF THE MEANS OF PRODUCTION	Public	Socialism	Corporatism
	Private	Syndicalism	Capitalism

From: J. T. Winkler, "Corporatism," Archives Européennes de Sociologie,  
 Tome XVII, 1976 # 1, page 113.

will become a corporatist society in the 1980s because of the above reasons.

The two polar versions of corporatism as presented above allow one to hypothesize that, albeit slowly and in spite of the need for more definitional work, in what it relates to industrial societies a core is emerging in the corporatist reasoning. Corporatism, or organized capitalism, is a response to the verification that the "invisible hand had arthrytis", to borrow George Dalton's vivid words (Dalton, 1974). Contemporary corporate forms of interest articulation in industrial societies mean the "concertation" amongst producers groups - like labor, companies, firms, organized business, finance, trade associations - vis-a-vis the state and vis-a-vis each other. Corporatism is a way to deal with uncertainties generated in the market.

## 2.7 - Corporatism and Clientelism as Analytical Maps

The timing of the introduction of corporatism in industrial countries and peripheral ones like Brazil, Peru and Mexico accounts for a profound difference between the two types of corporatism to be found in industrialized and in industrializing countries. As

Schmitter puts it, "changes in the mode of interest representation are primarily the product or reflection of prior and independent changes in economic and social structure" (Schmitter, 1979: 91). Variations of corporatism, and of its impact, may be due to "differences in historical intercept and starting point", examples of which are levels of class formation, pre-existing modes of interest intermediation, culture, and so forth.

In Brazil, Peru, and Mexico corporatism was used as an attempt to control and organize the lower classes by means of their incorporation into the system. Corporatism in Brazil was also meant to discipline the bourgeoisie. Instead, something different happened in the initial years of the implantation of corporatist regulations: through corporatist legislation the elites in power lured the lower classes with the benefits of integration. This integration encompassed large portions of the population in a peculiar semi-universalistic manner: the rules for integration, and the means for it, are stated in legal, universal terms that are applicable to all relations in the sphere of production.

In contrast, in industrial societies corporatist arrangements seeking to influence the state emerge outside the state domains and put together producer

groups willing to lower uncertainty for business.

In understanding countries like Brazil, in the absence of a detailed specification of the characteristics of the "historical intercepts" and of the "starting points", there is a real tension within the corporatist reasoning. As Kaufman argues, "as developed by such authors as Schmitter and Collier, the 'corporatism literature' served as point of departure for more refined understanding of, say, Brazilian labor organization and of region-wide variations in state-party-labor relationships". On the other hand, studies that fetichized corporatism into a total explanation of the political reality of Latin countries and into overall guides for political science research have been perceived as less useful (Kaufman, 1982: 39). From the perspective of the present research, it only makes sense to look at corporatism in conjunction with its relationship to the other grammars.

When one contrasts corporatism to clientelism it becomes easier to understand how the two phenomena may co-exist. According to Schmitter's classical definition, corporatism is:

"a system of interest intermediation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive,

hierarchically ordered, and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports (1979, 65)."

I would propose the following definition of clientelism that serves to highlight the contrasts:

clientelism is a system of controlling the flux of resources and of interest intermediation in which there are no fixed or organized numbers of constituent units; the constituent units in clientelism are clusters, pyramids, or networks based on personal relationships that rest on generalized exchange; the clientelistic units are frequently in competition with each other for the control of the flux of resources within a given territory; membership in clientelistic networks is voluntary, and it is not coded into any type of formal regulations; the hierarchical arrangements within the networks are based on individual consent and cannot be formally reinforced

In contrast to corporatism, that is based upon semi-universal, legalized formal codes, clientelism is based on an informal, voluntary, non-legalized grammar of relationships between individuals.

Both corporatism and clientelism can be perceived as crucial mechanisms (one, formal, the other, informal) for preemption of social conflicts. Corporatism organizes horizontal layers of professional categories arranged in

hierarchical, formal structures. Clientelism cuts across classes, groups boundaries, and professional categories.

In many aspects the literature on corporatism has overlooked the dynamics of the Brazilian society. This literature has been characterized, with the exception of the authors working on Europe, and sparse examples in the field of Latin American studies (Collier & Collier, 1977; Erickson, 1977; Stepan, 1978) by the excessive attention to formal political institutions, formal legal codes, and to the formal process of policy-making without a major regard for the relations between societal groups and institutions (Collier & Collier, 1977; Hammergren: 1977), or it has centered its focus on the particular cultural characteristics of Iberic culture without specifying the ways in which cultural traits become transformed into institutions.

As pointed out by Da Matta (1981; 1982) Brazilian society is extremely strong and well organized outside the realm of formal political institutions. As Da Matta argues, social scientists, in their analyses of Brazil, have frequently overlooked the study of true social institutions like the jeitinho, friendship, social networks, and so forth, because those elements are apparently "informal" and fluid. In consequence, they tend to be taken for granted or as inconsequential for



the study of other political and social events. On other hand, because corporatism, bureaucratic authoritarianism, authoritarian policy-making, etc, tend to be formalized into codes and legal procedures, they are more frequently observed and taken seriously.

In the very end, should one take the literature on corporatism as a sole guideline, Brazil would emerge as an insoluble puzzle where formal institutions would seem to be separated from the real society, as if Brazil was a "schizophrenic" social formation composed by horizontally separated and parallel realities: the social life and the formal institutions.

## 2. 8 - Conclusion

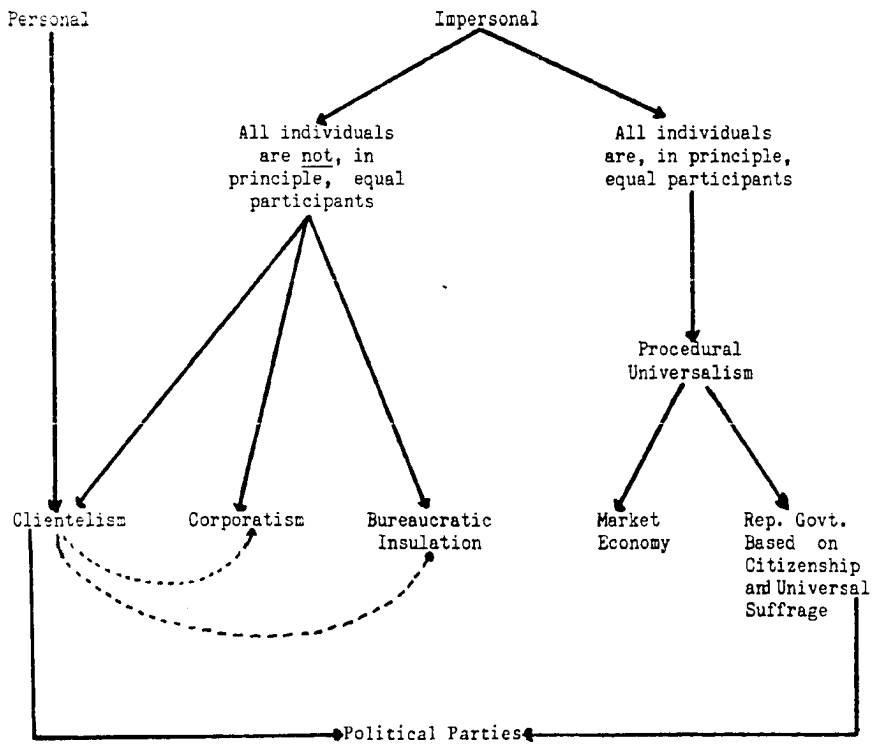
In the context of a broad historical perspective of the evolution of modern capitalism, I distinguished the existence of four grammars for state society relations in Brazil. The grammars were separated out on the basis of their resting on personalism or impersonalism. Clientelism typifies a personalistic grammar, as opposed to procedural universalism that epitomizes impersonalism. Corporatism and bureaucratic insulation are penetrated both by personalism and impersonalism. As semi-personal,

semi-impersonal grammars, these two set formal parameters under which individuals may be considered equal or unequal. Nevertheless, they are also profoundly penetrated by the personalistic logic of clientelism: corporatism, as I argue in the next chapter, helped in the creation of thousands of public jobs that were staffed on the basis of clientelistic principles; also, many labor leaders benefit from corporatist provisions for their long terms of incumbency in unions and federations and become providers of favors, much in a clientelistic way. Bureaucratic insulation, on the other hand, as Cardoso (1975) has shown, allowed for the existence of "bureaucratic rings" that are typically based on personalistic exchanges.

As discussed in detail in the following chapters, political parties played a crucial role in linking the grammar of clientelism to the universalistic rules of the representative democracy established in Brazil in 1945. The following chart presents a graphic summary of the four grammars discussed in this chapter, as applied to the Brazilian context, and indicates the process of "cross fertilization" that takes place in the actual operation of the grammars.

FIGURE 2

TYPES OF GRAMMARS FOR STATE VS. SOCIETY RELATIONS



1

## Chapter 3

## The Construction of Bureaucratic Insulation and Corporatism and the "Nationalization" of Clientelism

The revolution of 1930 inaugurated, under Getulio Vargas, a long period of state building characterized by political and administrative centralization, and intervention in the economy. The process of centralization was deepened after 1937, still under Vargas, when a dictatorial regime was installed.

The Vargas' period encompasses the years 1930 to 1945. In these 15 years three new grammars for state vs. society relations were supported by newly created agencies and regulations: corporatist legislation was issued, and corporatist institutions were created; bureaucratic insulation was pursued through newly created state agencies and state owned companies; procedural universalism was sought mainly through attempts at civil service reform and at the implantation of a merit system.

These new "modernizing" grammars interacted with an old one: clientelism. Clientelism was translated into formal political institutions by the operation of a political system that favored localities and state groups in Brazil's highly decentralized First Republic, in which

local and state political machines played a central role.

This chapter pictures the historical evolution and institutionalization of the three new modernizing grammars brought about by the 1930 revolution and shows how these new grammars interacted and blended with the previously dominant clientelistic arrangements. Second, the chapter shows how the increasingly strong central state concentrated in its hands, and "nationalized" the means for clientelism. In order to illustrate these processes, I analyze the institutional framework and the set of policies that were brought to life by the post-1930 state building process sponsored by the new regime.

### 3.1 - Background: Challenge to Modernize the Brazilian State

The Brazilian First Republic (1889 - 1930) was highly conservative, oligarchical, and regionalistic. "An election was not final until the federal or state legislature reviewed and completed recognition process of electoral results. The federal president and state governors dominated the recognition process through control of the majority (government) party in the

legislature" (Fang, 1973: 71). This process of recognition required that local coroneis (caciques) entered in agreement with the governors and the president to guarantee that the result of the elections would please the dominant establishment. Personal favors and "empreguismo", on one hand, and repression, in the other, largely characterized political relations in this period of "repressive laissez-faire". (Santos, 1979: 71; Schwarz, 1977; Nunes Leal, 1980: 13).

Urban forces such as the military, the middle class, and the intellectuals, starting in the 1920s, began to raise their voices against this oligarchical system. In the 1920s several political crises were paralleled by debates that reflected the tensions between the oligarchical, personalistic, clientelistic system of the Old Republic and a demand for a universalistic, public order. The late 1920s and the 1930s are marked by a rise in the tone of the discussion of the need for the creation of a modern bourgeois order as opposed to the traditional, privatist order (Ianni, 1977; Santos, 1978).

These crises and debates ultimately led to the 1930 revolution that was expected, by many of its supporters, to bring about the creation of the modern bourgeois order. This never happened. In many aspects, the 1930 movement can be characterized as a revolution that never

was. In the absence of a hegemonic bourgeois faction, the post-1930 gave rise to a "state of compromise" in Brazil (Weffort, 1978: 120; Fausto, 1970: 104). This state of compromise was characterized by the attempt, on the part of the government, to please many different --and even opposite-- interests.

The new regime enforced centralization but had to please, at the same time, the rural groups, the emergent industrial groups, the military and professional middle class groups, and labor. This meant the disaggregation of state policies into many distinct directions in order to issue measures to protect industry, to incorporate and tame labor, to protect the coffee bourgeoisie, to modernize the state apparatus in search of the establishment of procedural universalism (Cunha, 1963: 90/4). Far from destroying the personalistic, localist basis of the Old Republic politics, the post-1930 regime relied on it for support gathering. This became even clearer after 1937, when a dictatorship was installed, the dictator having to rely even more strongly on non-universalistic measures to appease regional and local pressures. This led to the creation of mechanisms to substitute for local parliaments and to the appointment of "interventores" to perform the role of state governors and mayors all around the country.

The new post-1930 order helped to institutionalize at the federal level the grammar of generalized exchange that characterized the Old Republic. Since the state of compromise meant the issuing of somewhat contradictory measures to please opposite groups, the post-1930 regime also gave institutional expression to pressures that ran against clientelism thus creating within the state apparatus tensions between the sponsors of clientelism and the supporters of procedural universalism.

After the 1930 revolution, Vargas came to power facing a set of crucial challenges: at the internal political level, a fragmented support coalition; at the internal economic level, a severe depression that threatennd both the powerful coffee oligarchy and state revenues; at the level of international economic relations, a dramatic export bottleneck and the immediate need for debt re-negotiation coupled with strong pressures imposed by foreign banks that wanted to impose conditions for lending money to Brazil. This multifaceted set of challenges demanded prompt action on the part of the new government.

Vargas responded to this overload of challenges with a set of measures that started in 1930 and extended until 1945. These measures would change Brazil's face in a permanent way. The process of change unleashed in 1930



included: (a) state intervention in the economy through the creation of agencies and programs; coffee protection policies; and transfer of all important economic decisions to the federal level; (b) political centralization; administrative reforms; rationalization and modernization of the state apparatus; (c) redefinition of the patterns of relationship between local and regional oligarchies; intensification of the exchanges between the federal government and regional groups with simultaneous centralization of the means for patronage; (d) corporative incorporation of labor.

The set of policies put into practice by Vargas gave institutional expression to a maze of apparently contradictory tendencies: (a) procedural universalism was sought by civil service reform and the establishment of the merit system under the supervision of the Civil Service Department (DASP); (b) bureaucratic insulation was accomplished by newly created autarchies, by the activities of the same DASP --in its roles of presidential advisory board and policy formulation agency-- and later by the creation of state enterprises; (c) clientelism was performed by an intricate set of relationships with local and regional groups based on a range of ties and favors that included employment with the government, participation in special advisory

councils, and networks put in operation by the "interventores" appointed to replace all but one state governors; (d) corporatist practices were secured by new legal provisions, a newly created ministry of labor, by the labor courts, a number of welfare institutes, and later by a labor code.

On October 10, 1940, date of the tenth anniversary of the 1930 revolution Vargas himself, in a speech, outlined the load of challenges his government had to meet:

"Until 1929, as far as political organization is concerned, Brazil was dominated by an electoral fiction; in economic life, laissez faire and non-intervention by the state offered a contrast to the world atmosphere of control and planning; in finance, the disorder and dissipation which had come to be regarded almost as principles in themselves and the abuse of foreign credit which only a few executives, due to the transitoriness of their mandates, did not indulge; in education, the routine; in the public service, political patronage. The states and the municipalities, with a few exceptions, were no more than feudal organizations in which political succession prevailed as a private privilege. Public affairs and domestic matters had parallel solutions, and sometimes it even happened that the latter determined the solution of the former." (quoted in Morris L. Cooke, Brazil on the March, 1944: 278).

A brief account of the responses to the set of challenges --at the level of the internal political system, at the level of the internal economic order, and at the level of international constraints-- above

outlined will demonstrate how the Vargas government changed the Brazilian polity and the reasons why Vargas felt justified to cast his 1940 speech in such a critical way.

### 3.2 - State Building: Administrative and Political Centralization.

Vargas took prompt action against the federal structure of the Old Republic. He fired all but one of the state governors and appointed **interventores** to rule the states. Many **interventores**, personal agents of the president, were chosen from within the ranks of the **tenentes**, i.e. young, modernizing army officers who supported the 1930 revolution. These young officers were to replace the --in the revolution's jargon-- "rotten" (**os carcomidos**) politicians of the "Old Republic". The position of **interventor** carried with it an enormous prestige and sizeable resources for patronage. There were cases in which federal ministers accepted **interventorias** in lieu of the ministerial position. Fernando Barros and Agamenon Magalhaes, in 1941, traded their ministerial posts for the **interventorias** of Sao Paulo and Pernambuco (Lowenstein, p. 60). In fact many of the

**interventores** become important political figures in post-1945 conservative parties. In order to replace the **carcomidos** and to rule the several states the **interventores** had to establish coalitions with factions of the oligarchies. This certainly cooled the revolutionary impetus of the new state administrations.

This process of coalition making with factions of the oligarchies acquired different formats in different states, some of them going through a period of clear conflict with the **tenentes** and the federal administration before entering in agreement with the federal power. In Minas Gerais the internally fragmented political situation made clear from the beginning that the "modernizing" federal administration would have to come to grips with the importance and resilience of the local oligarchies (Bomeny, 1980). In Sao Paulo the coalition between the **tenentes** and the local oligarchies went through stages since the beginning of the new administration and was severely threatened by the Constitutionalist Revolution in 1932, after defeating the **paulista** insurrection the federal government renewed its attempts to get closer to the local oligarchy (Castro Gomes et al., 1977: 237). In Pernambuco, Vargas sought a process of coalition-making with the more peripheral factions of the oligarchy of the backlands and, at the

same time, made populist overtures to the urban poor; this strategy added more room for federal autonomy from the so far ruling local oligarchy; in order to neutralize a ruling oligarchy Vargas entered in coalition with peripheral oligarchical factions (Camargo, 1976).

However, at the federal level the regime proceed toward centralization and rationalization. Vargas initial actions were backed by a "special powers act" issued in 11/11/1930 which gave him legislative and executive powers. Before the end of 1930 Vargas had created two new ministries: Health and Education; Labor, Industry and Commerce. In 1931, besides setting up a committee to analyze the finances of the several levels of government, Vargas appointed a legislative commission to undertake the reform of the legal codes. Legal reforms, however, gained impetus only after the establishment of the dictatorship in 1937. Also in 1931 a commision was created to centralize the acquisition of materials for the government (Comissao Central de Compras). Before the end of 1931 Vargas issued the "Interventores Code" that prohibited the states from getting foreign loans without previous federal approval; vetoed the use of more than 10% of the states budgets for states militias; prohibited the states from acquiring, for their militias, heavy artillery and military aviation in proportion exceeding

the strenght of the national army.

The Vargas period is marked by the widespread concern with things that are **national** as opposed to regional or local. After the 1930 revolution a press and propaganda department was created that sought to diffuse throughout the national territory information provided by the government. This department was reformed in 1934 and in 1939. Another important indication of Vargas leanings towards the creation of something **national** was the establishment of **A Voz do Brazil** (The Voice of Brazil), a news and information program with propogandistic tones that stressed national themes (Castro Gomes, 1982). All radio stations in the country were obliged to broadcast the **Voz do Brasil** on a daily basis.

The post-1930 period was also marked by the widespread concern with things that were **rational** as opposed to the perceived irrationality of the Old Republic. One of the first acts issued by Vargas after the installation of his dictatorship period starting in 1937 outlawed all political parties (Decree-Law 37, december 2, 1937). In the words of one of the ideologues of the Vargas government, Gustavo Capanema: "This solution saved the national polity from the fragmentation and desharmony fomented by partisanhip....Once the

parties were extinct, the aspirations of the people were channeled directly to the central government by the voice of the organisms representing the various social classes" (Arquivo Capanema, in Schwartzman, 1982).

Capanema's interpretation of the need for corporatist structures well reflects the mentality of the ruling elites and sets the basis for the institutionalization of corporatism as another aspect of the quest for rationality that characterizes the new administration. A new unionization law was issued in 1931. "If the unionization law of 1907 allowed for the unions to define who could join the unions, the new law defined who could be unionized. Besides, the operation of the union was dependent on its registration in the newly created Labor Ministry" (Santos, 1979: 76). A new Decree Law issued in 1932 established that only unionized workers could bring their grievances before the Labor Courts. The 1934 constitution revoked these regulations but prevented non-unionized works from benefiting from the collective labor contracts. Finally, in 1932, a "worker's identification card" was created that guaranteed that the worker was covered by the labor laws (Santos, 1979, 76). Maybe **worker's passport** would be a translation that would better convey the implications of having, or having not, a worker's I.D. card. According

to Wanderley Guilherme dos Santos insightful analysis, the regulamentation of professions, the worker's passport, and the regulated unions constitute the three basic parameters for the definition of citizenship in Brazil:

I suggest that the key-concept that allows for the understanding of the post 1930 social-economic policies...is the concept...of...**regulated citizenship**....In other words, citizens are all the members of the community that belong in any of the occupations that are **recognized and defined** by the law...Citizenship is included in the profession and the rights of the citizens are equal to rights attributed to the position that the individual occupies in the process of production, as by the law. Therefore, all of those whose occupations have no legal recognition are pre-citizens" (Santos, 1979: 75).

The corporatist structure that was created after 1930 also added to the process of centralization and "statization" of the means for clientelism. The creation of "the Ministry of Labor with its regional departments, the Labor Courts, the unions, federations, and confederations...generated thousands of new jobs." (Martins, 1981). The creation of several other ministries and dozens of agencies generated thousands of jobs for middle class individuals, attorneys at law, bureaucrats, intellectuals (Micelli 1979: 132; Candido, 1984: 35). This helped to enlarge the presence of the state in the



polity.

The 1937 dictatorial regime deepened the process of centralization and rationalization. The legislative was shut. The DIP (Department of Press and Propaganda) was charged with the censorship of films, radio broadcasting, and of the press. Strikes and lockouts were decreed as "anti-social behavior".

The constitution of 1937 was a document crafted to bluntly deny rights and civil guarantees to everybody but the central government. This document was exemplary complemented by the Decree Law 1202 (April 8, 1939) known as Law of the States and Municipalities. Article 2 of the 1937 constitution outlawed the symbols, flags, and anthems of all federal states: only the national symbols would be accepted as legal political symbols. The federal states were to be ruled by the interventor and by the Administrative Department. Most policies and legislation issued by the states, however, depended on presidential approval.

A "state of emergency" was constitutionally declared that suspended all civil rights. This constitutionally imposed "state of emergency" lasted until 1945 when it was reversed by Jose Linhares' successor democracy.

A process of bureaucratic insulation was also started in the post 1930 regime. The Administrative

Department of the Public Service (DASP), created by the 1937 regime, is perhaps the most important example of bureaucratic insulation in the those years, and epitomizes the quest for rationality that characterizes the period. As a correlate to "rationalization", centralization, standardization, and coordination constituted the highest aim of the DASP. The "coordinating system" (o sistema coordenador), in DASP's jargon, started with the creation of the "Comissao Central de Compras" in 1931, was added by the Federal Council of the Public Service and by the Efficiency Commissions in 1936. (DASP Report, 1941: 8). In 1938 the "sistema organizador" was crowned with the creation of the DASP.

The DASP was a paradoxical organism because it combined bureaucratic insulation with attempts at the institutionalization of procedural universalism. Created to rationalize the public service and the public administration, it was concerned with the establishment of procedural universalism in matters related to the public administration, and matters related to the hiring and promotion of public servants. In this capacity, the DASP represented the modern factions of the military, the middle classes, and professional administrators, was a crucial agent for the modernization of the public

administration. Although its mission was far from completed, the DASP took several positive steps towards the modernization of the state apparatus and civil reform. (Siegel, 1964; and Graham, 1965.)

There was, however, another face to the DASP: the institution performed the role of a think-tank and of the analytical arm of an authoritarian regime. In this capacity the DASP promoted bureaucratic insulation and performed several functions that contradicted the procedural universalism that it endorsed as a modernization agent. In DASP's own words:

"in contrast with the rich countries where politics orbits around serious business, in Brazil during the 40 years of republican life politics depended on public jobs that fed the electoral machinery. In the U.S. and in England it was possible, therefore, to reform the civil service and maintain elections at the same time. In Brazil it was necessary that the 1930 revolution disassemble the electoral machinery thus allowing for conceiving the public function as something separated from party politics." (DASP Report, 1943: 135, my translation).

The DASP sponsored a process of centralization without precedent in the country. The Efficiency Commissions were based in every ministry but reported directly to the DASP. Almost all major legal measures to be issued by decree by the dictator were analyzed by the

DASP either as a response to proposed legislation originated in the ministries or as initiative of the DASP itself. These other functions performed by the DASP made it possible, in the later democratic period, to identify the organization as an offspring of the dictatorship. This ultimately led to the demise of DASP after the democratization in 1945 (1).

The process of centralization encompassed the federal states as well. The DASP urged the states to create "Administrative Departments" at state level. These little DASPs, or "daspinhos", reported directly to the DASP and performed functions of scrutinizing the actions of the state "interventores". The "daspinhos" were additional transmission belts in the chain of centralization. (Lowenstein, 1944; Campello, 1976). The function of the "daspinhos" was regulated by the same decree that regulated the function of "interventor". The "daspinhos" acted as the legislative body of each state and supervised the activities of the interventors and of the municipalities. The "daspinho", as an image of the DASP, supervised the budget, analyzed the laws and decrees to be issued by the interventor. A long quotation is in order to illustrate the power of the administrative departments, as an extension of DASP's authority, their linkages with the federal sphere, and the complementarity

between clientelism and bureaucratic insulation that takes place within each state:

"Although the president of the Administrative Department of Sao Paulo explained to this writer that the success of the arrangements is dependent on friendly co-operation between the Interventor and him, it is a matter of record that the president of the Administrative Department is in practice the more powerful of the two officials; without being legally the superior of the interventor his is the ultimate decision unless the arbitrament of the president of the republic is invoked...To this must be added that the Administrative Department is a team of hard-hitting, hard-working, thoroughly efficient professional bureaucrats - mostly young lawyers, but also technicians such as accountants, civil engineers, agricultural experts, statisticians - while in the Interventor's office the efficiency of the staff is vitiated by ineradicable patronage.

Perhaps the situation may be summarized best as follows: by a sort of cogwheel arrangement the office of the Interventor, the Administrative Department, and the Ministry of Justice co-operate in the administration of the states, under the over-all control of the president of the republic....Seen from a different angle the Interventor acts as the political coordinator of the state, under instructions from Vargas himself, while the Administrative Department, run by bureaucrats, is the legislative body of the state." (Lowenstein, 1942: 64)

The tensions between the political representation performed by the interventors and by the drive towards rationalization sponsored by the federal government is especially well illustrated by the Decree-Law 1022 of 1939, which prohibited interventors from hiring even distant relatives, except in temporary positions that

required loyal incumbents for the fulfillment of the necessary task.

The law of states and municipalities issued in 1939 was the "coup de grace" in the federative system created in 1891. No legislative autonomy was left to states and municipalities. Federal government approval was necessary for all important matters. Taxation, crucial for state autonomy, was almost totally transferred to the federal government. This put an end to local autonomy and drastically reduced the means for clientelism at the disposal of regional elites. The states now had control only over property taxes, licensing of professions and industries, and an "ad valorem" tax of 10 percent over the state exports.

Corporatism and bureaucratic insulation went hand in hand with the process of centralization and rationalization of the Brazilian state. This process meant the transfer into the central state of almost all means for clientelism. In fact, one of the possibly unintended consequences of the drive towards rationalization, corporativization, bureaucratic insulation, and procedural universalism **cum** centralization sponsored by the new regime was an actual process of "nationalization" of the means for clientelism, the central government being transformed

into the only and all powerful patron.

### 3.3 - State Building: Intervention in the Economy

The process of intervention in the economy in the post-1930 era has been analyzed and documented by many authors. Only a brief reference to it will be necessary here in order to complete the appropriate frame that will allow for the integrated understanding of the process of centralization of the means for dispensing clientelism.

The process by which the federal government intervened in the economy paralleled the drive towards political and administrative centralization. A clear example here was the removal of the control of the coffee policies from the hands of the state of Sao Paulo, in 1931, through the creation of the National Council of Coffee, later transformed into the National Department of Coffee. At the end of 1930 Vargas established the monopoly of foreign exchange for the **Banco do Brasil**. In 1931 it was also established the direct control of all exchange transactions in accordance with a ranking of governmental priorities. In 1932 the "Caixa de Mobilizacao Bancaria" (CAMOB) of the Banco do Brasil was created as the first --and unsuccessful-- monetary and

financial control institution (Suzigan, 1976: 16).

Intervention in the economy was accomplished in a threefold manner: (a) creation of regulatory agencies and issuing of regulatory policies; (b) creation of institutes and state agencies for the "economic defense" of certain products and industries; (c) creation of state enterprises and autarchies. I prepared the following list of creation of new agencies and of the most important new policy initiatives in the post-1930 in order to document the intensity of the process of state building, administrative centralization, and intervention in the economy in the Vargas period:

#### 1930

- Special Powers Act, issued in November 11, 1930, allowed the executive to legislate.
- Monopoly of Foreign Exchange for the Banco do Brasil
- Creation of the Ministry of Labor, Industry, and Commerce
- Creation of the Ministry of Health and Education
- Creation of the Department of Propaganda: Reformed in 1934 and in 1939 (Dec. Law 1915) when it was transformed into the Department of Press and Propaganda (DIP)

#### 1931

- National Council of Coffee
- Commission for the Study of the Economy and Finances of States and Municipallities
- Commission for the Centralization of Purchases: to centralize and rationalize the purchasing of



- materials and supplies for state agencies
- Legislative Commission: to study and propose modifications in the legal codes.
- National Department of Statistics, transformed into the Brazilian Institute of Geography and Statistics in 1936 (Decree Law 1200)
- Interventors Code (Decree Law 20348)

## 1932

- Caixa de Mobilizacao Bancaria (CAMOB)
- National Department of Statistics
- Institute for the Protection of Cocoa

## 1933

- Department of Mineral Production
- Department of Fishing and Hunting
- Institute for the Retirement and Pension of Maritime Workers (IAPM)
- Instituto of Sugar and Alcohol
- Law of Economic Re-Adjustment (Decree Law 25533), reduced in 50% the debts of farmers with banks and posted government bonds as guarantee of payment in case borrower defaulted

## 1934

- Institute for the Retirement and Pension of Bank Workers (IAPB)
- Commission of Similaras
- Brazilian Institute of Geography and Statistics (IBGE)
- Code of Mines
- Code of Hunting and Fishing
- Federal Council of Foreign Commerce
- Technical Council of Economy and Finances

## 1935

- Law of National Security (Law 38, April 1935)
- Institute for the Retirement and Pension of Commerce

Workers (IAPC)

- Carteira de Redescontos, Banco do Brasil: revision of the operating ceilings of the bureau and facilitating the access to rediscounts for industry and commerce

1936

- Efficiency Commissions
- Federal Council of the Public Service
- Law of Re-Adjustment (Civil Service), establishes public examinations and competence testing for civil service employees (Law 284); Law 183, 1936, had previously established parameters for job classification and promotion

1937

- Bureau of Industrial and Agricultural Credit, Banco do Brasil (CREAI), Law 454
- Technical Council of Economy and Finances
- Law abolishing all political parties, Decree Law 37, Dec. 2, 1937

1938

- National Council of Immigration and Colonization
- National Petroleum Council
- DASP
- Institute for the Retirement and Pension of the Public Sector (IPASE)
- Institute for the Retirement and Pension of Workers in Cargo Transportation (IAPTEC)
- Reform of the National Press
- Re-organization of the National Institute of Technology

1939

- Commission for the Defense of the National Economy

(war effort)

- National Commission of the "Gasogenio"
- Commission for Staples and Supplies
- National Council of Waters and Eletric Power
- Law of States and Municipallities (Decree Law 1022)
- Brazilian Institute of Re-Insurance (IRB)
- Plan for Public Works and National Defense
- Department of Press and Propaganda, DIP (Decree Law 1915)

1940

- Institute for the Defense of the Salt
- Commission of Siderurgy
- National Department of Public Works and Saneamento (DNOS)

1941

- Bureau of Importation and Exportation of the Banco do Brasil (CEXIM)
- National Company of Siderurgy (CSN)
- Commission of Fuels and Lubricant Oils
- Commission of Merchant Marine
- Companhia Docas Bahia
- National Department of Railroads and National Council of Railroads
- Institute for the Defense of the Pine Wood
- Creation of the Air Force Ministry

1942

- Bank of the Amazon
- Bank for Rubber Credit
- Vale do Rio Doce Company
- Executive Commission for the Fruit Industry
- Executive Commission for Manioc Products
- Executive Commssion of Fishing
- Coordination of Economic Mobilization (substitutes for the Commission for the Defense of the National Economy)
- Foundation for Public Health
- Brazilian Legion for Assistance (LBA)

## 1943

- Vitoria Iron and Steel Company
- National Alcalis Company
- National Council of Industrial and Commercial Policy
- National Engines Factory (FNM)
- Commission for the Financing of Production
- Foundation Cristo Redentor
- Service of Navigation of the Prata Basin
- Consolidation of the Labor Laws, CLT (Labor Code)

## 1944

- Itabira Company of Steel Products
- Commission for Economic Planning
- National Council of Industrial Policies
- National Highways Plan

## 1945

- Sao Francisco Hydroelectric Company
- Superintendency of Currency and Credit (SUMOC) (2).

The deepening of the process of intervention in the economy was intertwined with the process of creation of the institutional means for effective intervention. In the post-1930 Brazil this process went hand in hand with administrative centralization, creation of new agencies, and the quest for rationality that gave rise to many special state agencies. Information became a crucial staple: it was necessary to learn the size of the public debt; the number of functionaries working for the public sector; the number of agencies in the state. Agencies were created to face this challenge.

The same pattern of agency creation in order to meet specific challenges took place in every other sphere of the polity. This gave rise to a self-feeding process: the need for control and information to cope with internal and external uncertainty caused the creation of new agencies and policies which, in turn, generated a new drive for more intervention and more centralization. The dictatorial government protected this process by making it impossible for almost anybody to challenge the state. The dictatorship functioned as a shield for the process of state expansion.

Although Brazil had had a new constitution in 1934, the Law of National Security (LSN) approved by congress in 1935 actually superseded the power of the legislative. This law allowed Vargas to legislate by executive decree even before a real dictatorial regime was established in 1937 (Castro Gomes, 1980: 37).

There is some disagreement regarding the extent to which state intervention in the economy and state expansion reflected any planned purpose. When it comes to concluding whether the coffee protection policies of the early 1930s were "avant garde" Keynesian policies the debate is endless. Celso Furtado has argued that Vargas' economic policies were of Keynesian in nature. Other authors argue that Vargas' economic policies were

orthodox ones and did not seek state sponsored economic growth through purposively planned budget deficits (Pelaez, 1972; Villela & Suzigan, 1973). The argument here is that the deficits existing in the early Vargas' years were due to circumstantial causes like the burdens imposed by the great depression and by the Sao Paulo revolution in 1932 that required heavy expenditures. It has also been argued that the truth lies in a middle ground: the coffee policies and other purposive state attempts to sustain the economy had a strong impact on economic growth and on the post-depression recovery but this impact, nevertheless, was not as fundamental as Furtado advocated (Fishlow, 1972).

Recent studies lend credibility to the assumption that the "awareness of the backwardness" played a key role in the deepening of the process of intervention in the economy (Abreu, 1974; Hilton, 1975). On the other hand, those who argue against the existence of purposive and integrated action geared towards state led economic growth in the early 1930 Brazil seem also to be in solid ground: although backwardness was perceived as an impediment to be overcome, no economic policies were designed in a coherent way, until the mid-1950, to push industrialization.

Clearly, state led industrialization depends on the

creation of the appropriate means to finance, subsidize, control, and supervise the process. These means began to be created in the early 1930s and more clearly become part of the policy-makers stock of ideas after 1937 when the notion of "the national state" become pervasive. Reporting on the characteristics of the state apparatus in 1941 the DASP portrays the levels of complexity achieved by the state structure from the 1930s on (SEE CHARTS). By 1941 the configuration of the state is already fairly complex anticipating, to a large extent, the process of state expansion in the following decades.

From the two charts one can identify the several different types of state intervention outlined above. The variety of agencies and functions existing in the early forties would serve different objectives in the following years. The welfare institutes, in contrast with the productive units, would serve clientelistic purposes, lose its effectiveness, and would be replaced by a centralized welfare system under military rule in the post 1964. The productive units on the other hand, hinging on bureaucratic insulation, would flourish, expand their role and presence, and finally multiply their number to near 500 under military rule in the future. The corporatist provisions would remain in place and evolve into a web of economic councils attaching a

FIGURE 3

INDUSTRIES AND SERVICES OWNED BY THE STATE AND ADMINISTERED BY THE STATE BUREAUCRACY, 1942

(also called "Direct Administration" in DASP's jargon)

CIVIS	MANUFACTURE			CIRCULATION		PRESS AND OUTREACH		RESEARCH
	ARMY	MILITARY		COMMUNICATIONS	TRANSPORTS	CIVIL	MILITARY	
			AIR FORCE		(Railroads and Harbor)	(National Press)	(Military Press)	
Casa da Moeda	(Arsenals and Factories)			(Post Offices)		Imprensa Nacional	Imprensa Militar	Instituto de Biologia Animal - I. B. A.
Fabrica Nacional de Motores.	Arsenal de Guerra General Camara.	Arsenal de Marinha da Ilha das Cotras.	Fabrica do Galeao.	Departamento dos Correios e Telegrafos.	Estrada de Ferro Bahia Minas.			Instituto de Quimica Agricola - I.Q.A.
	Arsenal de Guerra do Rio de Janeiro.	Arsenal de Marinha do Rio de Janeiro.			Estrada de Ferro Central do Norte.			Laboratorio da Producao Mineral - L.P.M.
	Fabrica do Andarai.				Estrada de Ferro Braganca.			Instituto Oswaldo Cruz - I.O.C.
	Fabrica de Bom-sucesso.				Estrada de Ferro Coiaz.			Laboratorio Nacional de Analises - L.N.A.
	Fabrica de Curitiba.				Estrada de Ferro Madeira-Mamore.			Gabinete de Fisioterapia e Radiologia da Policia - G.F.R.P.M.
	Fabrica de Itajuba.				Estrada de Ferro Marica.			Instituto Nacional de Tecnologia - I.N.T.
	Fabrica de Juiz de Fora.				Estrada de Ferro S. Luiz-Teresina.			Instituto Nacional de Oleos - I.N.O.
	Fabrica de Material de Transmissoes.				Estrada de Ferro Tocantins.			
	Fabrica Getulio Vargas.				Rede de Viacao Cearense.			
	Fabrica do Realongo.				Rede de Viacao Ferrea Federal Leste Brasileiro.			
					Estrada de Ferro D. Teresa Cristina.			
					Porto de Natal.			

Source: DASP, Relatorio 1942, Presidencia da Republica, Imprensa Nacional, Rio de Janeiro, 1943, p. 60.



FIGURE 4  
INDUSTRIES AND SERVICES OWNED BY THE STATE AND NOT ADMINISTERED BY THE STATE BUREAUCRACY, 1942

(also called "Indirect Administration" in DASP's jargon)

a) Autarchies

ECONOMIC REGULATION		WELFARE		PROFESSIONAL CORPORATIONS	INDUSTRIAL SERVICES
PRODUCTION	TRANSPORTS	WELFARE	CREDIT		
INP-Instituto Nacional do Pinho.	CMM-Comissão de Marinha Mercante. (Merchant Marine Commission)	IPASF-Instituto de Previdência e Assistência dos Servidores do Estado.	Caixas Econômicas Federais	OAB-Ordem dos Advogados do Brasil. CBEA-Conselho Federal de Engenharia e Arquitetura. (Brazilian Bar Association and Federal Council of Engineers and Architects)	Estrada de Ferro Central do Brasil. Estrada de Ferro Noroeste do Brasil. Rede de Viação Funafé-Santa Catarina. Lóide Brasileiro. Serviço de Navegação da Amazônia e Administração do Porto do Rio de Janeiro. (Transportation: Railroads, Navigation Services, Harbors)
INM-Instituto Nacional do Mate.		IAPI-Instituto de Aposentadoria e Pensões dos Industriários.			
INS-Instituto Nacional do Sal.		IAPB-Instituto de Aposentadoria e Pensões dos Bancários.			
IAA-Instituto do Açúcar e do Alcool.		IAPC-Instituto de Aposentadoria e Pensões dos Comerciantes.			
DNC-Departamento Nacional do Café. (Institutes for Pine Wood, Tea, Salt, Sugar and Alcohol; and Coffee Department)		IAPETEC-Instituto de Aposentadoria e Pensões dos Empregados em Transportes e Cargas.			
		IAPM-Instituto de Aposentadoria e Pensões dos Marítimos.			
		IAPA-Instituto de Aposentadoria e Pensões da Estiva.			
		CAP-Caixa de Aposentadoria e Pensões.			
		SAPS-Serviço de Alimentação da Previdência Social. (Institutes for Several Professional Categories)			

b) State Owned Corporations

FINANCE	INDUSTRY
Instituto de Resseguros do Brasil	Companhia do Vale do Rio Doce
Banco do Brasil S.A.	Companhia Siderúrgica Nacional
Banco de Crédito da Borracha	(From ore and steel industry)

Source: DASP, Relatório 1942, Presidência da República, Imprensa Nacional, Rio de Janeiro, 1943, p. 69.

clear aspect of societal corporatism to the early state corporatist institutions.

The institutionalization of corporatism, bureaucratic insulation, and the beginnings of procedural universalism emerged as outcome of, and feedback into the process of state building, centralization, regulated incorporation of labor, and intervention in the economy. The concentration, nationalization of the means for dispensing clientelism transformed the central state into the main patron and allowed for the combined institutionalization of the four grammars at a national level. From that time on clientelism should no longer be perceived as a characteristic of localities, caciques and *coroneis*. The four grammars became part of the stock of political alternatives of the central executive.

In terms of time, the process of state intervention is accelerated by the inauguration of the dictatorship in 1937 and by Brazil's involvement in the World War II. At the end of Vargas' government, in 1945, Brazil was a different country if compared with the "Old Republic". A complex and centralized state apparatus substituted for the the old liberal, federate system. Technocratic means of control were created and concentrated in the hands of the state. Corporatist provisions were established to incorporate labor. Within the limits of the corporatist

legislation, as shown in the chart, a plethora of institutes and unions were created.

The impressive process of state building benefitted from the existence of an authoritarian regime. The corporatist arrangements, the newly created state apparatus, and DASP's procedural universalism had never operated in a democratic setting until 1945. This structure now would have to be put to test under the successor democracy in 1945.

#### 3.4 - State Building: The Long Term Impact of International Constraints.

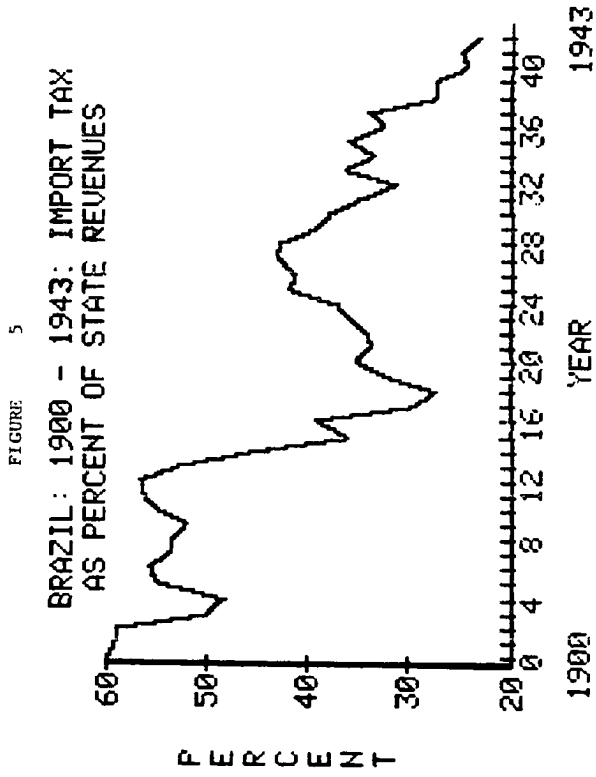
The building of modern state structures in Brazil was controlled from the 19th century on by skillful state elites (Carvalho, 1982; Barros, 1977). During the first 30 years of the 20th century the role of the central government was curbed by the federalist provisions of the 1891 constitution. Federal states, and a the regional agricultural oligarchies that dominated these states controlled all the cards in the national political game. There were no national political parties in Brazil in these years. The constitution of 1891, reflecting a strong reaction against the Imperial centralization of the 19th century allowed the states great discretion in

political and fiscal matters. An U.S. observer writing in 1923 compares the Brazilian federal system with that in the United States:

"In some respect the taxing power of the Brazilian federation though consciously modeled on that of our own federal government, is more restricted. Not only are the same limitations imposed there as we find in our constitution, viz., prohibition on export taxes, requirement of uniformity throughout the states, prohibition of preferences to the ports of one state over those of another, etc, but in addition, by article 9 of the Brazilian constitution, certain important sources of revenue are assigned exclusively to states which in the United States are not denied to the Union. Whereas the federal government with us is limited in regard to direct taxes only by the requirement that they shall be laid in proportion to population of the states,...in Brazil the states are given exclusive power to tax not merely exports, but also real property, transfer of property rights, and industries and professions...the federal government in Brazil is deprived of the possibility of using important sources of revenue that are open to the Union under our constitution." (Herman G. James, cited in Normano, 1935: 122).

The federal state had exclusive jurisdiction to impose duties upon imports. The states had exclusive jurisdiction to impose taxes on the exportation of goods produced in their boundaries, on real property, on property transfer, on industries and professions. The states could also establish their own militias and contract foreign loans. (Campanhole & Campanhole, 1971).

The revenues of the public sector, since the Empire, depended almost totally on import tariffs (SEE FIGURE 5).



SOURCE: DASP, RELATORIO, 1941

Taxation on consumption provided the second largest source of state revenues: 21 percent of total revenues in 1930; 20 percent in 1935; and an estimated 29 percent in 1942. (DASP Report, 1941: 84). Personal income tax although introduced in 1924 remained as an irrelevant source of state revenues for a long period: it accounted for only 2.17 percent of the total tax amount in 1924; 4.47 percent in 1929; 7.75 percent in 1933; 11.82 percent in 1938; and an estimated 20.52 percent in 1942 (DASP, 1941: 100). The structure of taxation showed marked change only from the 1950s on. Import taxes accounted for 11 percent, 11 percent, and 7 percent of total tax revenues in 1950, 1960, and 1970, respectively. Consumption taxes reached the levels of 63 percent, 57 percent, and 67 percent of total tax revenues in 1950, 1960, 1970, respectively. In those same years personal income tax rose to 26 percent, 32 percent, and 28 percent of total taxes. (Fitzgerald, 1978: 132).

The great depression of the late 1920s revealed the fragility of a state whose main source of income depends on foreign trade. The coffee price fell from 22.5 cents in september 1928 to 8 cents in september 1931. Brazilian foreign commerce contracted in a dramatic way: exports dropped from 446 million dollars in 1929 to 181 million in 1932. Imports went from 417 million in 1929 to 108 in

1932. Without hard currency and with compressed export earnings the country could not service its debt. Gold shipment constituted a temporary solution which led to the dissipation of gold reserves by the end of 1931. "The ratio of public debt service to exports increased from... 15 percent to... a scheduled 43 percent in the bottom of the depression (1932-1933)" (Baklanoff, 1971: 195). Brazil defaulted in september of 1931 when the service of the debt would equal 30 percent of exports.

International bankers had been displeased with the Brazilian federal, oligarchical structure for many years. In negotiating loans with Brazil, foreign lenders, i.e., British bankers, frequently demanded the establishment of a more centralized system of government. Bankers pressured centralization of the accounting process, the creation of some sort of a central bank, and federal control over borrowing at the individual states. These pressures were far from being subtle. Bankers would require that the Brazilian government let foreign experts scrutinize the local economy and accounts in order to issue recommendations that ought to be accepted by Brazil.

In 1924 the Rothschilds established a policy by which new loans would be contingent upon Brazil's agreement with the sending of a British expert to Brazil.

The "Montagu Mission", as it became known, recommended that Brazil control the federal states in order to protect Brazilian credit abroad and to guarantee the British money already tied up in defaulting loans with some states (Abreu, 1974; Oliveira, 1977).

Years later, in 1931, under the same policy, another representative of the Rothschilds the "Niemeyer Mission" was sent to Brazil under the previous understanding that the Brazilian government would issue an invitation for the experts to be sent. This "invitation" was actually requested by the British government, that wanted the mission work to appear publically as a generous service performed by the British experts. The British terms, imposed on Julio Prestes, also demanded that Brazil comply with the recommendations issued by the "invited mission". The formal "invitation" to be issued by the Brazilian government should indicate that the country intended to adopt the mission recommendations in its internal policy-making. The London Times insisted that Sir Otto Niemeyer had been invited to Brazil. The New York Times reported that he had been sent to Brazil by the Rothschilds. Marcelo de Faiva Abreu's study confirms the N.Y. Times report. (Abreu, 1974: 20; Ianni, 1977: 15; Normano, 1935: 206/ 207).

The insistence upon centralization reflected, on one



hand, the banks' concern with the security of their money. On the other hand, it also reflected a reality that had to be changed soon or later either by external pressures or by Brazil's drive towards modernization: Brazil's accounting system was almost non-existent; good statistics were absent; no reliable information on the debt was available. "A statistical almanac had not been published since 1916, a commission set up in 1931 to study the foreign debt found a situation of informational 'disorder, waste and irresponsibility'; reliable data on interstate trade, agricultural production, and the balance of payments was, as Finance Minister Aranha and Valentin Boucas unhappily discovered, virtually unobtainable" (Hilton, 1975: 767). In 1932 Vargas created a National Department of Statistics. A National Institute of Statistics was created in July, 1934. (Hilton, 1975: 768).

As Gustavo Capanema reported, Vargas and his collaborators could not find in the National Treasury documentation sufficient enough to assess the amount of the debt, the value of bonds in circulation, the amounts of payments made so far, the payments to be made, and interest to be paid. In fact they concluded that money transfers to London, Paris, and New York were made on the basis of invoices presented by the bankers. In 1931

Vargas created a special commission to analyze the economic and financial situation of the states and municipalities (Comissao de Estudos Economicos e Financeiros dos Estados e Municipios; Decree 20.631, november 9, 1931). In 1932 (Decree 22.089, november 16, 1932) the functions of this committee were enlarged to allow the commission to scrutinize the finances of the states and municipalities. The commission also scrutinized the federal financial accounts, promoted the classification and organization of the existing contracts, produced an account of money transfers made and of interests paid. In december 31, 1934, due to the work of this commission, the administration was able to report the total amount of the foreign debt of all levels of government (Gustavo Capanema's archive, in Schwartzman, 1982: 147ff).

The Montagu Mission, in 1924, and the Niemeyer Mission, in 1931, both recommended that measures should be taken in order to enlarge the capacity for controlling finances and taxation; budgeting and evaluation; and fiscalization. Both missions insisted on the need for a central bank.

If on one hand the external pressures required state responses in order to allow the state to better its bargaining power vis-a-vis the banks, these pressures, on

the other hand, paralleled similar pressures that existed internally on the part of young military and professional administrators. The 1929 crisis made the state responses inevitable.

## Chapter 4

Clientelism, Political Parties, and Bureaucratic  
Insulation in the Post-1945 Regime

In this chapter I explore in more detail how clientelism relates to formal political institutions. I discuss the ways in which a sociological fact -- clientelism -- was used as a political engineering tool and became an important part of the institutional setting. I also discuss the contradictions existing between political strategies that are based on clientelism or on procedural universalism. For that I use the party structure as empirical reference. Finally, through the analysis of career patterns, I study the relationship existing between politicians and techno-bureaucrats in the post-WW II period when industrial policies were initiated and when massive state participation and intervention in the economy became a reality.

The process of institution building that ran from 1930 to 1945 was not dismantled in the post-1945 successor democracy. The democratic government reversed measures and legislation that curbed civil rights but did

not dissolve or extinguish the newly created state apparatus. The DASP was totally de-emphasized but was not closed by acting president Jose Linhares in spite of his antipathy for the agency and in spite of many suggestions that he close that agency. In the end, the state apparatus proved crucial for party building and political competition.

Linhares perceived DASP and its personnel as a creation of the previous regime. Linhares systematically bi-passed the attempts at "procedural universalism" implanted by DASP and made a large number of clientelistic appointments. He also raised pay grades for clerical employees in the Ministry of Education; decreed employees into the classified service and made several appointments of friends and relatives to the public service. "Linhares was agreeable to most requests from his ministers for special benefits and favors. Such emphasis was rationalized as being appropriate for the democratization of the public service" (interviews with Ambassador Moacyr Briggs, former DASP president, and with UDN congressman Aliomar Baleeiro, respectively on April 25 and April 12, 1963, cited in Siegel, 1963: 149).

Finally, Linhares curtailed DASP's role with the Decree-Law 8,323 of December 7, 1945. This decree-law curbed DASP's central role in planning and finished with

the "centralizing system" created by DASF's inspiration. Later, President Eurico Dutra eliminated the "commissions for efficiency." In summary, DASF's role was drastically reduced as a reaction to the authoritarian past that DASF was perceived to represent. Until 1961 no more than 12 percent of all public servants had been admitted on the basis of merit.

In sharp contrast with DASF's fate, the corporatist arrangements issued in the 1930s were never de-activated or de-emphasized. This also proved to be a powerful instrument for party building in the hands of the FTB and of the Ministry of Labor.

The democratization that took place in 1945 did not - as 1930 did not - disrupt the personalistic grammar of clientelism. The new regime installed in 1945 evolved from the entrails of the dictatorship it ought to replace. The elites that administered the transition to democracy and that ultimately controlled the democratic post-1945 constitutional period were composed by the same people that supported or benefitted from the previous regime. The network of "interventores" at state and local levels was the basis for the foundation of the conservative party, the PSD, that controlled congress in the post-1945 elections. This conservative dominant party was created with the resources for patronage at the

disposal of the dictatorial regime. Thus clientelism which grew out of Brazil's social structure became a tool for political engineering astutely manipulated by those in power.

It is my contention that both the institutionalization of clientelism and many of the tensions and dilemmas that existed in Brazil in the recent years can be traced back to and explained by reference to the characteristics of the transition towards democracy that occurred after 1945.

Transitions matter because it is during the initial years of a newly installed regime that a redesigning of the institutional machinery takes place. The configuration and shaping of the new institutional frame will depend on the kind of transition that took place; what kinds of forces were behind it; and what kinds of forces managed it (Herz, 1982). In such a context many things are crucial: how were the political parties organized, what were their goals? How much did the new constitution reflect and guide the institutional redesigning, how much does it reflect the legacies of the previous regimes?

The following sections in this chapter explore the above issues.

#### 4.1 - Internally mobilized parties

The persistence and reinforcement of clientelism can be traced to the kind of process of democratization that followed the Estado Novo and to characteristics of the political parties and political leadership that emerged at that time.

I borrow from Martin Shefter a model for understanding how clientelism functions in political parties. According to Shefter, three characteristics of the party as it is being formed define its future orientation: (a) the values and preferences of the electors; (b) the resources available to the party; and (c) the interests of party activists and leaders. A combination of these factors forges the "critical experience" that defines the style of political action of party organizations. Transitions to democracy, according to Di Palma (1982), can vary depending on: (a) the nature of the antecedent regime (authoritarian or totalitarian); (b) the way the regime collapses (as a result of revolution, evolution, or external force); and (c) the kind of political actors who establish the successor democracy (domestic, and if so, what type, or an occupation force.)

Although, in the end, external factors were present



because of the international climate of democratization in the post World War II, the regime inaugurated in Brazil in 1945 evolved out of an authoritarian situation whose downfall came as a result of the development of factors internal to the regime itself. The successor democracy that was established in 1945 was controlled by the same apparatus and political actors who had held power during the preceding dictatorial period.

The coup of 1945 was a coup "sui generis" because power was not handed over either to the military or to the opposition....The brief interregnum of rule by the Judiciary Power did not dismantle the state political machines....And with the election of Eurico Dutra, the PSD, by then upheld by democratic legitimacy, installed itself in power (Oswaldo Trigueiro, UDN governor of Paraiba, 1947, interview cited by Benevides, 1981: 58).

The PSD (Social Democratic Party) was built around the state and municipal intervenors and benefited from the resources for patronage available to state and municipal administrations. Besides the "interventores" all the most important figures in the administration of the Estado Novo participated in the creation of the PSD (Lippi, 1973). In addition, the PSD victorious candidate in the first presidential election of the successor democracy --General Eurico Dutra-- received Vargas political blessing and support. It should be noted that

Dutra was Vargas' Minister of the Army (Ministro da Guerra) during the Estado Novo.

The PSD was the prototype of what Shefter calls the "internally mobilized party" or "party from within", to use Skidmore's words. It remained the strongest party in Brazil from its creation until 1964 (See table 1).

Parties that originate within the regime whose place they are going to take - since the change is not the result of the revolutionary creation of a new order - arise with a stock of resources for patronage. These resources can be manipulated by elites identified with the status quo who must seek popular support in order to remain in power after the regime change. Internally mobilized parties are political organizations born from within the "ancien regime", with control over its resources. The initial strategy of seeking support in exchange for patronage provided by the treasury of the government, in addition to the logic of establishing political coalitions among party elites, constitutes the "critical experience" of these parties, an experience it has been difficult for the parties to liberate themselves from, at least in the short space of a single generation (1).

A brief account of the characteristics of the two other major parties that emerged in the post-1945 period

TABLE 1  
 PARTY STRENGTH IN THE CHAMBER  
 OF DEPUTIES, 1946-63<sup>1</sup>  
 (BY PERCENT)

Political Party	Constituent Assembly 1946 <sup>2</sup>	Legislative Session				
		1st 1947 <sup>3</sup>	2nd 1951	3rd 1955	4th 1959	5th 1963
PTB	7.7	8.2	16.8	18.4	20.2	28.4
PSD	52.8	52.3	36.8	36.2	35.3	28.9
UDN	27.6	26.3	24.8	22.4	21.5	22.2
PSF	1.7	2.6	7.4	9.5	7.7	5.1
FDC	0.7	0.7	0.7	0.9	2.1	4.9
PTN	-	0.3	1.6	1.8	2.1	2.7
PST	-	-	3.0	-	0.6	1.7
PR	3.5	3.9	3.6	5.2	5.2	1.0
PL	0.4	0.3	1.6	3.1	0.9	1.2
PRF	-	-	0.3	1.2	0.9	1.2
PSE	-	-	0.3	0.9	2.8	1.2
PRI	-	-	0.3	0.3	0.6	0.7
MTR	-	-	-	-	-	0.7
PCB	4.9	4.6	-	-	-	-
ED	0.7	0.7	-	-	-	-
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
(N)	(286)	(304)	(304)	(326)	(326)	(409)

<sup>1</sup> The data are not exactly congruent to those of the TSE due to deputies elected by coalitions and those who changed party labels after taking office. The party affiliations are, therefore those reported in the Annals of the Chamber of Deputies at the start of each legislative session.

<sup>2</sup> Constituent Assembly elected on December 2, 1945.

<sup>3</sup> After the supplementary elections of January 19, 1947.

SOURCE: Robert Wesson and David Fleischer, Brazil in Transition, Praeger, N. York, 1983.

is in order to better illustrate the ways in which clientelism was kept in place as an important political tool.

The PTB (Brazilian Labor Party) was another party mobilized from within the state apparatus. Forged from the Queremista movement, an orchestrated movement to elect Vargas as the first democratic president, it absorbed the side of Varguismo not represented in the PSD. The PTB was organized by allies of Vargas such as Marcondes Filho (Minister of Labor from November 1941 to October 1945) and Alberto Pasqualini, with the endorsement of Vargas himself. Even though the base of the formal structure of the PTB was small in comparison with the PSD, the PTB counted on the charisma of Vargas and on the "urban industrial organizational base" of the union apparatus created by Vargas (Soares, 1973). If in 1945 the PTB ran candidates in only fourteen states, already in 1947 it was represented in all twenty-one federal units. Early in its existence the PTB could dispense resources coming from the government. The patronage resources conceded to the PTB benefited worker mobilization.

One of the principal activities of labor leaders in the relatively free years before 1964...was to seek favors or services from

government agencies for themselves and their constituencies...Labor leaders applied their leverage through connections with deputies, ministers, and administrators. In some cases they campaigned for office and became deputies themselves, enhancing their own ability to provide for their constituents (Erickson, 1977: 8).

At the beginning of the fifties, the party grew as a result of Vargas' presidential candidacy. Later, Joao Goulart as the Minister of Labor and Vice-President manipulated state resources to mobilize support.

At the time of their formation both parties, the PSD and the PTB, had resources available for patronage. Party elites decided to use them to obtain support via clientelism. Party constituencies and party members recognized and accepted this exchange as legitimate and desirable for the party.

The UDN (National Democratic Union), in contrast, was created from a different political base, with at least the potential for being an "externally mobilized" party. Those from the outside, those who did not agree with the strategy of Vargas, those who espoused different values, even leftists, joined together to form the UDN. It is a matter of historical record that the name UDN, Democratic National Union, was created by the joint collaboration of a staunch liberal, Afonso Arinos, and a staunch leftist, Caio Prado Jr. (Arinos, 1948: footnote

number 3, page 88).

According to Benevides (1976: 63, and Lippi, 1973: 18), the UDN brought together five types of actors: (a) oligarchs displaced by the Revolution of 1930; (b) former allies of Vargas who had been marginalized after 1930 or 1937; (c) those who participated in the Estado Novo but withdrew before 1945; (d) liberal groups with a strong regional identification; and (e) leftists. "The UDN arose in 1945 as a great movement uniting broad sectors of civil society - associations of intellectuals, of ex-officers (FEB), of students, of religious" (Benevides, 1981: 29). Analyzing the UDN in Sao Paulo, Fernando Henrique Cardoso concludes that:

The UDN of Sao Paulo...was the political organization of the middle class that existed outside the apparatus of the State...(It truly contained, in embryonic form, elements that enabled it to become formally a party that aggregated interests in civil society. (Cardoso, 1978: 54).

Universalistic discourse was primarily a characteristic of fractions of the national elite of the UDN. UDN's public rhetoric was characterized by advocacy of combat against administrative corruption, the cultivation of universalistic individualism, and a horror at the paternalism of Vargas. In congress, the UDN

avored all projects leading to administrative moralization (Benevides, 1981: 267). This discourse appealed to some segments of the UDN electorate. However, the universalistic discourse of the national elite of the UDN did not reflect the mentality of the entire party and its voters. As Benevides (1981: 223) points out, there were many UDN's within the same party structure: in general, the **autenticos** and the **pragmaticos** constitute, however, the two noteworthy poles. The **autenticos** proposed to remain faithful to the grammar of procedural universalism whereas the **pragmaticos** (or **adesistas**) were willing to join the pork barrel. This allowed for a split between two factions: "the **eternal vigilance** and the **eternal compromise**. The latter participated in Dutra's "union" cabinet and even in Varga's second government" (Wesson and Fleischer, 1983: 99).

In his classic study of Lacerda's Udenista followers in the Guanabara state (this state was comprised only by the city of Rio de Janeiro), Soares showed that Lacerda and his ideas were supported primarily (73 per cent) by liberal professionals, managers, supervisors, and functionaries in administrative occupations. Soares concluded that "Lacerdismo is predominantly liberal, non-interventionist, and favorable to foreign capital".

As Soares emphasizes, however, Guanabara was a modernized and politicized state, not representative of the country as a whole.

Lacerda for his part was fiercely opposed to coalitions with the PTB or PSD. At the party convention of the UDN of the old state of Rio de Janeiro that was to have authorized the coalition between the UDN and the PTB to run against the PSD in the gubernatorial elections of 1958, Lacerda moved from Rio to Niteroi in order to personally fight the coalition. What happens in that convention clearly reflects the contradictions that pervaded the UDN. Saramago Pinheiro, a congressman and founder of the UDN in the state of Rio de Janeiro, recalls that many old Udenistas were against the accord. The decision to enter in coalition with the PTB was finally made out of pragmatic considerations:

Frado Kelly was against the accord....and they brought Lacerda to cause trouble...Lacerda is a politician from Guanabara who doesn't know the state of Rio de Janeiro, he came here brought by others....I was in favor of the accord, and I was full of reasons because (earlier) when I went with Paulo Araujo to Petropolis, in Prado Kelly's apartment, Prado Kelly instead of encouraging the UDN to have a candidate, he who had been beaten by Amaral Peixoto (PSD candidate) in 1950 said: "really, the UDN is tired of glorious defeats; now we need to make an agreement in order to get into the Government and attend the needs of our companions in the countryside," because at that time (in Rio de Janeiro state) to be a member of the UDN



was not to have your daughter chosen as teacher, it was not to have the road that led to your fazenda maintained, it was really a tremendous persecution to be a member of the UDN (Interview with Marcia Silveira, 11/11/1979, my translation).

At the same time that the UDN was affiliated with the PTB in the state of Rio de Janeiro, the platform of the 12th Party Convention insisted on:

...maintaining the line of fixed opposition in the last National Platform and accentuating its proposal of growing struggle against the forces, that for many years had dominated power, of administrative corruption and compromise of the moral bases of public life. (Magalhaes Pinto, president of the UDN, speech draft, 1960).

In actuality, some of the UDN elite cadres sought to follow the universalistic market principles defended by the party. In interviewing a long time member of the staff of the Budget Committee in the Congress Barry Ames (1984) was told that six congressmen, members of the Budget Committee, were known to be defenders of fiscal conservatism and budgetary restraint: Aduino Lucio Cardoso, Pedro Aleixo, Aliomar Baleeiro, Herbert Levy, Gustavo Capanema, and Wagner Estelita. Four of them were UDN men. But the moralistic discourse and behavior of parts of the national leadership was joined to a local and regional strategy of coalitions with the PTB and/or

the PSD. Submerged by the "realistic" logic of the other two parties and of its internal "pragmatic" wing, the UDN lost the potential to become a bastion of universalism. Even in the period immediately following the restoration of democracy, the UDN had already begun to collaborate with President's Dutra government and the PSD.

In a pathetic statement in his memoirs Carlos Lacerda still insisted that the UDN had always been an opposition movement until it decided to participate in Dutra's government..."On that occasion, Clemente Mariani was to become Dutra's Minister of Education and Raul Fernandes, Ministers of Foreign Relations, as members of the UDN" (Lacerda, 1978: 65). The statement is pathetic because the UDN was founded right before the democratization in 1945 and General Dutra was elected in 1945, as a PSD man, president of the first democratic government. That means that the UDN was not an opposition party for more than a few months.

UDN's participation in cabinets was largely circumscribed to positions with lesser resources for patronage and, probably, less appeal to the PSD. Cabinet positions with potential for patronage tended to be occupied by the PSD and the PTB. Table 2 shows strong relationships between certain parties and certain ministries. The ministers of labor in the period

TABLE 2

PARTY AFFILIATION OF MINISTERS1945-1963

Ministry	PSD	UDN	PTB	Other and N.I	Total
Justice	13	1	0	9	21
Transportation	8	2	3	4	17
Agriculture	6	1	4	6	17
Finance	6	1	2	10	19
Foreign Relations	6	5	1	4	16
Health	6	-	2	6	14
Education	6	1	1	6	14
Labor	0	0	10	11	21

SOURCE: Lucia Lippi, "O Partido Social Democrático," p. 60. Even though the data are incomplete, according to the author, they are sufficient to show an "elective affinity" between certain parties and certain ministries.

1945-1963 tended to be PTB men. The UDN had more access to the Ministry of Foreign Relations that obviously had little to offer in terms of patronage convertible into votes.

At the state level, pragmatic wing entered in coalition with clientelistic parties seeking participation in government and moving away from the procedural universalism and "eternal opposition" of the more intellectualized national party elites. Already in 1947, the UDN had formed coalitions with the same parties it was criticizing in its national rhetoric. Table 3 reveals that the UDN was engaged in electoral collaboration with the PSD, PTB, PRP, PDC, PL, PTN, and PR in different states. The situation did not change with time, On the contrary, Table 4 shows that more states were governed without coalitions in 1947 than at any time between 1945 and 1964.

Several other examples indicate that the UDN ended up in the grasp of the same personalistic and clientelist "realism" as the other large parties even at the national level. Benevides describes incidents in which the universalistic anti-corruption rhetoric of the UDN frankly contradicts its actions. One of the most amusing of these, even though sadly revealing of the logic of political elites of the time, involves granting licenses

TABLE 3  
COALITIONS IN THE ELECTIONS FOR GOVERNORSHIPS, 1947-1965 (1)

S. T. A. T. E.	1947 PARTY	1950 PARTY	1954/5 PARTY	1958/60 PARTY	1962 PARTY	1965 PARTY
Acre (1962)	PSU <sup>x</sup> vs UIN	UDN <sup>x</sup> vs PST	PSJ <sup>x</sup> vs UIN	UDN <sup>x</sup> vs PSP-HC-PTB-PSD	PTB <sup>x</sup> vs PSD	PSJ <sup>x</sup> vs UR
Alagoas	UDN-PTB <sup>x</sup> vs PSD	PSD-HC <sup>x</sup> vs UIN-PRP	PTB <sup>x</sup> vs UIN-PSD-HC-PTB	UDN <sup>x</sup> vs PSP-HC-PTB-PSD	PTB-PSI-HC-HL <sup>x</sup> vs PSD-UIN	UDN-PSI-HC-HL <sup>x</sup> vs PSD-UIN
Amazonas	UDN-PSD-PRP <sup>x</sup> vs PTB	PSD vs UIN	UDN-PTB-PSJ <sup>x</sup> vs PSD-HC-PSI-PRP	UDN <sup>x</sup> vs PSD-PTB-PR-PTB-PRP	PSI-UIN-PTB-PR <sup>x</sup> vs HC-PSD-PTB-PSJ	UDN-PSD-PTB-PR <sup>x</sup> vs HC-PSD-PTB-PSJ
Bahia	UDN <sup>x</sup> vs PSD	PSD-FSP-PR <sup>x</sup> vs UIN	PR-PTB-UDN <sup>x</sup> vs PSD-FSP	PTB-FSJ <sup>x</sup> vs UIN-FSP	UDN-PSD-PTN <sup>x</sup> vs PTB-HC	UDN-PSD-PTN <sup>x</sup> vs PTB-HC
Ceará	PSD-UDN <sup>x</sup> vs PR	PSD-PTB <sup>x</sup> vs PR-FR-PT-UDN-HC	PTB-PR-FRP-PSJ <sup>x</sup> vs PSD-UIN	PSJ-FSJ <sup>x</sup> vs UIN-FRP-PTB	PSD-UIN-PTB-PSI-FRP <sup>x</sup> vs PSD-PTB-FR	PSD-UIN-PTB-PSI-FRP <sup>x</sup> vs PSD-PTB-FR
Espirito Santo	UDN <sup>x</sup> vs PSD	PSD-PTB <sup>x</sup> vs PSD-UIN-PR-PTN-PRP	PSJ <sup>x</sup> vs UIN-FSP	PSJ <sup>x</sup> vs UIN	PSJ <sup>x</sup> vs UIN-FSP	UDN-PTB-HC <sup>x</sup> vs PSD
Goias	PTB <sup>x</sup> vs PR	PSI <sup>x</sup> vs (N.A.)	PSD-PTB <sup>x</sup> vs PTN-UDN-PR-FSP	UDN <sup>x</sup> vs PTB vs PSI vs PSD	UDN <sup>x</sup> vs PTB vs PSI vs PSD	PSD-PTB <sup>x</sup> vs UIN
Guanabara	PSJ <sup>x</sup> vs UIN	UDN <sup>x</sup> vs PSD	PSD-PTB <sup>x</sup> vs UIN-FSP	UDN <sup>x</sup> vs PSD vs PTB	UDN <sup>x</sup> vs PSD vs PTB	UDN-FSP-PTN <sup>x</sup> vs HC vs PTB
Mineiro	UDN <sup>x</sup> vs PSD	PSD-PR <sup>x</sup> vs UIN (JK)	PSD-PR <sup>x</sup> vs UIN	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	PSJ <sup>x</sup> vs PR-UIN
Mato Grosso	PSJ <sup>x</sup> vs PSD	UDN-FSP-HST-HL <sup>x</sup> vs PSD	UDN-PSD-PTB <sup>x</sup> vs UIN	PSD-HC-PTB <sup>x</sup> vs PSD-FSP-PR vs UIN	PSD-HC-PTB <sup>x</sup> vs PSD-FSP-PR vs UIN	UDN-PTB-HC-PTN-PR <sup>x</sup> vs PSD-PR
Minas Gerais	PSJ <sup>x</sup> vs PSD	UDN-FR-PSI-PR-PRP <sup>x</sup> vs PSD	PSD-UIN-PSD-HL <sup>x</sup> vs PSI	PSI-UIN-PR-PTB <sup>x</sup> vs PSD	PSI-UIN-PR-PTB <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Pará	PSJ <sup>x</sup> vs FSP vs UIN	UDN-FSP-HST-HL <sup>x</sup> vs PSD	PSD-PTB <sup>x</sup> vs UIN	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	PSJ <sup>x</sup> vs PR-UIN
Paraíba	UDN <sup>x</sup> vs PSD	PSD-HL <sup>x</sup> vs UIN	PSD-UIN-PSD-HL <sup>x</sup> vs PSI	PSI-UIN-PR-PTB <sup>x</sup> vs PSD	PSI-UIN-PR-PTB <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Paraná	PSJ <sup>x</sup> vs UIN-PTB-FRP	UDN-FR-PSI-PR-PRP <sup>x</sup> vs PSD	UDN-FR-PSI-PR-PRP <sup>x</sup> vs PSD	UDN-FR-PSI-PR-PRP <sup>x</sup> vs PSD	UDN-FR-PSI-PR-PRP <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Pernambuco	PSJ <sup>x</sup> vs UIN-PTC-PL	PSJ <sup>x</sup> vs UIN	PSD-PTB <sup>x</sup> vs UIN	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	PSJ <sup>x</sup> vs UIN
Piauí	UDN <sup>x</sup> vs PSD	PSD-PR-PRP-HST-PTN-PTB <sup>x</sup> vs UIN	PSD-PTB <sup>x</sup> vs UIN	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Rio de Janeiro	PSD-PTB-UDN <sup>x</sup> vs PSD	PSD-PR-PRP-HST-PTN-PTB <sup>x</sup> vs UIN	PSD-PTB <sup>x</sup> vs UIN	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Rio Grande do Norte	PSJ <sup>x</sup> vs UIN-FSP	PSD-FSP-HR <sup>x</sup> vs PSI-UIN	PSD-FSP-HR <sup>x</sup> vs PSI-UIN	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Rio Grande do Sul	PSJ <sup>x</sup> vs PTB vs PL	PTB <sup>x</sup> vs PSD vs PL	PSD-UIN-PL <sup>x</sup> vs PSD	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PTB-PSI-PTN-FSP <sup>x</sup> vs PSD	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Santa Catarina	PSD-PTB <sup>x</sup> vs UIN	UDN <sup>x</sup> vs PSD	UDN-PTB-PRP-PSJ <sup>x</sup> vs PSD-PTB	PSJ <sup>x</sup> vs UIN	PSD-PTB-PRP-PSJ <sup>x</sup> vs PSD-PTB	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
São Paulo	PSJ-FSP <sup>x</sup> vs PTN vs PSD-PR vs UIN	PSJ-PTN <sup>x</sup> vs FSP vs PR-PSD-PSI-HC-HRT vs PTB	UDN-PTB-PRP-PSJ <sup>x</sup> vs PSD-PTB	UDN-PTB-PRP-PSJ <sup>x</sup> vs PSD-PTB	UDN-PTB-PRP-PSJ <sup>x</sup> vs PSD-PTB	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB
Sergipe	PSD-PTB-PR <sup>x</sup> vs UIN	PSD-PR <sup>x</sup> vs UIN vs PTB	UDN-FSP-HST-PTN <sup>x</sup> vs PR-FSD vs PTB	UDN <sup>x</sup> vs PSD-PR vs PTB	UDN-FR-HL <sup>x</sup> vs PSD-FR-PSB-PTB	UDN-PSI-PTN <sup>x</sup> vs HC vs PTB

x Elected.  
 xx The candidate was not inaugurated for lack of absolute majority of votes, in conformity with Article 2, Constitutional Amendment #13, 4/8/1965. The election took place in January 3, 1965.  
 (1) Parties and coalitions with small numbers of votes are not listed.  
 Source: TSE, *Dados Estatísticos*, v. 7 e 8, Dep. de Imprensa Nacional, 1971 e 1973.

- Names of Parties:
- PSD--Partido Social Democrático (Social Democratic Party)
  - UDN--União Democrática Nacional (National Democratic Union)
  - PTB--Partido Trabalhista Brasileiro (Brazilian Labor Party)
  - PRP--Partido Representação Popular (Popular Representation Party)
  - PR--Partido Republicano (Republican Party)
  - PPB--Partido Proletário do Brasil (Proletarian Party of Brazil)
  - PSP--Partido Social Progressista (Social Progressive Party)
  - PRC--Partido Democrata Cristão (Christian Democrat Party)
  - PL--Partido Libertador (Liberation Party)
  - PSB--Partido Socialista Brasileiro (Brazilian Socialist Party)
  - PTN--Partido Trabalhista Nacional (National Labor Party)
  - MTR--Movimento Trabalhista Renovador

TABLE 4

UDN, PSD, PTB: TYPE OF PARTICIPATION IN THE ELECTIONS FOR GOVERNORSHIPS, 1947- 1965\*

Type of Participation	1947				1950				1954/5			1958/60			1962 (elections were held in 10 states only)				1965 (elections were held in 11 states only)				
	UDN	PSD	PTB	PPB	UDN	PSD	PTB	PST	UDN	PSD	PTB	UDN	PSD	PTB	UDN	PSD	PTB	PST	UDN	PSD	PTB	PSP	PDC
No Coalition	5	7	0	1	3	3	1	1	-	2	1	5	3	1	-	1	1	1	-	2	-	1**	1
Head of Coalition	2	4	-	-	2	8	-	-	3	7	2	3	3	3	1	3	2	-	3	1	-	-	-
Only Present in Coalition	2	1	4	-	1	1	4	-	5	2	6	4	1	5	4	2	2	-	1	-	3	-	-
Total	9	12	4	1	5	12	5	-	8	11	9	12	7	8	5	6	5	-	4	3	4	-	1

\* - Numbers refers to elected governors. Other parties are listed only when they won without coalitions.

\*\* - The candidate was not inaugurated for lack of absolute majority of votes, in conformity with Article 2, Constitutional Amendment # 13, 4/8/1965.

Source: Tribunal Superior Eleitoral Dados Estatísticos, v. 7, 8, 9, Departamento de Imprensa Nacional, 1971 e 1973.

to buy imported cars for legislators. This incident occurred in 1956, at the very time of Kubitschek's campaign to produce cars domestically instead of importing them.

For the lawyer Prado Kelly, "the UDN had the obligation to vote against it," but the thesis defended by the "realist" Juraci Magalhaes, that the UDN should approve the project "since it wouldn't make sense to benefit only the PSD," won out, and most of the Udenistas imported (and resold at enormous profit) Cadillacs. (Benevides, 1981: 269)

In Congress, UDN's voting pattern as a whole was erratic: it voted for measures calling for less state participation in the economy and voted for bills proposing the creation of state enterprises; its internal cohesion during row calls was only particularly high when the issue was strongly ideologized in terms of left versus right opposition, occasions in which the UDN voted with the right (Santos, 1979: ch 4, 5; Valadao, 1975).

The post World War II party system was extinct in 1966. The post 1964 military regime however benefitted those formelly affiliated with the UDN: the analysis of the party background of the governors appointed by the central executive in 1978 (Table 5) shows that only during the post-1964 authoritarian regime the UDN managed

PAST PARTY AFFILIATION OF STATE GOVERNORS ELECTED IN 1978

State	Name	Party Affiliation Prior to Coup
Acre	Joaquim Macedo	UDN
Amazonas	José Lindoso	UDN
Pará	Alacid Nunes	-
Maranhão	João Castelo	-
Piauí	Lucídio Portela	UDN
Ceará	Virgílio Távora	UDN
Rio Grande do Norte	Lavoisier Maia	-
Paraíba	Tarcisio Buriti	-
Pernambuco	Marco Maciel	PSD (?)*
Alagoas	Guilherme Palmeira	UDN (?)**
Sergipe	Augusto Franco	UDN
Bahia	Antônio Carlos Magalhães	UDN
Minas Gerais	Francelino Pereira	UDN
Espírito Santo	Eurico Rezende	UDN
Rio de Janeiro	-	-
São Paulo	Laudo Natel	PR
Paraná	Ney Braga	UDN
Santa Catarina	Jorge Bornhausen	UDN
Rio Grande do Sul	José Augusto Amaral	PDS
Mato Grosso do Norte	Frederico Campos	-
Mato Grosso do Sul	Harry da Costa Amorim	-
Goiás	Ary Valdão	UDN

\* His father was a PSD leader.

\*\* His father was a UDN leader.

SOURCE: Elite Data Archive, IUPERJ.



to win, in indirect elections, without coalitions, and under military control, a substantial number of gubernatorial positions. The interpretation of Table 5 requires caution because no similar set of data is presently available for the other elections between 1966 and 1978; nevertheless analysts of the period have frequently indicated that the UDN was closer to the military than the other parties, and that the Udenistas *autenticos* were the winners in 1964 (Benevides, 1981: 136; Skidmore, 1969: 368ff).

The UDN failed to become a spokesman for the universalistic modernization of the Brazilian polity for many reasons that can be derived from Shefter's approach earlier outlined: a) some factions of the party elites, even at a national level, decided for the pork barrel at the very beginning of the party life; b) the universalistic party elites were not able to discipline the party along universalistic lines in spite of being able to make the party programs reflect such lines; c) only a few segments of the party's constituency indorsed the universalistic principles; d) many of those party leaders who identified themselves with procedural universalism also courted the military and eventually supported military coups that might have brought them to power. Because of these reasons, the party was not able

to hold up as a "constituency for universalism".

The UDN, as a party created outside of and separate from the previous regime, **theoretically** had the potential to become a spokesman for the universalistic modernization of the Brazilian polity. As the data presented showed, the UDN, in some areas, had a constituency for universalism; at the national level factions of the UDN's elites sought to abide by procedural universalism; and the public rhetoric of the party reflected the mentality of the constituency for universalism. At the national level, the UDN did not possess resources for patronage, and also substantial portions of its leadership disapproved of clientelism as a means of obtaining political support. The "critical experience" of the UDN could have permanently alienated it from clientelistic practices. As all the examples above illustrate, however, this did not happen. As a result of opportunistic decisions by its leaders, it ended up "framed" by the logic of the other parties and its internal pragmatic wing.

Before ending this section, a caveat is in order. The procedural universalism and political honesty initially characteristic of the discourse of the UDN was discredited in Brazil once the UDN, in spite of its rethoric, had joined the pork barrel and, by courting

military intervention, had been transformed into a subversive and unreliable party. "Udenismo", or many times "puritanism" became a term frequently used to characterize both Communists or members of the UDN in Brazil. Puritanism and "Udenismo" are always perceived as an unrealistic and hypocritical ascetic attitude. This is because all those groups that remain outside the regime end up having to fall back on such moralistic language as strategy for generating political support. In day to day politics, however, the Communists as well as the Udenistas have had to adapt to Brazilian political reality, heavily influenced even today by clientelism. One could argue that the hypocritical character of the UDN as a party actually worked against the reinforcement of procedural universalism in Brazil: UDN'd behavior transformed the meaning of procedural universalism into something suspicious.

#### 4.2 - Implications of the Mobilization from Within: Institutionalizing Clientelism

I return for a moment to the notion of a critical experience. Once the most beneficial strategy for the party has been decided on, the relationships established

between party leaders and supporters tend to solidify and to define the on-going characteristics of the organization (see Figures 6 and 7). When a party lacking resources for patronage remains out of power for a long period, its only means of obtaining support becomes the appeal of its proposals, the furthering of the party institution building, and criticism of those who hold power. In these cases the relations between party leaders and supporters cannot be based on the expectation of private gain for the supporters. Procedural universalism ends up being the most powerful tool of those who remain outside of government and have no other resources except political opinion and organizational strength. Under these conditions, party leaders as well as supporters become "constituencies for universalism", in contrast to supporters of parties mobilized from within who are transformed into "constituencies for clientelism" (Shefter 1976: 21).

Another logical possibility for an externally mobilized party is the attempt to gain access to some segment of resources for patronage through coalition making. This was the path followed by the UDN in the past, and this is the path followed by the new PTB today.

Theoretically, the crucial problem involves making decisions about the use of clientelism and patronage once

FIGURE 6

POLITICAL PARTIES, COMPARED ACCORDING TO SOCIAL BASE AND TYPE OF PARTY INDUCEMENTS

		Migrants, Uprooted Peasants	Middle Class, Industrial Working Class
PARTY INDUCEMENTS	Particularistic (patronage)	Philippines: Nacionalistas Ghana: Convention People's Party Chicago, Philadelphia: Democratic Machine Indiana, Ohio: Democratic Party	France: Radical Party New York, Pennsylvania: Republican Party Nassau County: Republican Machine Italy: Christian Democrats (DC)
	Universalistic (public policies, ideology)	Bologna: Community Party (PCI) Republican Spain: Socialist Party (PSOE), Anarcho-syndicalists (CNT) Michigan, Wisconsin: Democratic Party	USA: Progressive, Reformers Britain: Labour, Conservatives Germany: Social Democrats (SPD), Christian Democrats (CDU/CSU)

From Martin Shefter, "Patronage and Its Opponents: A Theory and Some European Cases," Conference on the Scope of Social Science History," University of Wisconsin, Madison, April, 1976, mimeo.

FIGURE 7

POLITICAL PARTIES IN BRAZIL:  
TYPES OF MOBILIZATION AND ORIENTATION

	Internal Mobilization	External Mobilization
Clientelistic	PSD PTB (Populist Period) MDB (chagas Freitas) PDS	UDN (Fluminense, Populist Period) UDN (in Minas Gerais, Populist Period) PTB (in the 1980s)
Non-Clientelistic	PDT in Rio, in 1982 (future still un- certain)	UDN (Rio, Populist Period) UDN (São Paulo, Populist Period) PCB (1945-1947) PT (in the 1980s) PMDB (Montoro)

## \* Names of Parties:

- PSD -- Partido Social Democrático (Social Democratic Party)  
 PTB -- Partido Trabalhista Brasileiro (Brazilian Labor Party)  
 MDB -- Movimento Democrático Brasileiro (Brazilian Democratic Movement)  
 PDS -- Partido Democrático Social (Social Democratic Party)  
 UDN -- União Democrático Nacional (National Democratic Union)  
 PDT -- Partido Democrático Trabalhista  
 PCB -- Partido Comunista do Brasil (Communist Party of Brazil)  
 PT -- Partido Trabalhista (Labor Party)  
 PMDB-- Partido do Movimento Democrático Brasileiro (Party of the Brazilian Democratic  
 Movement)

the opposition party which has advocated universalism comes to power. The use of clientelism to maintain political support becomes an act subject to rational calculation. Several factors, however, can restrict the margins within which an opposition party currently in power can resort to patronage as a rational political instrument. Shefter points out that party leaders themselves may act as checks and balances to clientelism. Besides, the party supporters, loyal to the ideals of the organization and marked by the struggle in the opposition, do not expect the party to resort to using patronage to maintain its base of support. Finally, the party will have won an election - otherwise it would not be in power - based on its program and therefore will already have a solid base of support. Evidently, support for limiting the use of clientelism does not develop in parties that come to power rapidly without time to consolidate a solid base of support. Thus, upon coming to power, they may transform themselves into parties of internal mobilization and decide to use patronage as a way of solidifying their political base that still does not seem to be secure.

In large countries like Brazil and the United States, applying this model becomes complex because of the disparities between regions. Different sectors of the

parties will have different experiences as a result of regional differences in the electorate, party leaders, and the availability of resources. An obvious example of this is the Democratic Party in Chicago, which found in patronage its most effective means of communication with an electorate composed of immigrants and migrants of the most diverse origins. The language used to communicate indiscriminately with such diverse groups was patronage and the absorption of new groups into the political system, giving them voice, participation, and resources, and demanding in return loyalty to the Democratic political machine. Chicago's experience shows that the party that introduces a new group into the political scene can count on the loyalty of that group for generations. Chicago's experience also shows that a "critical experience" can define the party profile for generations.

Another complicating factor: **the dichotomy clientelism versus procedural universalism** it is not equal to the more debatable dichotomy **"ideological versus pragmatic" parties**. Clientelistic practices are perfectly compatible with ideological parties as researchers have concluded elsewhere (Chubb, 1981a, 1981b; Tarkowski, 1981). Reality is always less black and white than academic arguments. Clientelistic concerns



were not the only motives for political activity during Brazil's successor democracy. Factions of the PTB were genuinely committed to left-wing goals and engaged in more ideologically oriented, reformist campaigns. The UDN also included factions with serious right-wing and liberal ideological commitments. Ideological politics and clientelistic, pork-barrel politics are not mutually exclusive. Both ideological and "physiological" parties used clientelism as a means of party building (2).

In Brazil the UDN, for example, developed different profiles in different states (Benevides, 1982), as did the Democratic Party in the United States. As Figure 5 shows, the adoption of more or less procedural universalism is not a sole function of the social base of the party or of the ideological leanings of its chart. It depends on a combination of factors, rational decisions by the party elites being a crucial one. Figure 6 indicates that while externally mobilized parties, at least in Brazil, frequently succumb to the temptation of using patronage, internally mobilized parties almost invariably do so.

To summarize the argument so far, the adoption of universalistic or clientelistic strategies depends on the combination of three factors: decisions of the leadership, orientations of the electorate, and the

existence of resources. These factors differ depending on whether the party is initially mobilized from within or outside the regime. Finally, the crystallization of a "critical experience" capable of solidifying the orientation of a party depends on the rapidity with which the party comes to power. The three major political parties of Brazil between 1945 and 1964 can be characterized as follows: the PTB and PSD were crystallized as clientelistic and distanced themselves from both instrumental and procedural universalism; the UDN, although it had the initial possibility of institutionalizing itself as a "constituency for universalism," was afflicted by the regional peculiarities that carried it to power in coalition with clientelistic parties and that pressured UDN party logic in the direction of clientelism. The three largest parties ended up being a de facto coalition for patronage (3).

#### 4.3 - The Quest for Rationality: Politicians vs. "Técnicos" in a Long Term Perspective

Electoral and party politics was above all the important issue in the post 1945 democracy. First there were the congressional elections and, in 1947, the state and local elections. This initial period is controlled by the PSD. The importance of the old elites in this successor democracy can be evaluated by the centrality of the PSD in the new congress: the PSD held 52.3 percent of all seats in 1947 and did not have less than 35 percent of the seats until 1963 (see Table 1). Taking advantage of legal provisions that allowed a candidate to run for more than one party in more than one state, Vargas himself, the strongest symbol of the old order, was elected senator in two states (Sao Paulo and Rio Grande do Sul) and federal deputy in seven other states (Minas Gerais, Bahia, Rio de Janeiro, Parana, and the Federal District). He chose to take the senate seat representing his home state, Rio Grande do Sul, in the PSD ticket.

The constitution makers, concerned with the executive centralization of the past authoritarian period prescribed an important role for the Congress in the new regime. First, "the constitution of 1946 granted to the Brazilian Congress the power of the purse" through the control of the federal budget (Ames, 1984: 12)). The liberal constitutional text did not make much room for state, i.e. executive, intervention in the economy

(Venancio, 1968: 55). Second, it created "little room for Executive maneuver. As far as Executive actions were dependent on written law, they would be subjected to continuous Legislative inspection. Even short run policies had to be authorized by the Legislature before being put into operation and policy implementation was closely followed by suspicious Legislative committees" (Santos, 1979: 55). "The constitution circumscribed the powers of the presidency and broadened those of the Congress, creating a potential for conflict between a president responsible to voters in general and a congress subject subject to the still influential rural oligarchies of the overrepresented, smaller, and poorer states" (Wesson and Fleishcer, 1984: 15). In comparative terms, it has been argued that the Brazilian Congress, together with the Chilean one, was among the strongest congresses in Latin America (Campello de Souza, 1976: 106).

As demonstrated by the insightful analysis of Maria do Carmo Campello de Souza (1976), constitutional provisions fed back into traditional party building. First, less populated states were given an over-representation in congress whereas the more populated states were under-represented (4). This allowed for a more comfortably conservative party structure and

made it more difficult for industrial conflicts to spill over into the parties. This arrangement was instrumental for traditional elites, both from the backward and more modern states, to maintain their control of the party system, but it also robbed "representativeness" from the political parties. Second, the grip over the budgetary process allowed for the production of disaggregated, distributive policies that were crucial for electoral politics, as indicated by the variations in the budget items analyzed by Barry Ames (1984).

The apparent strength of the political parties and congress had a flip side to it. The executive was frequently more progressive than the legislature (Dutras' government being an outstanding exception) and more oriented towards industrialization and state intervention in the economy. This led to the need for party circumvention during the second Vargas government in the fifties and more clearly during Kubistchek's period from 1956 on.

Briefly, the process of constitution making reinforced party power, reinstated liberal values and provisions, and shaped the years to come in ways that led to the unintended demise of the liberal constitutional principles. This was so because economic development and the industrialization that was in the agenda of sectors

of the executive, techno-bureaucrats, and entrepreneurs was brought about through channels other than the parties.

Since the 1940s an apparent division of labor existed within the Brazilian political system. Political parties controlled governorships, ministries, and the federal budget. Patronage accounted for thousands of appointments to the traditional state bureaucracy and made civil service reform impossible. This led to the characterization of the Brazilian state as a "cartorial state" (5).

Political parties, however, had no control over the technical core of the state. This technical core, represented by organisms like SUMOC, the BNDE and the Executive Groups was manned by politicized techno-bureaucrats. Politicized but without party affiliation, the technocrats despised politicians and the congress and promoted a serious process of bureaucratic insulation aiming at circumventing the arenas controlled by the parties.

In Brazil politicians were frequently perceived by modernizing elites as an impediment to progress. In the thirties, Vargas outlawed political parties and promoted administrative centralization under the technical supervision of the DASP. In the sixties the military

government outlawed political parties, created new ones, suspended political mandates, issued "revolutionary" legislation. In the period in between these two moments of radical attack on politicians and elected representatives other attempts were made at neutralizing their influence in the process of policy-making through a process of bureaucratic insulation.

The malaise of the country was more than not blamed on politicians. They were perceived as the ones who held back the country in the years before the 1930 revolution because they represented the oligarchies. They were perceived as the ones who promoted irresponsible redistribution and corruption in the fifties and early sixties because of their populist electoral politics and demagoguery.

Technical expertise and procedural universalism were perceived as the means to counteract the spoils system promoted by politicians. This quest for rationality led to the adoption of corporatism in the thirties as a means to organize society in a peaceful way, without the divisiveness of traditional politics.

After the redemocratization, in 1945, politicians, political parties, and the congress moved to the fore in the political scene. The following data on the political background of state governors and ministers will indicate

the extent to which politicians occupied the main decision-making positions in the successor democracy. A comparison with the post 1964 military period will demonstrate the extension to which politicians were removed from the positions they held in the democratic period (6).

From 1947, date of the first gubernatorial election of the successor democracy, until 1962 the vast majority of all state governors were men with legislative background. As shown in Table 6, 70 percent of all governors in the period had legislative experience. During the military government, in the post 1964 period, a change can be perceived in the profile of the governors. In 1970, under Medici, and in 1974, under Geisel, a number of "techno-bureaucrats" were appointed as governors. The indirect election method imposed at that time in fact allowed the president to control the choosing process. The elections of 1965 and 1966 still did not reflect clearly the post-1964 quest for rationality for two sets of reasons. First, in 1965 the direct election process still prevailed. Second, although the system of indirect elections had already been decreed, the process of political bargaining in 1966 was still stronger than in the post-1968 when the military regime, installed in 1964, consolidated its grip over the



TABLE 6  
BACKGROUND OF STATE GOVERNORS, 1946-1978

Year *	Legislative		Bureaucracy	Military	Other	N/I	Total	Legislative (Percent)	Military Plus
	Federal	State							Bureaucracy (Percent)
1946	9	2	0	0	2	7	20	55	0
1950	13	1	1	1	3	2	21	67	10
1954/5	13	1	0	1	1	4	20	70	5
1958/60	15	3	0	0	3	2	23	78	0
1962	6	3	0	0	1	1	11	82	0
1965	5	2	0	1	1	2	11	64	9
1966	6	5	0	0	1	0	12	92	0
1970	11	1	9	1	0	0	22	55	45
1974	10	2	8	0	0	0	20	60	40
1978	14	1	5	0	2	0	22	68	23

\* Refers to years in which Governors were elected.

political system and acquired a more clearly dictatorial inspiration. In this sense important aspects of the "bureaucratic authoritarian" period might be dated from 1968 rather than 1964.

The changes in the background of the ministers reflect more adequately the trend toward rationalization by means of exclusion of professional politicians from crucial posts. Until 1964, nearly 60 percent of all ministers (military posts excluded) had previous experience in the legislative whereas 26 percent had a more technical background. This pattern is clearly reversed after 1964: only 21 percent of the ministerial posts were filled by individuals with legislative background whereas techno-bureaucratic expertise accounted for the occupation of 55 percent of all cabinet positions. In addition, individuals with military background accounted for the occupation of 10 percent of the positions in the same period. Techno-bureaucratic plus military ministers totalled 65 percent of all cabinet posts in the post 1964. It is again in the consecutive governments of Generals Emilio Medici and Ernesto Geisel that this quest for rationality is more visible, as demonstrated in table 7.

Figures 8 and 9 were derived from table 7 and divide the ministries into political ones and

TABLE 7

BACKGROUND OF MINISTERS BY PRESIDENTIAL PERIOD, 1946-1982

	TYPE OF BACKGROUND					Total (6)	Legislative (Percent) (7)	Bureaucratic (Percent) (8)
	Legislative (1)	Military (2)	Bureaucratic (3)	Other (4)	N/I (5)			
<b>PRESIDENT</b>								
Eurico Dutra	14	1	5	2	3	25	56	24
Getúlio Vargas	14	0	2	3	2	21	67	10
Café Filho	11	0	9	1	1	23	48	39
Juscelino Kubitschek	15	1	8	2	0	26	58	35
Janio Quadros	6	0	3	0	3	12	50	25
João Goulart	30	0	15	5	3	53	57	28
<b>TOTAL</b>	<b>90</b>	<b>2</b>	<b>42</b>	<b>13</b>	<b>12</b>	<b>160</b>		
<b>%</b>	<b>56</b>	<b>1</b>	<b>26</b>	<b>8</b>	<b>8</b>	<b>100</b>		
Castelo Branco	10	1	14	4	2	31	32	48
Costa e Silva	5	2	9	1	2	19	26	58
Emílio Medici	3	2	9	2	2	18	17	61
Ernesto Geisel	3	2	11	1	0	17	18	76
João Figueiredo	3	4	18	1	0	26	12	85
<b>GRAND TOTAL</b>	<b>114</b>	<b>13</b>	<b>103</b>	<b>22</b>	<b>18</b>	<b>271</b>		
<b>%</b>	<b>42</b>	<b>5</b>	<b>38</b>	<b>8</b>	<b>7</b>	<b>100</b>		

## FIGURES 8 AND 9

POLITICAL VS. TECHNOCRATIC-MILITARY MINISTRIES  
CLASSIFIED ACCORDING TO PRIOR BACKGROUND OF MINISTERS,  
BEFORE AND AFTER 1964

## Political Ministries

Before 1964		After 1964	
Agriculture	++	Education	++
Education	+	Justice	+
Industry and Commerce	++		
Justice	++		
Mines and Energy	++		
Foreign Relations	+		
Health	+		
Labor	++		

## Technocratic-Military Ministries

Before 1964		After 1964	
Transportation	++	Agriculture	++
		Communications	+++
		Finance	+++
		Industry and Commerce	+
		Interior	+
		Justice	+
		Mines and Energy	+
		Planning	+++
		Foreign Relations	+
		Health	++
		Transportation	++

+ = Rate is equal to, or higher than 50 percent.  
++ = Rate is equal to, or higher than 65 percent.  
+++ = Rate equals 100 percent.

Note: The Ministry of Welfare was not counted.

techno-bureaucratic ones before and after 1964. Political ministries are those with 50 percent or more ministers with legislative background. Technical-bureaucratic-military ministries are those with more than 50 percent of incumbents with bureaucratic or military careers. The two figures demonstrate that, in comparison with the governorships, a more dramatic change occurred at the level of ministries. This is so because ministries became much more important for policy-making than governorships after the implantation of a "national system of planning" that actually represented a major effort to weaken federalism. Also, with the increase in the number of federal agencies in charge of regional planning the governors lost much of their power. For these reasons (compare Figures 11 and 12), the military government was more concerned with the ministerial posts. Nevertheless, during Geisel's and Medici's governments "technical-bureaucratic" governors made their "debut" in the political scene.

Especially after the constitution of 1967 and in accordance with the administrative reform act (Decree Law 200) of 1967, under military rule, the presidency was given a larger role in policy-making as it acquired more discretion and governed a large number of crucial administrative and technical bodies (7). The Decree Law

FIGURE 10

BRAZIL: BACKGROUND OF STATE GOVERNORS PER ELECTION

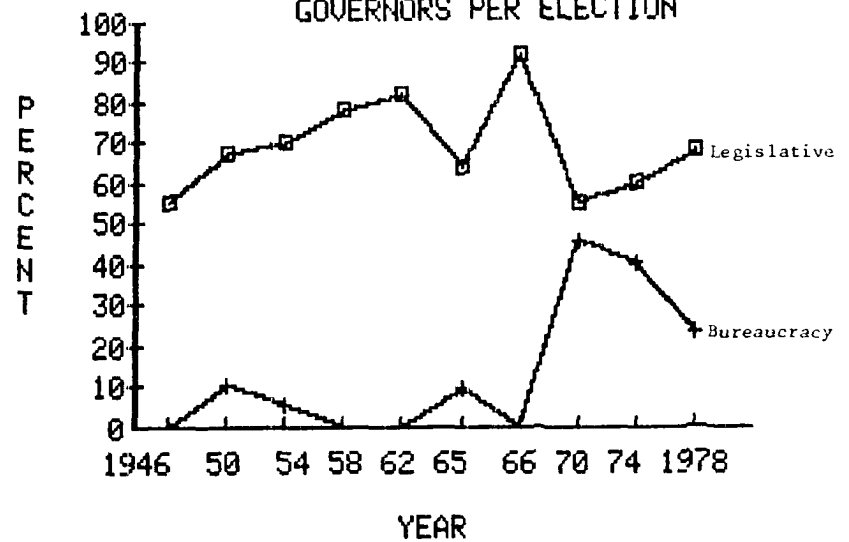
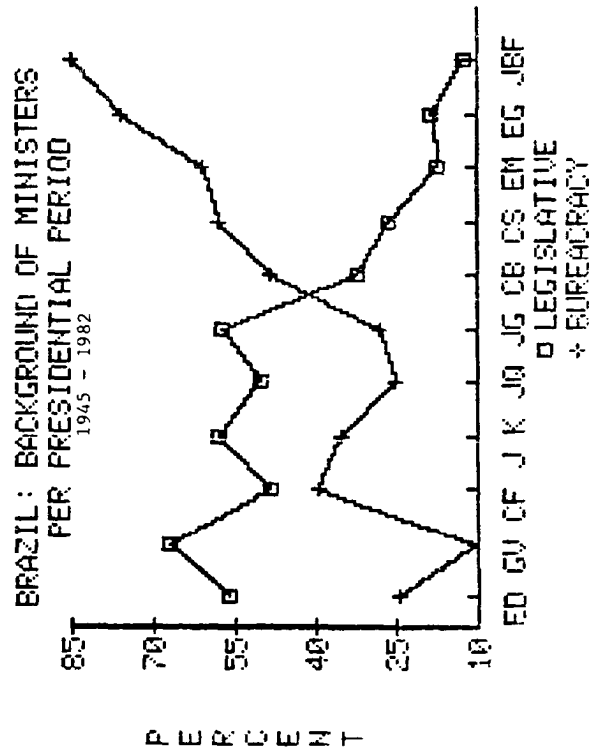


FIGURE 11



200 enlarged the number of ministerial positions directly attached to the presidency. The background of these so called "in house ministers" have is analyzed in Table 5. As it becomes clear from the data, only individuals with military and techno-bureaucratic backgrounds play an important role at this high political level. Professional politicians were totally banned from the higher levels of government in the post 1964 period.

Another way of looking at the same issue is through the analysis of the "revolutionary" punishments that took place after 1964. Marcus Figueiredo (1978) analyzed the uses and targets of coercive measures from 1964 to 1974. Several types of punishments are reported, the most frequent being: forced retirement from public service; dismissal; suspension of political rights; and forced termination of mandates. Of a total of 4,841 punishments reported for the period, 71.4 percent of them were applied to individuals who had, at least once, occupied a political position. The vast majority, 61.8 percent of the total, of punishments occurred in the years of 1964 and 1965, at the beginning of the new regime. A total of 1,058 persons occupied political positions at the moment of the punishment. As reported by Marcus Figueiredo, the people who were punished at the beginning were those more frequently associated with the pre-1964 regime. Although



TABLE 8

BACKGROUND OF THE "IN HOUSE" MINISTERS, 1964-1982

	Legislative	Military	Bureaucracy	Other	Total
PRESIDENT					
Castello Branco	1	3	1	0	5
Costa e Silva	1	3	2	0	6
Emilio Medici	0	3	2	0	5
Ernesto Geisel	0	10	1	0	11
João Figueiredo	0	8	2	1	11
TOTAL	2	27	8	1	38
MINISTER					
Planning	0	0	7	0	7
EMFA*	0	12	0	0	12
SNI*	0	6	0	0	6
Casa Civil*	2	2	1	1	6
Gabinete Militar*	0	7	0	0	7
TOTAL	2	27	8	1	38

\* Supreme Command of Armed Forces

\* National Informations Service

\* Chief of Staff

\* Military Affairs

civilians are the larger group in this first period (60 percent), the military account for 38 percent of those punished right after the coup of 1964.

According to Marcus Figueiredo the net result of the use of the punishments was the depoliticization of the state apparatus and of the para-statal bureaucracy. The new regime sought to decouple the bureaucracy from the political parties. An administrative reform was decreed in 1967 that aimed at an integrated form of planning under the motto of "social economic development and national security".

The rates of cabinet stability in the post 1945 period illustrates another aspect of the process of quest for rationality and depoliticization. In conformity with the procedures adopted by Santos (1979), Table 9 shows the number of ministries and ministers for all presidential periods in the post WW II. It presents the average ministerial incumbency per period, the actual rate of cabinet stability based on the duration of each government. Since not all governments had the same duration due to political crises, the table also presents the possible rate of stability, i.e., the rate of stability certain governments would have had in case their duration was equal to the prescribed constitutional term. This last measure assumes that all governments had

TABLE 9

MINISTERIAL STABILITY, 1946-1980

President	(1) Duration (months)	(2) Number of Ministries	(3) Number of Ministers	(4) Average Incumbency	(5) Average Stability as a Proportion of Total Duration (Actual Rate)	(6) Average Stability as a Proportion of Constitutional Mandate (Possible Rate)
Eurico Dutra	60	10	30	20.0	33.3	33.3
Getúlio Vargas	43	11	27	17.5	40.7	29.2
Café Filho	17	11	28	6.7	39.3	11.1
Juscelino Kubitschek	60	11	33	20.0	33.3	33.3
Janio Quadros	7	13	15	6.1	86.7	10.1
João Goulart	30	16	65	7.4	24.6	12.3
Castelo Branco	35	15	40	13.1	37.5	21.9
Costa e Silva	31	16	21	23.6	76.2	39.4
Emílio Médici	52	16	20	41.6	80.0	69.3
Ernesto Geisel	60	21	31	40.6	67.7	67.7
João Figueiredo (until July 31, 1980)	16	23	30	12.3	76.7	20.4

Note: a) Average Incumbency =  $1 \times 2 / 3$   
 b) Actual Stability =  $4 / 1 \times 100$   
 c) Possible Stability =  $4 / 60 \times 100$

the same duration and that the observed actual rate of stability would remain constant for the whole period. The higher the value in columns 5 and 6, the more stable the government was.

Because they were the only presidents to rule for the entire constitutional term between 1945 and 1964, the governments of Eurico Dutra and Juscelino Kubitschek will be taken as basic references for the levels of stability characterizing a democratic period in which cabinet composition reflects the normal give and take of politics. Along side with the military government of General Geisel (and possibly the transition government of Figueiredo) these were the only administrations that began and ended their full constitutional mandate. All the other governments in the post war era had irregular terms.

If one takes the above two governments (Dutra's and Kubitschek's as proxy for constitutional "normalcy" under democratic rule, the figures indicate that the governments of General Medici and Geisel were especially stable for Brazilian standards, whereas Goulart's government was particularly unstable. All these three periods deviate from the rates presented by Dutra's and JK's periods, the military ones because they banned politicians and politics and relied more on

techno-bureaucratic and military inputs to the process of policy making. Soullart's period deviates because it shows too much instability. The trends presented in this table corroborate Santos (1979) findings.

However, if professional politicians occupied crucial positions at the level of the state and federal executives they did not play a similar role in the so-called indirect administration, i. e., state enterprises and autarchies in charge of important economic policies. Taking into account the career background of 1,976 techno-bureaucrats of a sample of 98 state enterprises studied by Wanderley Guilherme dos Santos (1979a) and cross-tabulating Santos' data with the listings of congressmen and state assemblymen published by the Brazilian Superior Electoral Court in only 168 cases did the occupants of the techno-bureaucratic positions have past legislative experience (See Table 10). In fact, the figure of 168 refers to numbers of positions occupied by only 61 individuals. As it is evident from this table, the presence of politicians in important state agencies decreased sharply after 1964.

A closer look into the political biographies of these 61 individuals reinforces the conclusion that a division of labor was taking place within the political institutions. In the period prior to 1964, 40 individuals

TABLE 10

TECHNO-BUREAUCRATS WITH LEGISLATIVE BACKGROUND:NUMBER WITH LEGISLATIVE BACKGROUND\*

## PRESIDENT

Eurico Dutra	36
Getúlio Vargas	20
Café Filho	17
Juscelino Kubitschek	24
Janio Quadros	17
João Goulart	20
Castelo Branco	13
Costa e Silva	10
Emilio Medici	8
Ernesto Geisel	1
João Figueiredo	2
TOTAL	<u>168</u>

\* Sample of 98 state agencies; 1,976 positions

in the sample occupied techno-bureaucratic positions, the largest contingent of which was in the Banco do Brasil, mainly in the Bureaus of Rural Credit and other politically important bureaus. The distribution is as follows: Banco do Brasil, 13; IPASE (a welfare institute), 6; IAA (Institute for Sugar and Alcohol) 5. The remaining ones occupied posts in the CVRD, 3; BNCC, 2; BNB, 2; CSN, 2; and Petrobras, IBC, DNOCS, IBGE, Cultural Affairs Bureau of the Ministry of Education, and Carbonifera Prospera, 1.

Except for the CVRD, Petrobras, and CSN, agencies that were crucial for the industrialization effort, all the other positions were in agencies having to do with regional development promotion, rural and general credit. A peculiar trait revealed by the data is that those who occupied positions in crucial agencies like the CVRD and Petrobras tended to be UDN men (2 out of 3 in the CVRD).

In the post 1964 period there is data available for 21 individuals. Two were in the Banco do Brasil; 2 in the IPASE; 2 in the BNB; 2 in the IBC; 2 in the BASA; and 1 in Itaipu, Eletrobras, Usiminas, CHESF, CAEEB, Cultural Affairs Bureau, IRB, CVRD, COBAL, Cibrazem, Carbonifera Prospera, IBC. Again, those who held the important positions of the presidency of Itaipu, Eletrobras, and Usiminas were UDN men, one of them having military

.background.

Table 10 in fact underestimates the decreasing importance of politicians in the techno-bureaucratic apparatus because it is not possible now to control the data by the number of agencies that existed in each one of the periods. A large number of them are of recent creation. This makes the figures for the more recent years proportionally much smaller than the figures for the pre-1964 period.

Santos (1979 and 1979a) documents two other facts that add to this picture. First, the pre 1964 rates of stability for the top positions of 15 important state agencies reaches its lowest level under Goulart and its highest level under Vargas. Second, in the above mentioned sample of 98 agencies and 1,976 techno-bureaucratic positions, the highest levels of stability are achieved under Kubitschek and Medici, and the highest rates of instability are found under Goulart. In addition, Santos' (1979a) study shows that techno-bureaucratic stability was not associated with congressional terms, which indicates that the clientelistic logic of the political parties did not penetrate the technical echelons of many important agencies. Patronage seems to have been more pervasive in the traditional bureaucracy and at the levels of state



and municipal governments. In the period 1950 to 1973 the federal bureaucracy grew at an annual rate of 1 percent. This compares to a rate of 5.4 percent for states and 5 percent for municipalities. (Velasco e Cruz, 1979: 151).

This discussion points to a division of labor between clientelism and bureaucratic insulation. It reconciles the argument about the existence of a "cartorial" state with the argument that denies it. The "cartorial state" fed back into party building whereas bureaucratic insulation served as an important means for action towards economic development.

The data compiled in this section shows that the role of professional politicians decreased over time. First, due to the quest for rationality sponsored by the techno-bureaucracy and, second, due to the military takeover in 1964. However, the data also indicate that politicians did not occupy crucial positions other than gubernatorial ones and a decreasing number of ministerial posts. Most techno-bureaucratic posts occupied by professional politicians in the period were those with large potential for political patronage like certain bureaus (Rural Credit for instance) of the Bank of Brazil and welfare agencies and institutes. The more technical

core of the state was insulated from patronage. This process of insulation, again, was more dramatic under military rule. Nevertheless it was astutely used by Vargas and JK in order to implement development policies. Goulart's government, according to Santos' data, violated this rule, used the technical-bureaucratic core as political currency, and sponsored the highest rates of instability for the technical core in the entire post WW II period.

If clientelism was pervasive in many levels, bureaucratic insulation was central in many others. The fusion of these often contradictory tendencies into a set of hybrid political institutions was orchestrated by masterful professional politicians elected as presidents: Vargas and JK. This is the subject of the next chapter.

## CHAPTER 5

Change Within Continuity: New and Old Political Arenas in the Post-War Period.

In this chapter I will show how several fundamental pre-existing factors jointly produced the institutionalization of a syncretic system in the 1950s. One must bear in mind that the deepening of the Brazilian industrialization process took place in this decade. Bureaucratic insulation emerged as a crucial strategy to launch an ambitious industrial plan: bureaucratic insulated agencies were assigned a central role in planning, funding, launching and supervising the process, amidst a strong developmentalist coalition based on a widespread developmentalist ideology. First, I analyze the context in which bureaucratic insulation was sought as a means for rational action toward industrialization; second, I show how some insulated agencies were created; and third, I study the factors that accounted for the institutionalization of the system.

### 5.1 - Old and New Arenas: Setting the Stage for State Led Modernization

If the first Vargas' period (1930s to 1945) was an epoch of state-building, Dutra's years (1946 to 1951), under the dominance of the conservative PSD, was a period of party-building and liberal economic policies. No agencies linked to economic policy-making, control and finance of industrial production, or economic regulation were created. Intervention in the economy was largely restricted to exerting control over foreign trade (Malan et al., 1977: 368/69). In this initial period of democratic reconstruction, market oriented, liberal economic policies prevailed with devastating effects upon the balance of payments.

However, the liberalism of the immediate post-war was one of peculiar extraction. The prevailing economic liberalism was not accompanied by compatible values and formal institutions in the political realm. Take the relationship between government and labor movement, for example. The corporatist structure of the dictatorial period remained in place and free unionism was seriously repressed. The Confederation of Brazilian Workers was declared illegal, and the government intervened in a number of unions in order to remove individuals perceived as radicals (D'Araujo, 1982; Skidmore, 1969; Weffort, 1972; Erickson, 1977). As in other countries around the

same time, the Brazilian Communist Party was expelled from the political scene and was also declared illegal because of its espousal to principles that were perceived as contradictory to the Brazilian constitution

Political parties, even the ones like the UDN the championed the cause of procedural universalism and cosmopolitanism, did not address the contradictions that characterized the new democratic period. No political party promoted procedural universalism. As I showed before, the UDN, in spite of its program and public rethoric, joined the coalition for patronage headed by the PSD.

Although the congress discussed the major trends, the actual daily fight for basic values and policies to be implemented according to either a liberal perspective or a more nationalist and statist one were to take place in the realm of the state apparatus, a new political arena. These were fights fought by techno-bureaucrats with clear and strong political orientations and no party affiliation. These **tecnicos**, in important and influential positions, despised the political parties for their irrationality and they supported administrative steps leading to party circumvention through executive action. In fact, the intensive economic growth and industrialization of the 1950s was largely influenced by

executive leadership and, in spite of the political strength of the FSD, the process of economic planning and program launching did not rely on political parties and was not controlled by the congress.

As a new locus for political debate, the state arena became crucial for decisions related to the route to follow for economic growth and industrialization. It is not easy, however, to determine what was old and what was new in the post 1945. As compared to the state arena, for instance, the congress and the emergent multi-party system represented a new arena. But, if the party system was new and the congress also represented a new locus for political debate after so many years of dictatorship, the logic of party action -- as argued in the previous chapter -- did not take a route that clearly differentiated it from the one that prevailed in the "old republic".

On the other hand, the politicization of state structures designed to intervene in the economy, boost centralization and production were not new in the post-1945. However, both the relationship with a democratic system ruled by political parties and the existence of an industrial plan were new. Fine-tuning this relationship with the parties would constitute a major challenge for the years to come. If the state arena remained dormant and curbed in the first post 1945

government, the politicized state structures that would play a crucial role in the 1950s, would have either to circumvent the political party system and the congress or yield to congressional dominance.

Party circumvention was the prevailing formula utilized by developmentalist elites. After the redemocratization, development oriented public servants faced a party system based on clientelism and a bureaucracy which had apparently successfully resisted universalistic reform efforts. During the first democratic government after 1945, Dutra's government, the DASF was de-emphasized and almost extinct. (Graham, 1965; Siegel, 1964). Industrialization and development were not in the main agenda. Party building was more important in the political scene of the immediate post war period.

While Congress and the parties were occupied with general questions, whether linked to the national political debate, redistributive policies, or fundamental issues such as the agrarian question, the insulated bureaucracy was entrusted with the formulation and administration of policies linked to the process of industrialization. This process, however, did not start until the 1950s.

The fifties were contradictory years in Brazil. Along side of the politics of clientelism, which had

reached its apex with the coalition of the PSD and the PTB -- a coalition perfectly complemented by the UDN -- alternative mechanisms for channelling industrial and developmentalist interests were created that escaped the control of the traditional political machine. Along side of a nationalist ideology nearly universal among elites, the de facto internationalization of the Brazilian economy, exemplified by the auto-industry was extended.

Since the party system and the traditional bureaucracy did not seem to be disposed to carry out a concerted strategy of national development, a group of special agencies was created to generate and administer development policies. The creation of these agencies -- not linked to the clientelistic system -- was possible because of the influence of groups and individuals who espoused the idea of national development and due to Executive willingness to adopt a developmentalist strategy. A favorable international economic situation provided the resources for development policies. The insulated bureaucracy created incentives for the import of capital and designed fiscal measures to enlarge the state's investment capacity. Increased foreign investments and public expenditure, coupled with inflation, furnished the material means for supporting economic development based on a syncretic set of



political institutions. This syncretism entailed maintaining clientelism in certain arenas of policy making, the insulation of others so that they could function at a distance from the traditional political system, and the maintenance of the corporatist structure.

The result...was the appearance, within the administrative core of the state, of pockets of efficiency, that had the capacity, given the characteristics of the economic model, to assure, operationally, the role of the state in the control of the economy. (Lafer, 1975: 63)

The extensive use of insulated state agencies was a response to the dilemma created by the imperative of state guidance of economic development coupled with an inability to reform the traditional state apparatus so that it would be able to carry out the development function. Given the concrete circumstances of the post-war period, clientelism created a space for bureaucratic insulation. Insulation was the solution modern capitalist forces found to escape from political domination of clientelism. The administration of economic policies, as well as strategic decisions came to be made outside the representative organs of the political party system. Paulo Roberto Motta has called it an "escapist strategy" through which dynamic sectors of the national

bourgeoisie, associated with the technical bureaucracy and international interests, made viable a program of deepening the industrial base of Brazil.

Development oriented elites, including those who had served in the DASP, believed economic modernization to be impossible unless the bureaucratic agencies planning and implementing economic policies were staffed on the basis of competence rather than political connections. Their solution to that dilemma was the attempt to create economic policy making agencies insulated from both the traditional bureaucracy and the parties. Their goals included stable economic policy, not subject to frequent political changes, and the protection of expertise. For both these purposes, they believed appointments to these agencies had to be removed from the spoils system.

## 5.2 - Bureaucratic Insulation: The Purposive Combination of New and Old Actors for State Led Modernization

Like the DASP before, the SUMOC (Superintendencia de Moeda e Credito), the Brazilian monetary authority and embryo of the Central Bank to be created in the post 1964 period, was an agency whose creators aimed self-consciously at creating an institution with autonomy

and wide discretion. Pedro Lago (1982) does a remarkable job in demonstrating the process of insulation sought by SUMOC and the political and bureaucratic fights associated with the agency's attempt at acquiring more autonomy.

SUMOC was created by the decree-law 7293 on February 2, 1945, when it had become clear that the dictatorship would soon end and institutions capable of operating in a democratic context would be needed. Otavio Gouveia de Bulhoes, then an advisor to the Minister of Finance, proposed, in the end of 1944, the creation of the agency having in mind the future creation of a central bank.

The "tecnicos" associated with the creation of SUMOC stated that Bulhoes knew that the climate of a successor democracy would pose difficulties for the creation of an insulated agency because of the prerogatives of the congress and Banco do Brazil's ability in preventing the creation of agencies that might diminish its double role as a commercial bank and central monetary authority. A new monetary authority would certainly undermine Banco do Brazil's power. The Banco was perceived, by Bulhoes, as undefeatable in congress given the vast number of agencies the bank had across the country and given the loan programs it sponsored. The creators of SUMOC expected congress to reject any project that might have

appeared as harmful to the bank and to its ability to dispense credit programs deemed crucial for the political and economic power of local political brokers. A new monetary authority could perhaps diminish the power of the many special bureaus of the Banco do Brazil and would bring about a dimension of centralization that would be perceived as politically undesirable by the bank and by political parties. The political clout of the Banco do Brasil was also based on the fact that many congressmen were former officials of the bank.

Bulhoes and the economist Eugenio Gudim estimated that the future existence of a central bank would depend on a long process of institution building and generation of support. SUMOC was in some respects patterned after the Federal Reserve Bank of the United States, whose autonomy from American political pressures was much admired by Bulhoes and Gudim, the main architects of SUMOC. The group of economists that gathered around Bulhoes and Gudim was concerned with a "scientific orientation" of economic policies that would add a dimension of stability to the unstable logic of political interests. (Lago: 9ff). The so-called "SUMOC group" was more in tune with international finance institutions, particularly with the IMF. Bulhoes and Gudim were members in the Brazilian delegation to Bretton Woods and

supported the American proposals for the liberalization of international trade. According to Malan and Lago the IMF saw the SUMOC as "an island of rationality" within Brazilian political institutions. The chief of the Abbink Mission in Brazil in a telegram to the American State Department recommended that the American government invite Brazilian **tecnicos** to the U.S. in order for them to witness **in loco** the scope of the private initiative in a market economy. The telegram added that it would not be necessary to invite Bulhoes and Gudim because they already had ample knowledge of and experience with the positive aspects of the American system. (Lago: 12. The source is "Foreign Relations of the U.S.", State Department, 1948, V. IX, p 368).

The SUMOC eventually was transformed into a Central Bank by the military government in 1964 when the SUMOC group had more power. The SUMOC group both from within the state apparatus and from their basis at the Getulio Vargas foundation, played a crucial role in the formulation of policies and in designing fundamental economic institutions in Brazil. The Getulio Vargas foundation was then presided by Luis Simoes Lopes, former director of DASF in the 1930s (Dreifuss, 1981: 77).

The autonomy and the power of the SUMOC waxed and waned during the succeeding years after its creation,

depending primarily on whether it was supported by the president in office at the time. The general trend, however, was in the direction of acquiring more discretion over a broader area of policy as it became progressively independent from the Banco do Brazil and as it developed more expertise. The economic ideology of SUMOC and of the economists that gathered around Gudin and Bulhoes was orthodox and with strong international ties with the IMF and the international business community (Dreifuss, 1981: 73ff).

In the post-war, the second Vargas government brought to the fore the concern with development and industrialization. The DASP was activated again, although with much less power than it had before. (Graham, 1965: 270/1). The first steps towards deepening industrialization begin to take shape as state sponsored policies. When Vargas came to power in 1951, in contrast to what happened in 1930, he had at his disposal a number of diagnoses of Brazilian economic problems and a number of recommendations on how to overcome the perceived bottlenecks already existed. A sizeable amount of knowledge had been produced by the Cooke and Abbink missions (in 1942 and 1948), by the Joint Brazil-US Commission from 1951 to 1953. In 1954 ECLA began a process of collaboration with BNDE (Lago, 1982; Bruce,

.1979).

The establishment and evolution of the Brazilian National Development Bank, BNDE, followed a pattern in many aspects similar to that of SUMOC. It was created as an agency separate from the traditional bureaucracy. During its first few years, its activities were limited by inadequate executive support and an inability to control in practice the funds legally allocated to it. During this period of frustration, the BNDE turned its energies to the collection of economic data and to development of its expertise. (Pinto, 1969; Martins, 1976; Moreira Franco, s/d). Later, during Kubitscheks's government, the BNDE played a central role in the launching of the development plan that consolidated the process of deepening of Brazilian industrialization.

Attempts at bureaucratic insulation were renewed after the beginning of the second Vargas' term in 1951. If in the political arena he was conciliatory and tried to appease the UDN with invitations to participate in his cabinet, in terms of economic planning he set up an economic advisory board, the **Assessoria Economica**, to participate in the formulation of crucial policies. The group of the Assessoria Economica like the SUMOC group, had technical expertise and also favored bureaucratic insulation as a means to lend more competence to

policy-making process. By this time the SUMOC economists did not maintain close contact with the one in the "Assessoria". The SUMOC group had stronger ties with the Getulio Vargas Foundation group composed by Eugenio Gudin, Bulhoes, Alexandre Kafka, Roberto Campos among others. Unlike the SUMOC group, the Assessoria Economica (Cleantho Paiva Leite, Glycon de Paiva, Romulo de Almeida, Jesus Soares Pereira, and others) was more concerned with the economic structure and with the social impacts of economic growth. If the SUMOC group was more orthodox, monetarist, and concerned with financial matters the "Assessoria" group leaned towards planned industrialization, investment policies, and economic development.

For the first time in history a Brazilian government created a permanent planning body charged with the analysis and formulation of policies....Acting at distance from the public eye and being independent from political party interests, the Assessoria gave the government an administrative imprint that could not be reached through party coalitions. Whereas the parties reflected the world of bargains and conflicts, the Assessoria had a definite direction with respect to economic planning and state action in economic affairs. (D'Araujo, 1982: 134, my translation).

The "Assessoria" influenced in the formulation of fundamental policies and in the creation of pivotal



agencies like the Petrobras during the second Vargas government. The "Assessoria" formulated several other important programs and projects such as: the Administrative Reform; CAPES (Coordination for Continued Education of College Professors); Committee for Industrial Development; Bank of the Northeast; National Fund for Electrification; etc. The "Assessoria" undertook the first steps in the creation of the automotive industry in Brazil by participating in the establishment, at the level of the Council for Industrial Development, of a Sub-Committee in charge of the preparation of projects leading to the production of jeeps, trucks, and automobiles in the country. (D'Araujo, 1982: 135; Almeida, 1972: 15). Vargas started a process of bureaucratic insulation that most definitely changed the face of the Brazilian political system. The "Assessoria" was the embryo of the "parallel administration" of Kubistchek's period.

During the late forties and early fifties, these and other more or less insulated agencies maintained themselves as enclaves of expertise and bastions of values that distinguished them from the rest of the political and administrative system. They shared a commitment to efficiency and national economic development, and they shared some degree of hostility to

political politics. They differed, however, with regard to the specific economic ideology espoused, some taking a more orthodox, internationalist view and others a more nationalistic position. These agencies affected policy decisions more at some times than at others. Their effectiveness could be undermined by a lack of executive support; by the president's use of leadership positions in the agencies as political rewards; and by the withholding of funds, by Congress or a specific Ministry. Nevertheless, the insulated agencies played a crucial role in the long term process of development. Their critical experience was constituted by defending themselves against political interference.

However, if the beginnings of the purposive use of bureaucratic insulation as a means for launching industrial projects can be traced back to the second Vargas' government, it was Juscelino Kubitschek's (JK) government, from 1956 to 1961, that made full scale use of bureaucratic insulation in combination with patronage in order to bring about the deepening of Brazilian industrialization.

Kubitschek's accomplishment was possible because of the combination of political stability based on the PSD-PTB coalition -- largely based on patronage -- eventually supplemented by the UDN; the existence of a

broad based consensus on the need for national development; the governmental disposition to invest heavily in infraestructure; and instrumental decisions that took advantage of the favorable economic situation both within the country and internationally.

Political syncretism, an instrumental ideology, instrumental decisions, and adequate economic resources were the four main factors that made possible Brazil's hybrid system. In it, corporatism was not eroded, bureaucratic insulation was deepened, and procedural universalism was emphasized in certain areas and agencies.

It should be emphasized that none of the factors mentioned was new to Brazilian society and politics. Foreign investments had been present in Brazil since its creation. Instrumental decisions aimed at modernizing the country had also been made during the first Vargas government. Political stability had existed before. Nationalism had been a reality since the 1920s.

If none of these factors were totally new to Brazilian society and polity, their maturation and combination into a syncretic and integrated system occurred only in the mid 1950s. Each of these factors had gone through a slow process of maturation and transformation. It is the combination, not this or that

isolated factor, that constitutes the singularity of the period. Even though they existed previously, each of the factors had passed through a slow process of maturation and transformation. In order to make clear how they combined to create a "historical window" during the fifties, I will discuss them in more detail using JK's period as the main historical setting. Figure 12 is a graphic version -- obviously limited, but useful as a summary -- of the relationship between these factors.

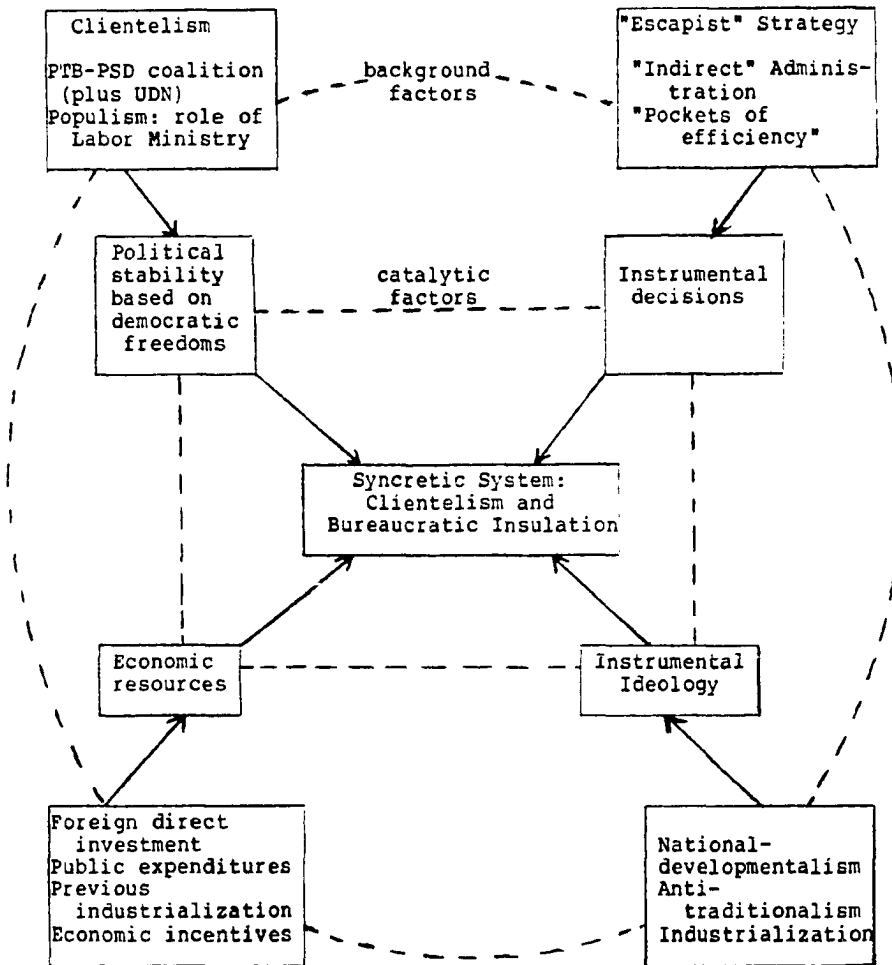
### 5.3 - Instrumental Ideology: National Developmentalism

The creation of an arena of bureaucratic insulation in Brazil must be understood in the context of the emergence of the ideology of national developmentalism.

Consciousness of Brazilian economic backwardness had existed for a long time. In the 1920s and in the 1930s several authors began to argue that it was necessary to modernize the country, necessary to create a non-particularistic bourgeois order along side a non-oligarchical political system based in the public domain. (Santos, 1962; Santos, 1978).

The movement to modernize the country gained

FIGURE 12  
**Change Within Continuity:  
 Clientelism and Bureaucratic Insulation in Contemporary Brazil**



impetus from the revolution of 1930. In spite of frequent doubts about the process, the mechanisms that should be used, and about the agents of modernization, there was a reasonable amount of consensus that the rural oligarchy and the particularistic order that it maintained impeded modernization. At the same time, the absence of a conquering bourgeoisie made especially difficult the proposition of creating a new public order based on bourgeois values. It was frequently suggested that the state should be the "functional substitute" for the bourgeoisie in the creation of the modern Brazil. More often than not an "instrumental authoritarianism", to borrow Santos' terms, was prescribed as the appropriate means to create the new order. (Santos, 1978: 103). The dilemma experienced by the intellectuals was intense, since they advocated creating a bourgeois order in the absence of a solid bourgeoisie.

The Second World War accentuated the sense of the vulnerability of the country. Dependence on primary products created uncertainty about the future and raised again discussions of the necessity of industrializing the country. A few years later the Korean war, which many expected to become a new world war, intensified the anxiety about the future of the country. The Brazilian ambassador to Washington in 1952 recalls that the

American administration indicated that the conflict had a potential for a new broad international confrontation.

The United States convoked,...at the brink of the war, the fourth consultation of the ministers of Foreign Relations of the American states. At this meeting I was one of the advisers....We were given not only notice but even a warning that the war...could be internationalized. Happily this did not happen, but we did not want to return to having the difficulties that we had had during the Second World War....Then, on returning to Brazil, the delegation presented a report referring to the difficulties that could arise with a possible internationalization of the war. A decision was made that seemed correct at the time to import a great quantity of everything that might be necessary to keep the economy running....Our reserves were great, having been accumulated during the previous war. We bought much, we bought more than our reserves allowed. (Walter Moreira Salles, interview, Isto E, vol. 5, no. 258, 1981, p. 91, my translation)

The Getulio Vargas personal papers analyzed by D'Araujo (1982: 143-144) indicate that:

The North American government also wanted Brazil to get involved in the Korean conflict, through an "explicit solicitation from Secretary of State Dean Acheson that Brazil send a military division to fight in Korea -- the expenses for equipment, arms, and transport would be paid by the United States, and training by Brazil....On April 9, President Harry Truman wrote to Vargas asking him to consider the necessity of sending a division of infantry to Korea, and a few days later John Thompson wrote to Oswaldo Aranha about the good opportunity that Brazilian participation in the conflict would represent for Brazil in terms of training for the Brazilian armed forces.

The American State Department had also thought, as internal documents show, that Brazil's industrialization should be stimulated in order to open up South Atlantic sea routes in case of another world war. (Malan et al., 1977).

In the fifties, the consciousness of economic backwardness and of the need to alter the economic course of the country reached a critical mass (2). The fifties were nationalistic years in Brazil. Getulio Vargas and his "Assessoria Economica" were an initial central focus of nationalistic and developmentalist concerns. Vera Alice C. Silva perceptively draws a distinction between nationalism as an ideology and as a strategy to support developmentalist choices. The use of a nationalistic strategy by Vargas and Kubitschek secured ample political support for the process economic change and intensive industrialization unleashed in the fifties. Vargas and his economic advisors espoused a program of pragmatic nationalism as a basic strategy for economic development. (Silva, mimeo, s/d., pages 3 and 11).

National developmentalism became a central issue of concern as much for the left as for the right. Even liberal economists such as Roberto Campos (one of the central "cosmopolitan developmentalists" discussed



below), in the BNDE at that time, defended the use of the state as an economic agent in order to create and sustain industrialization (3).

It should be stressed that in contrast with what the word nationalism suggests in English, it had a reasonably specific meaning in Brazil. The term "national" tended to be understood in as a synonym for products produced domestically as opposed to imported products. According to Diniz, the nationalism that took shape in the thirties "implied opposition to liberalism in foreign trade and also consolidated a vision of integrated development of local and international capitalism." (Boschi & Diniz, 1978).

The national-developmentalism that constituted the doctrinal foundation of the Kubistchek government was based on a vision of the world that can be summarized in Kubistchek's (1962) own words:

The nationalism that we have in view is founded on our development...and our nationalism is not a fanatical passion, crude, deforming, immoderate, but rather a clear consciousness....Our nationalism is not a political weapon, it is an elevated state of mind, a constructive impulse such as that which shapes, for example, the Target Plan, that was --yes-- a nationalistic force, a crusade whose objectives, multiple in appearance, are in reality based on the great single objective of Development.

In July 21, 1959, talking in the Military Club, Kubitschek used the same nationalistic rhetoric to explain the reasons why he ordered the break in the negotiations with the IMF. He argued that Brazil welcomed foreign investments but had to make a clear distinction between collaboration and exploitation. He explained that the "national objectives" (i.e. industrialization and economic development) were a top priority (Brasil, Resenha, 1960).

National-developmentalism became the dominant political strategy of the fifties and had in Kubitschek, and in his government, its strongest expression. Supporters of national developmentalism could be identified, by that time, in the military, in professional groups, in sectors of the state bureaucracy, in industry, and in urban middle classes. The opposition to nationalism was also present in many turfs and heated debates and accusations against the "entreguistas" (i.e. those who opposed nationalism) took place in many fora. Most notable, however, according to Leff (1968: 141/142), was the absence of alternative visions of equal force (4).

During the fifties, carriers of the ideology of developmentalism, many of whom previously had experience working with the Joint Brazil-USA Commission, the Abbink

Mission, the CEPAL/BNDE group, the Assessoria Economica, and diplomatic missions began to occupy crucial positions in the state apparatus and began to carry out a varied search for rational strategies of development (5). Despite of the existing consensus with regard to the perception that development represented the main goal, opinions were divided about what development strategy should be pursued. The group centered at SUMOC favored trade liberalization, encouraging foreign investment, and limiting state intervention in the economy. Others, including Celso Furtado, "tecnicos" in the BNDE, and former members of the "Assessoria Economica" favored state intervention, tougher controls on foreign capital, and encouragement of domestic industry. In fact, an amalgam of the two conflicting points of view informed the economic policy-making process in the most part of the 1950s. More important than that, the discrepancies gave place to a more "statist" composite during the intensive industrialization of Kubitschek's years. (Sola: 19). The political syncretism characteristic of Vargas' and Kubitschek's administration included the ability to put together "tecnicos" with conflicting perspectives and make them function well under the dominant umbrella of national developmentalism.

This syncretism at the level of the technical core

of the state apparatus was brilliantly analyzed by Lourdes Sola (1982). Sola's study demonstrates several points there are crucial for my argument. First, she documents the emergence of what I called "a new arena for politics", the state arena, where **tecnicos** fought for alternative political perspectives and policy-implementation. The **tecnicos** did not constitute a pressure group in the traditional meaning of the term, nor did they constitute a technocracy. Their "technical" actions were totally politicized within this new and "non-conventional political arena" (Sola, 130-131). Second, using a number of personal interviews with many important **tecnicos** she demonstrates that the politicization of the technical core of the state arena explicitly excluded affiliation with political parties because of the perceived clientelistic and elitist nature of the party structure. As the **tecnicos** put it, as "tecnicos em fins" they wanted to pursue certain ends, i.e. development, while the parties were more interested in the means for political control and patronage. This process of buffering the technical core of the state's organizational structure from the political environment was defined as bureaucratic insulation in the section 5.1.

The **tecnicos** were accomplished professionals in

their own fields. They avoided political party affiliations, and sought coalitions with entrepreneurs, military, and journalists. In spite of the consensus on development as a goal, there were sharp differences in the world views espoused by the "tecnicos". Elaborating on a typology developed by Helio Jaguaribe as early as 1962, Sola distinguishes between "cosmopolitan developmentalists" and "national developmentalists". "Cosmopolitans" emphasized the need for collaboration with foreign capital to a greater degree than the "nationalists". The nationalists initially grouped around, and were more identified with, the "Assessoria Economica". The "cosmopolitans" grouped around, and were more identified with, the SUMOC and the Joint Brazil-USA Commission. Cosmopolitans and nationalists also disagreed about the degree to which the state should play an active role in the process of economic development. But cosmopolitans were internally divided: those who sponsored the strategy of an accelerated rate of growth and industrialization, the "cosmopolitan developmentalists", also favored a stronger role for the state in the process.

In conclusion, national developmentalism provided a basis for policy formulation and for a sense of purpose under the dominance of the "pragmatic nationalists". This

nationalistic strategy did not exclude foreign capital, as we will see next, in so far as it added to the verticalization of the process of industrialization in Brazil.

#### 5.4 - Instrumental Decisions and Increased Economic Resources

In spite of the nationalistic tone, government policies encouraged foreign investment in manufacturing mainly through regulation of foreign exchange rates and tariff and commercial policies.

The commercial policies of the post-war period showed considerable variations and are characterized by several stages. No quantitative restrictions on imports existed until 1947. Foreign exchange reserves were abundant and freely available for transactions. The cruzeiro was consistently over-valuated and kept at its pre-war rate of 18.5 per dollar. The then prevailing rate of exchange did not encourage exports and deepened the demand for imports. As indicated in a previous section, the Korean War meant additional stimulus for the massive demand for imports, while a system of import control administered by CEXIM (Export - Import Bureau) tried to

curb imports.

The quantitative controls on imports were imposed because of the imbalances generated by over-valuation and the consequent dissipation of foreign reserves. These controls aimed at curbing the imbalances. Although the balance of payment problems were not solved by import controls, this policy had the unintended consequence of favoring ISI. However, industrialization was not yet a goal since the commercial policy of that period only reflected governmental reactions to BOP problems.

As BOP problems persisted, a new system was implanted in 1953 that consisted of multiple rates of exchange applied to different products. Foreign currency was made available to imports through weekly auctions of currency. This system, created by the Instruction 70 of the SUMOC, worked as a de facto devaluation of the cruzeiro for imports. "Also it siphoned off to the government the windfall profits from imports and eliminated the pressures for administrative corruption in the issuance of licenses" (Gordon, 1962: 16) (5). According to the new system, the main imported goods were divided into five categories with variable tariff surcharges imposed through the auctions. Other clauses also benefited the import of basic equipment. This new system further consolidated a market reserve for ISI

because it imposed heavier burden on non-crucial imports. The system also functioned as an implicit subsidy for capital goods and basic industrial inputs, given the lower rates of exchange imposed on these items. (Lessa, 1975).

The first real steps towards setting up an industrial policy were taken only after Vargas came to power in 1951. From 1952 on, several fiscal adjustments were made that generated additional resources for the state and created better conditions for investment in infrastructure (6).

After Vargas' suicide, and before Kubitschek's election, a brief period of more orthodox stabilization policies took place under Eugenio Gudin and the SUMOC group guidance. This group was more clearly linked to the IMF and imposed recessionary policies in order to control inflation and to handle BOP problems. After this brief period, stabilization became only a secondary aim with Kubitschek. The support of the economic activity by the state became a cornerstone and demand reduction was de-emphasized.

Kubitschek, however, benefited from a policy act devised and issued by the SUMOC group: the famous SUMOC's Instruction 113 of 1955.



Perhaps the most important influence of Instruction 113 has been the symbolism as a sign of welcome to foreign investors and its advertising effect in attracting the attention of foreign enterprises without previous business experience in Brazil. There was an impressive coincidence between the institution of Instruction 113 and a large increase in foreign private capital inflow into Brazil, much of it involving companies new to the Brazilian scene. Nevertheless, in the words of one corporate executive: "It was not Instruction 113 that made us decide to go into Brazil, but the investment climate that it represented." (Gordon: 33).

Instruction 113 enabled foreign firms to import capital goods and equipment without exchange cover. Permission was only given for complete sets of equipments. The conditions allowed by the Instruction 113 were perceived by investors as more favorable than those of Instruction 70. Should investors choose the Instruction 70 terms they would have to send dollars into Brazil at the free market rate in order to then purchase import licenses in the auctions at a higher rate. As Lago (p. 126) reports, the rate of flow of foreign capital into Brazil after the Resolution 113 was dramatically increased (7).

Except for Gudin's short interregnum, the fifties were years of non-orthodox economic policies and conflicts with the IMF, finally repudiated by Kubistcheck. As Carlos Lessa (1975: 15) puts it, the crucial question to be asked is why did Brazil decide ot

pursue development instead of stability, departing from other Latin American countries in this respect. Lessa points to subjective and objective reasons: a) awareness of backwardness; b) fiscal policies adopted to fund the programs were not opposed by the bourgeoisie so that there was no conflict between state intervention, industrialization, and the interest of national capitalists (if the industrial bourgeoisie was still not strong enough to impose its own project, it could be, nevertheless, already a powerful ally); c) previous industrialization and development made it possible to select economic planning and expansion in lieu of contraction.

During the twenty years before the Targets Plan, and until 1973, the supply of industrial goods (imports plus domestic production) grew at an yearly average rate of eight per cent (when some "bad years" are excluded, the rate is 10.5 for the period 1937/39 to 1954/56, and 11.2 in the period 1954/56 to 1971/73) (Malan et al.: 293). Industrial growth was especially high during the 1940s. The ratio of imports to total supply of industrial goods decreased from 45 percent in 1928 to 20 percent in 1939. (Malan et al.: 293/294). In the forties Brazil had reached the apex of the so called "easy phase of import substitution". Brazilian GDP grew at an annual rate of

7.1 percent in the period 1947-1961. (Malan, Bonelli et al, chapter 5 ; Serra, 1979: 118ff). In the fifties, "and particularly between 1956 and 1961, a substantial part of the most "difficult" ISI was completed..." (Serra, 1979: 118).

#### 5.5 - Political Syncretism in JK's Government

The impressive process of development launched in Kubitschek's government must be understood in the context of a political situation in which the various grammars that characterize the Brazilian political system were skillfully combined.

The coalition between the oligarchical PSD and the populist PTB resulted in Juscelino Kubitschek's election to the presidency in 1956. In spite of his affiliation with the PSD, known for its rural linkages, Kubitschek unleashed an ambitious program under the aegis of the Plano the Metas (Targets Plan) that emphasized electric energy, highway construction, development of the auto industry, naval construction, the creation of a new capital, and self-sufficiency in petroleum. The Plan concentrated on proposals aimed at increasing economic growth and retaining national control over the

exploitation of natural resources. Social welfare measures were of secondary concern.

The PTB, the labor party created by the state, was represented in the coalition by Vice President Joao Goulart. Though originally organized by the state primarily as a mechanism for control and cooptation of the working class, the PTB developed a series of conflicts with the PSD as a result of its constant support and promotion of working-class mobilization as a means of pressing popular demands. Through the Vice President and control of the Ministry of Labor, the PTB was able to support strikes, and sought to enlarge the agenda of social benefits for workers through mobilization and political pressure but also in a continuing exchange of political favors with the national elite.

By Brazilian standards, the Kubitschek government was extremely stable. "From 1930 until the present, there has been only one civilian president of the Republic who finished his term, having received power in a direct election and transmitting the popular mandate to a successor also elected by the people. It was Juscelino Kubitschek de Oliveira" (Silva & Ribas, 1975: 29).

Joao Goulart controlled labor policy, as part of the PSD-PTB coalition agreement, through the Ministry of

Labor and through the corporatist network of unions, welfare institutes, and legal corporatist provisions (Erickson, 1977). The PSD already controlled other clientele networks in the administration through other ministries such as Transportation and Public Works, Justice, Agriculture, Finance. The ministry most frequently occupied by the UDN was the Ministry of Foreign Affairs, obviously one of the least profitable electorally. In the JK government the UDN, although supporting Kubitschek's plan in Congress, did not occupy a single cabinet post. This was the administration in which the PSD held the largest number of cabinet positions ever (Lippi, 1973: 59). Lucia Lippi's data, even though, as she notes, incomplete, indicate a highly suggestive pattern in the distribution of ministries by party. (See Table 2 in Chapter 4).

Once the **Plano de Metas** was approved by congress, the President succeeded in creating room to maneuver in order to launch the plan precisely because of the well-oiled functioning of the party coalition. Kubitschek's strategy consisted in getting congressional approval for the general design of the Plano de Metas. This strategy meant avoiding negotiations in many details for the implementation of the plan; nevertheless several specific issues would still require congressional

approval since not all funds were earmarked and depended on the annual budget. "In addition, a number of other important measures had to be accepted by the Parliament in areas such as special credits, taxation, and others" (Santos, 1979: 140). Congressional support was obtained through the coalition of the major parties: Wanderley Guilherme dos Santos verified that in 42 percent of all roll-calls the four major parties (PSD, PTB, UDN, PSP, voted together; if one places the PSD in the center of the supporting coalition, in 84 percent of the cases the PSD counted on the support of at least two of the four major parties analyzed; and "as for decisions granting special credits to the Executive, indispensable for the implementation of the Targets Plan, 72 percent were supported by all four parties" (Santos, 1979: 142/3).

In such a context of intense economic mobilization, clientelism was the main strength and the main weakness of the party system. (Campello: 169/ 177). Clientelism strengthened the party system in that, given the interpenetration between traditional bureaucratic agencies and the parties, the parties always had access to resources to exchange for support. Clientelism was a weakness because, given the insistence on maintaining clientelistic politics and its stabilizing grammar of

general exchange, the parties failed to deal effectively with the crucial area of basic economic policy, thus creating a space in which the executive was able to maneuver autonomously, and to promote bureaucratic insulation in order to achieve development goals.

The agencies in charge of economic development needed two resources in order to carry out their plans effectively: competent personnel and sufficient capital. JK devised ways of providing both. He used executive privilege to staff the insulated bureaucracy without going through any formal procedure whatsoever. The executive groups were staffed with personnel borrowed from SUMOC, CADEX, BNDE, DASF, ministries, etc. The BNDE staff participated in the preparation of the Targets Plan under the direction of Roberto Campos, then superintendent of the BNDE, and Lucas Lopes. (Pinto, 1969; Lafer, 1970). In part, by borrowing the most competent personnel from the rest of the bureaucracy, he bypassed not only the traditional bureaucracy but also whatever universalistic procedures existed.

If the Kubitschek government, which ...can be seen as paradigmatic of the possibilities of the Populist Republic, is examined one arrives at the conclusion that the Targets Plan could be implemented...thanks to the use the government made of organs such as the BNDE, the Bank of Brazil, and SUMOC -- where the merit system had not been diluted

-- or the new organs such as, for example, the Executive Groups, to which was funneled, through requisitions, all the competence available in the public service. These organs, that together became a parallel administration, were successful. (Lafer, 1975: 67)

From an economic point of view Kubitschek's highly successful plan rested on four cornerstones: a) a favorable treatment of foreign capital; b) expansion of the direct public sector participation in the process of internal capital formation; c) channelling private moneys to bottleneck areas, deemed as strategic by the plan, through fiscal incentives and loans under special conditions; d) and a non-orthodox way of handling economic stabilization through the manipulation of a high rate of inflation (20%) which caused the plan to absorb savings. (Lessa, 1975, *passim*).

The Kubitschek administration created special flexible administrative instruments to manage the "Plano de Metas". Financial resources (funds), not subject to budget cuts, were granted to quasi-autarchic governmental agencies to facilitate reaching the goals of the Plan (Lafer, 1970: 117). Those goals which depended on private sector efforts were supported by a combination of several stimuli and subsidies under the coordination of the Executive Groups. As the next chart shows, these groups analyzed projects, made decisions, and provided rapid



financing. They were composed of representatives of several governmental agencies and of private interests.

Before the establishment of the Executive Groups, an industrial project would have been held up interminably as it traveled through bureaucratic channels in one agency after another. According to Paulo Roberto Motta (1968), a proposal for a new industrial plant had to be analyzed by CACEX to verify the (non)existence of similar products already produced domestically; then the Ministry of War assessed the implications of the project for national security; finally the Foreign Exchange Section of the Bank of Brazil ascertained whether foreign exchange was available and what was most necessary given the nature of the project. In addition to the long time spent in the bureaucratic morass, projects were not examined as a whole by the agencies interested in their execution. The selection of which projects to support was thus difficult because each agency used different criteria to assess them. The absence of a single, overall perspective within the agencies made carrying out a national plan of industrial development extremely difficult.

The most important instrumental decisions during the Kubitschek period, from the point of view of economic administration, involved the creation of the Executive

Groups and the Development Council. In order to coordinate the planning efforts Kubitschek created the Development Council one day after his inauguration. The establishment of this council aimed at by-passing the inefficiencies of the traditional administration. As an official publication of the government puts it, one of the most serious insufficiencies in the administrative apparatus was the absence of any non-bureaucratic organ capable of coordinating the economic measures required by the Targets Plan. The current bureaucratic activities could be carried out by the administration, but the innovative plan required more dynamic administrative structures. The Development Council was designed to perform this dynamic role. The Council included the ministers of State, Chiefs of the Civil and Military Cabinets of the President, the presidents of the two largest official banks, the Banco do Brazil, and the National Development Bank, and was supported by a "non-bureaucratic", Technical Secretary who had at its disposal specialists from both the public and private sectors. (Resenha, Tomo II, 1960: 19).

"A crucial factor in the success of the executive groups was that the planning was done by the people who had to implement it." (Bergsman, 1970: 82). For any given project, if tariff concessions were needed, if transport

facilities had to be constructed, or other concessions had to be provided, all the relevant agencies were at hand for a prompt decisions. The business firms participating in the projects bargained directly with the people who actually had the power to decide and implement. One point that must be emphasized is that the Executive Groups were created by presidential decree, "which rid them of congressional interference." (Benevides, 1976: 229).

In the more successful of these groups a comprehensive plan was developed with management of the business concerned, covering output, investment, a timetable for increasing domestic procurement of inputs, and the governmental regulations needed to implement the plans. For example, the timetable of domestic procurement of inputs was used to project needed imports of capital equipment, components, and raw materials. These imports were then given favorable treatment, the details of which were worked out in the executive group...In many cases --notably chemicals and automobiles-- the group negotiated hard with various potential investors so as to strike an agreement with the least tariff concessions and the most rapid reduction of imported goods. (Bergsman, 1970: 81).

GEICON (Executive Group for the Naval Construction Industry) illustrates both the efficiency and the rapidity with which these newly created insulated bureaucracies could move. GEICON was created by presidential decree on June 13, 1958, after Congress had

approved Law 3381 on April 24, 1958, creating the Merchant Marine Fund. A second decree, on July 9, 1958, established the basic directives for the implementation of a naval construction industry. Soon afterward, beginning on July 11 of the same year, GEICON began passing resolutions establishing norms for the nationalization of naval construction, rules for the organization of shipyard projects, rules for encouraging naval construction, and rules for the concession of exchange subsidies for importing equipment needed for naval construction. On August 30, 1958, GEICON, in Resolution 4/58, established a time schedule for the submission of specific projects. By November 25, 1958, the Group had already approved the project for enlarging the shipyard of the "Companhia Comercio e Navegacao" (Maua Shipyard) of Niteroi, as well as the project for organizing the Ishikawajima Shipyard in the state of Guanabara. On January 27, they approved the establishment of the Verolme Shipyard in Angra dos Reis. In the six months that followed, GEICON approved seven other projects. Brazil has one of world's largest ship building industries today. In 1979, it had 38 shipyards and produced some 1.1 million gross tons. Such speed in approving and carrying out development projects was unprecedented in Brazil (8).

Though relying on insulated agencies to carry out development tasks, however, JK used traditional job politics on a massive scale to consolidate political support. While he protected the insulated agencies and guaranteed them access to resources, JK managed the rest of the political system in a way that reduced potential challenges to developmentalist goals and his way of pursuing them. JK prevented DASP from holding competitive entrance examinations to the public service under the justification that the examinations were too costly. (Siegel, 1964: 256). Many of the patronage appointments made during the JK period went to this PTB supporters. JK is credited with having made 7,000 political appointments during his first year in office. Most of these appointments were made by Joao Goulart in the Ministries of Labor and Agriculture and their subsidiary agencies, especially the Social Security Institutes. At the end of his term as president JK tried to secure the presence of his followers in the administration thus guaranteeing their political loyalty through a final flurry of appointments. The press estimated that the number of appointments was in the neighborhood of 15,000 whereas the government, through the Minister of Labor affirmed that the total number was 4,436 of which 1,657 were merit appointments based on public examination and

the remaining 2,779 were patronage appointments. (Amaral, 1963; Graham, 1965: 284).

In spite of the attempts at civil service reform over the years and the moralizing rethoric of many governments, only 12 percent of all public service employees had been admitted on the basis of merit by the end of the 1950s. According to the census of Public Servants of 1966 only 12.93 percent of the civil servants had been admitted, until 1966, on the basis of merit. (Barros, 1969; Lafer, 1975: 39; Siegel, 1964; Graham, 1965)

The efficiency of the Kubitschek's period depended on the simultaneous operation of both the traditional political system and the insulated bureaucracy. These in turn depended on an expanding economy's ability to provide resources to carry out the development policies espoused by industrial groups and parts of the middle class while at the same time continuing to support the clientelistic networks through patronage.

Indebtedness, as well as resources from funds obtained through special taxes, was increased without reformulating the fiscal basis of the state, that is without a modern system of taxation. Inflation contributed to the transfer of funds to the industrial sector without generating the opposition that changes in

the exchange rate or increased taxation would have. A modern system of taxation would certainly have brought the necessary coalition of interests tumbling down (9).

#### 5.6 - Conclusion: The Combination of the Grammars as a Juggling Act

The combination of factors analyzed in the previous sections accounted for the creation of a historical "window" for the process of institution building and capital accumulation in Brazil. From the 1950s on a number of processes, at the political, social, and economic levels changed pace. The definition of a trajectory towards modern capitalism based on the process of deepening of industrialization took place in an environment governed by the logic of generalized exchange. Attempts at substituting this logic for the canons of specific exchange that characterizes modern market economies depended on state intervention and bureaucratic insulation.

Bureaucratic insulation provided the country with a rational economic administration managed by modernizing professional elites in association with internationalized entrepreneurial groups. (Dreifuss, 1981). Although these

elites perceived themselves as the legitimate carriers of modern and universalistic values, the outcome of their action was not in any sense the creation of a **public domain**. Their activities did not aim at enlarging the basis for universal citizenship in the country. Instead, they have contributed to maintaining unaltered the bases of "regulated citizenship" of the Old Republic. In occupying the spaces left open by the clientelistic system, the insulated bureaucracies proved to be efficient in managing the economy but were highly unconcerned with the creation of means for control of the bureaucratic apparatus by either the congress or other agencies. The notion of public accountability almost does not exist in the bureaucratic insulated lexicon.

The "bureaucratic rings" linking the technical bureaucracy with the internationalized bourgeoisie were intensified and the insulated bureaucracy distanced itself from the res-publica as much as the clientelistic political institutions had done in the past.

The maintenance of a system like that was a juggling act. First, the system was complex and expensive. It was complex because it required the organizational capacity to communicate in an equally effective manner in conflicting political grammars. That is, different public



organizations had to be able to communicate with groups and social forces with very different interests that behave according to different and frequently contradictory logics and grammars: at the same time in which the PTB, the Ministry of Labor, and Vice-President Joao Goulart handled labor policies, labor mobilization, became more nationalist, leftist oriented, and pressured for redistributive policies, the Executive Groups intensified their ties with national and foreign capitalists, took concrete steps toward the internationalization of the Brazilian economy and capital accumulation.

It was expensive because maintaining the patronage system frequently involved consuming public resources in investments with a low economic rate of return, even though they may have brought social benefits and certainly brought electoral benefits. It was also expensive because the rapid and concentrated investment in gigantic infrastructural projects demanded major public expenditures.

Second, it was also a juggling act because the crucial actors involved in planning and launching the development plan agreed on the general goal to be achieved --industrialization-- but disagreed about the value premises --i.e., ideologies-- and technologies to

be used. The solution encountered by Kubitschek, and Vargas, included preventing the politicization of the issues from bringing about decisional paralysis in the executive branch: they kept the competing "tecnicos" in different agencies thus guaranteeing the efficiency and internal consistency of each agency. They were, then, able to juggle with the agencies and reconcile their activities in larger fora like the Development Council, the Executive Groups, or the BNDE where decisions were based on more pragmatic and less ideological grounds. The ideological debate could then go on, both in Congress and between "tecnicos" and agencies without particular effects on the decisions.

## CONCLUSION.

## 6 - The System in Place: Continuity, Change, and Prospects

The agenda of problems to be addressed by late industrializers is, in many ways, well known to them through the example of the more developed countries. However, the paths leading to the fulfillment of the agenda are tortuous and precariously mapped: they are largely unknown and dependent upon the ability to produce, at the same time, political coalitions that are congruent with the developmental goals, create mechanisms for the incorporation of the population in the polity, and design adequate institutions. As opposed to the early industrializers, the formal institutions of late comers are under permanent stress in a world in which the conquests of more advanced countries tend to be perceived as the example to emulate: "Once industrialization was initiated, other economies became backward. Once the idea of equality had been proclaimed before a worldwide audience, inequality became a burden too heavy to bear" (Bendix, 1984: 115). Under these circumstances, institutions are forced to participate in the productive sphere and, at the same time, expand their regulatory

role in the economy, and in labor relations, and define rights to political participation, supervise and fund social welfare, health, education, and other similar functions.

In the Brazilian context, the perception of these challenges has been present for the last 50 years. In the words of Captain Frederico Cristiano Buys, one of the supporters of the 1930 revolution, the construction of a new institutional matrix for Brazil would require the cannibalization of the previous institutions and rulers: "Let's eat them; we must be rude as real cannibals" (quoted in Bomeny, 1980: 145). As shown in the previous chapters, the cannibalization of the traditional order was not complete, it was never fully digested. The new institutions blended with the old ones instead of replacing them.

In spite of the progressive institutionalization of the four grammars here analyzed, and while many social scientists have long argued that different patterns of social relations or grammars are elaborately intertwined, politicians, technocrats, and reformist elites frequently have had a dichotomous model in their minds when trying to modernize the country; the dualist mentality of reformers played an important role in stimulating the evolution of the grammars.

The creators of the insulated bureaucracies, also held in thrall by the perception of duality, worked to create in Brazil a modern society that could escape precisely the constraints created by the traditional order. Modern Brazil would have to be an industrial country. It would also have to be a country in which public justice reigned, in accordance with the dream of the tenentes, of the UDN for a short period of time, of the military and developmentalist technocrats in the 1950s.

Modernizing elites frequently perceived Congress, politicians, and political parties as an impediment to progress. This perception was strong in the 1930s, in the early 1950s and, again, after the military coup in 1964. The goal of overcoming the perceived divisiveness of traditional politics justified the creation of corporatist institutions in the 1930s. Attempts at escaping from the perceived clientelistic nature of Congress and of party politics led to the institutionalization of insulated bureaucracies in the 1950s. The goal of escaping from the the perceived leftist, populist, clientelistic, and corrupt nature of party politics led to the deepening of bureaucratic insulation and the banning and suspension of civil rights of professional politicians after 1964.

Brazil today is still pervaded by the institutional innovations of corporatism and bureaucratic insulation, and aspects of procedural universalism are present in many instances. However, it is hard to say that clientelism has been dislodged by the new institutional creations: clientelism and personalism still prevail.

If it is impossible to say that clientelism was dislodged, it is equally impossible to say that clientelism constitutes the dominant grammar linking state and society in contemporary Brazil. The picture is a complex one. The four grammars have a contextual logic.

#### 6.1 - Interaction Among the Grammars

The separations that cut across the Brazilian social formation are both vertical and horizontal. Integration is achieved by a syncretic combination of apparently contradictory traits belonging in the grammars of clientelism, bureaucratic insulation, corporatism, and procedural universalism. These elements pervade the society from the top to the bottom and are present simultaneously in formal institutions. These elements represent possible grammars that may be put into use even by the same actor in different contexts.

Politicians, for instance, use either the language of clientelism or universalism, but never endorse, even rhetorically, the logic of bureaucratic insulation. Technocrats and military use either the language of universalism or the language of "technical competence," but they never endorse clientelism. Middle class interest groups tend to use only the language of universalism, rejecting both clientelism or bureaucratic insulation as non-democratic.

However, depending on the context, all actors may use strategies that contradict their public rhetoric. Politicians may stick to the logic of clientelism and may establish coalitions with the insulated bureaucracy in order to obtain pay-offs for themselves or for their constituencies. Technocrats and military may use clientelism and personal networks in order to expand their powers and to create more room for their associates. Middle class pressure groups will make use of personal authority, hierarchy, jeitinho, and clientelism in order to reach their goals. This is only possible because the four elements are all always available. They have institutional expression in all instances, and they are well known by the social actors who can shift from one to another grammar according to the context.

For instance, the new unionism movement, as recently developed mainly in Sao Paulo, tried to expand its political strength and gains by dissociating its demands from the state corporatist structures and seeking stronger grounds for direct bargaining with capital. By doing this, the new unionism tried to escape from the "regulated citizenship" of the labor laws and re-define this citizenship at the level of the universalist logic of the market. But the new unionism is just a fraction of unionism in Brazil and major unions still seek protection under the conservative umbrella of corporatist provisions which contradicts the universalistic drive of the movement. In the attempt to escape from corporatism, the new unionism, in a parallel development, also sought to create a political party, the Workers' Party, that aimed at constituting a real and uncompromised opposition to state regulated citizenship in all levels. But as the new party came into existence, a new set of constraints became apparent: the political party system does not operate solely on the basis of universalistic procedures. This pushed the Workers' Party toward certain compromises in order to survive and to cope with meager electoral success.

If many firms were apparently open to negotiating outside the realm of corporatism, they faced the



opposition of other firms, politicians, and the government. Politicians have argued that without the corporatist rules that guarantee basic rights to the workers, many firms would dominate and over-exploit the more weak and traditional workers. In line with this argument, it has been reported that workers as well as other residents of poor neighborhoods of the periphery of Sao Paulo do perceive the corporatist rules as the root of their definition of civil rights, of citizenship. In their own perception, as late as 1984 in the industrial periphery of Sao Paulo, these rights were given to them by Getulio Vargas before his suicide, in 1954. Another mythical version of the genesis of the civil rights of workers says that Vargas left all the "rights" in his desk drawer, and that there they were found and made public after his death (Sigaud, cited in Caldeira, 1984: 226). Several case-studies of workers in Sao Paulo, Rio, and the backlands of Pernambuco reported that industrial and rural workers perceive Vargas, and the corporatist provisions, as a major watershed in the definition of poor people's citizenship. In many cases, demanding "one's rights" means demanding incorporation in the corporatist provisions (Caldeira, 1984: 224ff).

Today corporatism issues universal commands and organizes, horizontally, several layers of social units;

clientelism pervades many institutions, provides a meaningful grammar for the establishment of social and political relations, cuts across class distinctions, and organizes society vertically.

Procedural universalism lends an aura of modernity and public legality to the political system and formal institutions; represents the rhetoric of middle class intellectuals, opposition parties, professionals, journalists; and it lends legitimacy to many middle class social movements.

Bureaucratic insulation is a way of avoiding public control and scrutiny of state activities; it is a way of pursuing economic efficiency, development, and selective privatization of the benefits that stem from the control of substantial parts of the state productive apparatus.

It is now possible to return to the illustration of how social actors relate to the grammars and analyze some of the intersections suggested by the chart. Tereza Caldeira's (1984) study of the industrial periphery of Sao Paulo has shown that while perceiving corporatism as crucial for the definition of their civil rights, workers value clientelistic politicians mostly because these politicians perceive them as "real people", and they vote for them. However, they did not vote for the federal government party in spite of its large stock of resources

for patronage; they voted for the opposition candidates (but not for the Workers' Party candidates) because they perceive the federal government as being against the rights of poor people. Within the opposition, they prefer to vote for a candidate with whom they have a personal tie and who had done them a personal favor in the past. These are situations in which a clientelistic grammar is utilized to back corporatist provisions, i.e., the rights of citizenship, the rights of being perceived as "real people".

When a conflict falls within the space regulated by corporatist rules, but the actors directly involved want to solve it according to free bargaining at the market level -- as during the wage strikes in Sao Paulo, in the late 1970s, when labor and capital started a direct process of wage bargaining -- the state may intervene to settle the matter and guarantee the validity of corporatist institutions. In this case, using perfectly legal labor provisions, the government declared the strikes led by the new unionism to be illegal and ousted its main leaders from their union posts in order to weaken the movement. In situations like this one, businessmen who pretend to abide by the rule of the free market may support state control of the labor force.

The attempt of the new unionism movement to create

an independent and innovative political party that was largely based on procedural universalism and the pursuit of "de-regulating citizenship", fell short of the goal because corporatism is still considered as crucial by many workers and because of the need to conform to the personalistic and clientelistic nature of the political system. "In short, anti-statism and distrust of the political system, the search for autonomy, class affirmation and participatory democracy contributed to a political strategy which nonetheless often entered into conflict with these very same aims. At such moments, rhetoric and gestures seemed to be at odds" (Tavares de Almeida, 1984: 22). These types of tensions and outcomes were reported by studies on the "new unionism" (Martins, 1981; Tavares de Almeida, 1983, 1984), and reflect situations where corporatism, procedural universalism, and clientelism intersected, and procedural universalism lost out.

In a different setting, middle class social movements largely based their demands on procedural universalism. In Rio de Janeiro, many neighborhood associations, starting in the 1970s under authoritarian rule, demanded zoning policies that would prevent their neighborhoods from being desfigured by the skyscraper construction fever that characterized the years of the

"economic miracle". Under authoritarian rule, however, bureaucratic insulation was intensified and citizen input in policy-making was particularly difficult. There were instances when representatives of the associations sought to meet with the mayor or other authorities without any success. The solution, in many reported cases, was either to resort to friendship and personal ties or to the vested authority of wealthy members or high rank military members of the associations. In a most telling example, the representatives of an association were denied access to the mayor: just when an aide explained to the representatives that they could not talk to mayor a retired navy officer in the group disclosed his status and demanded to see the mayor. He was allowed to, but the other civilian members of the group were not admitted in the mayor's office. This type of insulation from citizen input worked in favor of the developers that had more access both to the rulers and to their police that was frequently sent to the sight of the manifestations to intimidate the participants (Leite Nunes, 1977). It takes no more than a sightseeing tour in Rio de Janeiro today to perceive the extent to which daily life was made difficult by the unrestricted construction boom of the 1970s.

Some 240 neighborhood associations were created in

Rio de Janeiro from 1969 to 1981. Out of 93 campaigns promoted by them and studied by Renato Boschi, 78 included demands for state regulations or state services, and 69 of those were totally or partially successful (Boschi, 1983: 44). Indications are that the associations were efficient in achieving many of their goals. When the political system started to open up, the neighborhood associations were courted by, and got involved with, politicians and political parties. The result of this development is yet to be fully evaluated, but existing evidence points towards submission of the association goals to political mobilization, as well as to increasing inefficiency.

The struggles staged by the associations indicate that where a given conflict, demand, or petition to the state is based on a given grammar, say procedural universalism, but the agency with power to decide over it operates according to another grammar, say clientelism or bureaucratic insulation, a pattern of non-decision and tensions between societal groups and the state may emerge. Under these conditions societal actors may conform or may shift into the appropriate grammar in order to achieve their goals. (Boschi, 1983; Leite Nunes, 1976; Pechman, 1983). As I said, the impact of the relationship with the political parties has yet to be

fully evaluated.

The nuclear accords signed between Brazil and West Germany, and events related to science and technology policies, point to a different set of intersections. In these cases, policies initiated in the domains of bureaucratic insulation were challenged by groups belonging in the constituency for universalism; tensions arised and solutions depended on the relative strength of the sides involved. The nuclear accord was meant to give Brazil full control over the complete nuclear cycle. The scientific community protested against the secrecy in which the accord was decided and against the lack of public consultation to experts, or congressional hearings. The Executive and the Foreign Office argued that secrecy was crucial to prevent American intervention in the process. Scientists argued that the secrecy lead to investing billions of dollars in a technology that was not fully controlled by the Germans; concerned citizens and politicians argued that a program of such magnituted and wide implications should not be decided upon in secrecy. Bureaucratic insulation prevailed, the program was launched, and failed for many of the reasons noted.

In a separate demand, scientists also protested against the interference of the SNI in the process of peer review in the granting of scholarships by agencies

like the National Research Council. The scientist's argument was that fellowships and research grants should only be granted by Federal agencies on the basis of procedural universalism, and this could only be achieved through peer review of the applications. The then prevailing system was hybrid: peer review existed but the SNI screened the name of the grantees for security clearance. That caused scientists to be granted fellowships or research support by the boards of peers only to see the grant denied by the intelligence services on grounds of suspected subversive activities by the grantees.

Both cases reflect tensions between procedural universalism and bureaucratic insulation. In both cases many professional associations and the Brazilian Society for the Progress of Science protested in public meetings and through the press. In the case of the nuclear program, the executive carried out the accord both because it was deemed crucial for security reasons and because the agreement with Germany represented a way of by-passing the American pressures for deeper control of nuclear materials and restrictions of technology transfer. In the case of SNI's interference in the peer review process, the scientific community was successful and "internal security reasons" do not influence personal



or institutional grants that now are almost only dependent on merit. This almost should be emphasized: the scientists' procedural universalism did not eliminate administrative clientelistic considerations in grant concession. The clientelistic decisions are not made by the scientists who work as consultants and participate in the peer review committees, they are made by the administrators of the organizations because of their ties with the external political environment or regional interests. In these cases, fellowships are granted by the administration responding to special requests from ministers or highly ranked politicians. The procedural universalism espoused by the scientific community won out against the SNI's interference but was not forceful enough to do away with clientelism that is also perceived as undesirable.

A final example of the intricacies involved in the interaction of the grammars comes from very contemporary events: the market reserve law for Brazilian computer industry voted by Congress in October of 1984. The bill was initiated by the executive and sent to Congress in "regime de urgencia". This means that, according to a legal legacy of authoritarianism, Congress has only 90 days to discuss the matter and deliberate. The bill had a clear military inspiration, reserving the control over

the "informatics" industry to the Armed Forces; it also benefitted directly those national industries already installed and gave the government discretion to define who could participate in the production of computers and components. In doing so, this bill asked congressional approval for bureaucratic insulation. Congress changed some basic terms of the bill by removing the Armed Force from direct control over the industry and creating a new corporatist National Informatics and Automation Council directly linked to the Presidency. "The 18-man council will include eight non-government members, including representatives of business, and its three-year plans must be approved by Congress" (New York Times, 10/8/84, p. 27). The bill enjoyed large support in Congress given its nationalistic character and reconciled the interests of the military and of the left wingers. An old timer member of the SUMOC group, the now Senator Roberto Campos, was the sole voice to oppose it on grounds of market procedural universalism.

The following chart depicts the possible types of links and combinations of the four grammars in the context of state-society relations. State agencies and policies can be regulated by four different, institutionalized or legally imposed sets of rules. The behavior of societal actors can also be organized in

FIGURE 13

BRAZIL: POSSIBLE MEANINGFUL RELATIONS BETWEEN GRAMMARS FOR STATEVS. SOCIETY INTERACTIONS

	STATE AGENCIES AND REGULATIONS			
	Clientelism and Personalism	Procedural Universalism	Corporatism	Bureaucratic Insulation
SOCIAL ACTORS				
Clientelism and Personalism	+			
Procedural Universalism		+		
Corporatism			+	
Bureaucratic Insulation				+

terms of four different meaningful grammars. The diagonal intersection of the chart marks the points of congruence and compatibility. All the other possible combinations simultaneously pose tensions and entail complementarities and may give rise to accommodation, syncretism, or conflict. It is necessary to bear in mind that the four grammars operate simultaneously. Some groups or agencies may be more clearly locked up in one of the possible set of rules or in one grammar. Some others may be able to shift from one to another according to the circumstances. Be that as it may, all the four sets of rules and of grammars have been translated into formal institutions and/or legal codes and do co-exist in Brazil.

## 6.2 - A Perspective on the Political Opening

The data reported in this research allow for the argument that within the established framework of the existing capitalist mode of development and the existing more or less liberal political regime in Brazil, the four grammars for institutional and social behavior play an important role, though in different arenas of public policy.

It is striking that the periods of most noteworthy tensions in contemporary Brazil were periods in which the "balance" among the grammars was compromised by governments that placed excessive emphasis on one or two particular grammars. As discussed in Chapter 3, during the Vargas's dictatorship corporatism and bureaucratic insulation prevailed. Chapter 4 shows that during Goulart's government clientelism played a crucial role. During the military dictatorship of the early 1970s bureaucratic insulation had the upper hand. In all these periods one or two grammars were stressed to the serious neglect of the others. It is no less striking that the period of best performance in terms of democratic freedoms, stability, and economic growth - the Kubitschek years - was a period in which clientelism, bureaucratic insulation, corporatism, and procedural universalism were successfully combined, as shown in Chapter 5.

The excessive emphasis on one or two specific grammars in detriment to the others has the effect of creating gaps in the state-society communications by breaking some of the links that connect certain groups or interests to the state. Goulart's rejection of bureaucratic insulation and bureaucratic rings that go with it alienated both a sizeable portion of state technocrats and important sectors of the business

community from the policy-making process. These were, together with the military, precisely the sectors who joined the military coup from the beginning and helped to plan the "reconquering of the state" in 1964 (Dreifuss, 1981). As Cesar Guimaraes, et al., document, in the 20 years before 1964, 16 agencies were created for corporatist representation of business interests vis-a-vis the state; whereas in the first five years of military rule, 24 new corporatist agencies and councils were created, strengthening the links between state and business community (Guimaraes, 1979: 112ff).

Alongside the emphasis on societal corporatism, the military regime unleashed an increase in bureaucratic insulation without similar precedent. Not counting universities and agencies linked to the Ministry of Labor, 194 autonomous agencies or enterprises were created between 1964 and 1977, as opposed to some 99 autonomous agencies created from 1930 to 1964 (Nunes and Geddes, 1984; Cadastro das Empresas Estatais, 1982). Autonomy was greater after 1964 both because of the administrative reform and the military rule unconstrained by checks and balances. The bureaucratic insulation of the post-1964 period was combined with societal corporatism for linkages with business and with state corporatism for repression of labor. Procedural

universalism was deemphasized at the level of the macro system but maintained for the recruitment of personnel to many agencies (under the proviso that security clearance was required). Clientelism was deemphasized at the national level but remained strong in some agencies and at the level of the federal states. By intensifying bureaucratic insulation, societal corporatism, and the repressive side of state corporatism, the post-1964 regime broke its linkages with many societal actors. The Brazilian Bar Association, in defense of procedural universalism and checks and balances, became a formidable enemy of the military government, as did the scientific community. As Caldeira reported, the lower classes soon perceived the regime as bad, as a denier of civil rights, i.e. of the non-repressive side of state corporatism. The regime's pursuit of rationalization of the res-publica led to clashes with the political class, and to the regime's inability to legitimize itself through popular vote. The lack of checks and balances that go together with the intensification of bureaucratic insulation led to impunity and corruption on a widespread basis. All this coupled with the inability to handle the economic recession and show concern for the lower and middle classes contributed to the demoralization of the post-1964 regime.

From this perspective the partial return to the combination of the four grammars in the present experiment of democratic transition is especially intriguing. Although this makes some references to more contemporary events, it basically research covers the period between 1930 and the end of Kubistchek's government in 1960. Yet, I am convinced that the framework proposed here can be applied to the more recent period of military authoritarianism. It can also contribute to the understanding of the complications involved in the transition to democracy taking place in the first half of the 1980s by providing a basis for the historical comparison between 1945 and 1984.

Because the provisions and agencies created in the past will remain in place, including the ones created by the post 1964-regime -- the many autonomous state agencies with their potential for bureaucratic insulation being the most noteworthy -- the present transition again raises many questions, some of them similar to the ones that were raised by the regime changes in 1930, 1937, and 1964, some others being more comparable only to 1945 because the is the only other transition to democracy.

As in 1930, Brazil in 1984 has to face severe international constraints that will require institutional rearrangements. As in 1945, Brazil has to face the



challenge of creating a strong and representative political party system and a strong congress. As in 1964, Brazil has to face a profound economic crisis and popular unrest. In a sense, the 1984 transition contains in itself -- magnified by the scale of the country today -- something of all past crises and transitions.

From the vantage point of the interpretive framework proposed in this research, several questions could usefully be addressed in future studies. The central ones refer to how the grammars will be used under the future government. The master jugglers of the past, Vargas and Kubistchek, maintained a certain level of balance within the system, but now the system has changed in many ways: although weakened by the many cases of corruption, the potential for bureaucratic insulation is stronger than ever; for the first time there is a visible part of the labor movement pursuing alternatives outside the domains of corporatism; and a potential "constituency for universalism" could be based on the many social movements, as well as professional and scientific associations. As indicated in Chapter 3, transitions are crucial in defining the characteristics of political parties. The types of political parties that will emerge, and their interaction with the four grammars, will be crucial in determining how much clientelism and how much

procedural universalism will exist. The way parties use support mobilization, external or internal, largely constrains the choices available to them. In 1945 the transition ended up largely controlled by "insiders": how much of this will happen, or is already happening, in 1984?

It is now time for reformist elites concerned with governance and fairness to recognize that four important grammars -- links for state-society relations -- are elaborately intertwined in Brazil and that a traditional dualist approach to the reforms will not suffice or address all important questions. I hope the framework outlined in this research will be useful in exploring these questions.

## FOOTNOTES

## CHAPTER 2

1. Jose Murilo de Carvalho argues that autonomous state elites played a central role in preventing monarchical Brazil from splitting into many countries as Spanish America did. This elite was over-represented in the parliament, "giving at times the impression that it was the government and not social groups and classes that was represented in Congress (1982: 394)". State elites had a fundamental role in the building of modern Brazil in the absence of hegemonic class domination. "A unified elite was instrumental in consolidating the political power of the dominant classes by neutralizing the consequences of their internal divisions and by keeping at bay political mobilization from below. But in view of the very lack of cohesion within these classes, and as a consequence of its own training, the elite could achieve this goal only by building a national state apparatus, which then became a major political actor in its own right (Carvalho, 1982: 295)". In the same vein, working on a more contemporary period, Schmitter concludes that, in Brazil: "The urban expansion of the late nineteenth and early twentieth

centuries, coupled with almost one hundred years of formal political independence, brought on the creation and consolidation of what was, by European standards, a prematurely large public bureaucracy. These administrative and political structures long antedated the accelerated differentiation of the contemporary period. They provided traditional ruling groups with relatively flexible institutions for protecting their existing privileges and also for co-opting emerging protest movements" Schmitter, 1971: 369).

2. A poignant illustration of this is found in Graciliano Ramos' Vidas Secas, a novel about the barren life of peasant family in the Brazilian countryside. Ramos' novel, translated into a motion picture by Nelson Pereira dos Santos, portrays the relationship between client and patron in a detailed way. The "protection clause" becomes clear when the peasant is arrested and beaten by an arbitrary policeman and freed by the patron. The exploitative, and hierarchical character of the situation is also illustrated by the blunt decision, made by the patron, about the amounts the peasant had to pay his boss by the end of the year.
3. I use the term "grammar" to indicate the existence of distinct cultural combinations of elements within the

same structure. As Geertz puts it, when discussing the explanatory power of cultural explanations: (culture) is rather like grammar, from the knowledge of which no actual utterance can in itself be foreseen (though an infinity can be imagined, and others, also an infinity, declared unsayable) but without an at least implicit comprehension of which no actual utterance can be made or understood (Geertz, 1965: 203).

4. The notion of specific and generalized exchange can be traced back to Marcel Mauss, "Essai sur le don", Anee Sociologique, 1, 1925 and has been a focus for anthropological research. Fundamental examples are Malinowski's Argonauts of the Western Pacific, Levi-Strauss' As Estruturas Elementares do Parentesco, and Marshall Sahlins' Stone Age Economics.

The notion of universalism and impersonalism as components of the pattern of specific exchange in modern capitalist societies has been a cornerstone for contemporary sociology and political science. The outstanding examples are E. Durkheim's The Division of Labor in Society; Max Weber's The Protestant Ethics; Karl Polanyi's The Great Transformation; Talcott Parsons' The Social System. Recent review of the topic is in Eisenstadt and Roniger, "Patron - Client

Relations as a Model of Structuring Social Exchange," Comparative Studies in Society and History, 1980.

For the Brazilian context Florestan Fernandes' seminal work Sociedade de Classes e Subdesenvolvimento is an obligatory reference. A direct application of the notion of clientelism and patronage the urban Brazil is in Anthony Leeds' "Carreiras Brasileiras e Estrutura Social" in Leeds and Leeds, A Sociologia do Brasil Urbano.

5. This discussion is in conformity with Scott (1981); Perrow (1979); Thompson (1967); Crozier (1963); Landau (1978), Landau & Eagle (1981). Landau argues that "decoupling" is a form of dealing with overcomplex environments where too many variables interact and impact upon the organization and its task environment. Scott draws a distinction between total institutions and social engulfed ones. Social engulfed institutions are those totally dominated by the environment. Total institutions, in Gofman's terms, are those that are able to detach themselves from the environment and, to a certain extent, recreate reality internally to the organization. As used in this dissertation, the notion of bureaucratic insulation refers to agencies that locate themselves in several possible points in the continuum between social engulfed agencies and total institutions.

The process of buffering the technical core of the state is an attempt to lower the uncertainties created by the institutional environment in which state agencies existed before. That environment "framed" political parties, the traditional bureaucracies, and social movements. The idea of "framing" is developed in Goffman (1974); an account of the problems raised by environmental uncertainty is in Crozier.

## CHAPTER 3

1. Borrowing Shefter's term, S. Tarrow also relates the absence of a "constituency for universalism" with the strength of clientelism in Italy. He points out that in the weak and corporatist Italian bourgeoisie there was little of the 'constituency for universalism' that had rationalized the British and German civil services in the past and that led Britain and Germany into the modern world. Tarrow's analysis of the Italian political party makes it possible for him to talk of a "constituency for patronage" represented by the vested interests in the Italian political system. (Tarrow, 1977).
  
2. The DASP (Department of Public Service) created in 1938, substituted, in many cases, for other mechanisms of intermediation between the central government and localities. In Campello's words: "Vedados os canais tradicionais de representacao e influencia, as antigas e novas oligarquias foram absorvidas ou encurraladas num sistema que tinha como fulcro as interventorias, acopladas a orgaos burocraticos subordinados ao DASP - Departamento Administrativo do Servico Publico - sujeitos por sua vez ao Presidente da Republica. ... (O) papel do DASP e sem duvida decisivo, nao pelo que de real reforma



possa ter realizado, mas pela sua funcao na montagem da estrutura de poder burocratico: a de um cinto de transmissao entre o Executivo federal e a politica dos estados (Campello, 1976: 86)."

3. The sources for this list are multiple and include DASP's reports for several years and the Diario Oficial in addition to several books cited in the bibliography like Malan et al; Lowenstein; Souza; Wirth; Ianni; Capanema; Cunha; Fausto; Suzigan; Villela and Suzigan; Pelaez.

## CHAPTER 4

1. The notion of "critical experience" is used here in the same sense in which Shefter applied it, in conformity with Selznick (1957 and Katznelson (1973). Critical experience refers to facts that shape organizational structures from their very beginning.
2. Physiological is the literal translation of the Brazilian term "fisiologico" which is used to describe party members concerned only about personal, material benefits and not at all concerned with ideological matters or moral values.
3. Miguel Reale calculated, based on IBGE's estimation of the Brazilian population for 1959, that several states were under-represented. Sao Paulo had 22 less congressmen than it would have should proportionality exist. Minas Gerais had less 15 congressmen; Bahia less 7; Rio Grande do Sul less 5; Pernambuco less 3; Parana less 1; Ceara less 1. See Reale, "O Sistema de Representacao Proporcional e o Regime Presidencial Brasileiro" in RBEP, 7, 1959.
4. The term "cartorial state" was coined by Helio Jaguaribe and refers to a situation in which public agencies and

functions do not have as their primary mission the execution of task oriented towards the public. In the cartorial state the public bureaucracy is dominated by clientelistic mandates under the dominance of political parties and "caciques". The "cartorio" is a notary public office that performs several functions in the daily life of individuals and in judiciary procedures. Besides notarizing documents, the "cartorios" file titles of realstate ownership; certificates of birth and marriage; wills, and so forth. Since the imperial times the cartorios were conceived as agencies auxiliary the the judiciary power. The "cartorios" charge fees for their services. Some of them are remarkably lucrative. The appointment to a "cartorio" was frequently a payment for political loyalty of patronage given to family members and friends. The "cartorio" tended to be actually owned by the person appointed as its "titular" (i.e. main officer). This persons usually would be able the appoint his or hers successor. The appointment carried with it tenure for life. Therefore, the "cartorios" performed public functions and generated private benefits. For a more detailed analysis of the "Estado Cartorial" see Alexandre Barros' "O Estado Cartorial: An Attempt to Investigate the Political Role of Brazilian Bureaucracy". A recent study of "cartorios" is Rosa Maria B. Araujo's

"Cartorios na Cena Politica". The conceptual frame behind the pioneer notion of cartorialism developed by Jaguaribe is similar to the later studies of Fred Riggs in Administration in Developing Countries."

5. The sources used for the generation of data on the Brazilian political elite are many. The data is now consolidated in the "Arquivo de Dados Sobre Elites Politicas Brasileiras" of the University Research Institute in Rio de Janeiro (IUPERJ). The "Arquivo" project was jointly coordinated by Wanderley Guilherme dos Santos, Marcus Figueiredo, and Edson Nunes. A preliminary evaluation of the material existing in the "Arquivo" can be found in the report by Eleonora Gandelman and Monica Barbirato, "Arquivo Elite Politica Brasileira: Descricao e Avaliacao", IUPERJ, mimeo, 1980.

The main sources are: Dados Estatisticos do Tribunal Superior Eleitoral, all volumes; Anuarios do Ministerio das Relacoes Exteriores, several years; Dados Biograficos dos Ministros, 1861-1961, Ministerio da Viacao e Obras Publicas, 1961; Afranio Coutinho, Brasil e Brasileiros de Hoje; Quem e Quem no Brasil; Revista FEFF; Perfil da Administracao Federal, several years; Sumulas dos Cidadaos Prestantes; Ministros da Fazenda, 1822-1972; Enciclopedia Mirador Internacional.

In addition, biographical data was obtained from the public relations offices of many states and ministries. Newspaper collections and obituaries were consulted. A survey conducted by Santos contributed the data on career patterns for a sample of state enterprises and agencies.

6. Prior to the military regime the presidency was overloaded with the supervision of a high number of unimportant agencies. The administrative reform eliminated the bottlenecks of the president's office and attached to the presidency only the agencies deemed very important. The military regime promoted the expansion of the number of ministries and elevated some agencies (like the SNI or the Chief of Staff) to a ministerial status.

## CHAPTER 5

2. See Campos' work published by APEC (1964) where, in lectures given during the fifties, he calls himself a "pragmatic nationalist". In another work (1963) Campos deals, in several articles written between the late 1940s and the early 1960s, with the role of the state in planning national development.
3. With respect to the importance of the consciousness of economic backwardness for the process of development, the customary reference is Gerschenkron (1962). In the Latin American context, with ample reference to Brazil, see Albert Hirschman (1971). For the Brazilian context the following references are useful: Toledo (1977); Cohn (1968); Jaguaribe (1958); Leff (1968); Veloso (1982); Santos 1978; Miceli (1979); Cardoso, M. (1977).
4. Dilemmas existed though. For a description of the ideological dilemma within the military and the internal struggle within the Clube Militar that it caused, see Peixoto (1980). In the general, the dominante world view of the period can be summarized by the following statment by Ernane Galveas (1959), clearly "framed" by the ideology of the moment:

In Brazil, as in most underdeveloped countries, this

protectionist perspective, this reaction that we call defence against the forces that come from abroad, has already become sufficiently definitive. That, in our view, is the main point and the great logic of nationalism...We are convinced that the most significant content of nationalism is that which deals with industrialization policy...We are convinced that the set of doctrinal principles that in some sense govern the economic relations of the world are, like the gold standard, an instrument in the service of the interests of the dominant economies...Organizations like the GATT use this set of principles as the basis of their policies and their actions over all the member -countries, especially the underdeveloped countries...We arrive thus at the understanding that nationalism is a current of thought linked to economic development.

Ernane Galveas is now, in Figueiredo's government, Finance Minister and an active participant in negotiations with the IMF. He does not deliver public addresses like the one above anymore.

5. Dreifuss (1981) documents this process in a critical way. Other references to it should include Benevides (1981); Martins (1976). A list of participants in Abbink Mission and in the Brazil - US Joint Commission is in Malan et al. (1977). Lago (1982) details the activities of the groups of economists that gathered around Gudim and Bulhoes from the 1940s on; D'Araujo (1982) presents information about the "Assessoria Economic". Perhaps the best and most complete account of the role of the "tecnicos" and of their search for rational strategies for development is to be found in Lourdes Sola (1982).

6. The "Instrucao 70" culminates a struggle between the CEXIM and SUMOC. The large deficit of 1952 made it clear that the controls in the hands of CEXIM were not enough to control the flux of imports. Gordon suggests that the CEXIM was more liberal (Luis Simoes Lopes, former DASF man, was the director). The SUMOC wanted more efficient controls as the one in the law 1807 aproved by Congress in 1952. In October of 1953 the Instruction 70 was issued. Some authors insist that CEXIM did not control the deficit due to corruption. Fishlow agrees that corruption existed but argues that the extension to which it was the sole responsible for the deficit has been exaggerated. Fishlow argues, however, that the extinction of CEXIM and the creation of CACEX indicated that the government wanted to curb corruption. See Lago; Fishlow; and Felaez for details.
  
7. From 1952 on several fiscal adjustments were made: rise in taxes on fuels, which provided resources for the rairroads plan; the "redeemable additional to income tax returns" provided the basis for the creation of the BNDE; and the exchange reform of SUMOC's Instruction 70 siphonned of revenues from imports to the government. See Lessa, and Gordon for details.
  
8. According to Sochaczewski, cited by Lago (page 126), the



figures are the following:

U.S. Dollars (in millions)					
	<u>Inflow</u>	<u>Outflow</u>		<u>Inflow</u>	<u>Outflow</u>
1952	129	33	1957	497	242
1953	104	46	1958	501	324
1954	160	134	1959	597	377
1955	163	140	1960	485	451
1956	370	187	1961	676	353

Cited in Lago, page 126.

9. Sources used for the activities of the GEICON are from the Archive of the "Sindicato da Industria Naval" and the "Servico de Documentacao, Comissao de Marinha Mercante". See "Analises e Perspectivas da Industria Naval" and "Grupo Executivo da Industria da Construcao Naval, Um Plano em Marcha", and Sintese Cronologica do Governo Kubistchek, 1959.
10. See Lessa, page 15, passim, for the role of inflation as an economic resource. See also Hirschman, 1973, for a more general statment about the role of inflation in development planning.

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