ECONOMY AND SOCIETY IN BRAZIL:
Cardoso's Presidency and Its Possibilities

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O RUMO PERDIDO: A CRISE FISCAL E FINANCIERA DO ESTADO. By Monica Baer. (São Paulo: Paz e Terra, 1993. Pp. 206.)

ECONOMIC CRISIS AND STATE REFORM IN BRAZIL: TOWARD A NEW INTERPRETATION OF LATIN AMERICA. By Luiz Carlos Bresser Pereira. (Boulder, Colo.: Lynne Rienner, 1996. Pp. 258. $55.00 cloth.)

GROWTH AND DEVELOPMENT IN BRAZIL: CARDOSO'S REAL CHALLENGE. Edited by Maria D'Alva Kinzo and Victor Bulmer-Thomas. (London: Institute of Latin American Studies, University of London, 1994. Pp. 190. $20.00 paper.)

FIGHTING FOR THE SOUL OF BRAZIL. Edited by Kevin Danaher and Michael Shellenberger. (New York: Monthly Review Press, 1995. Pp. 272. $30.00 cloth, $15.00 paper.)

BRAZIL, A NEW REGIONAL POWER IN THE WORLD ECONOMY. By Bertha K. Becker and Claudio A. G. Egler. (Cambridge: Cambridge University Press, 1992. Pp. 205. $49.95 cloth, $14.95 paper.)

In the landscape of the profound transformations that have reshaped Latin America over the past two decades, Brazil stands out as a peculiar case. The region's largest economy has undergone a string of unpredictable political and economic changes since the mid-1980s. In contrast to other economies, neoliberal reforms in Brazil have been uneven in continuity and depth. Of particular interest to Latin Americanists was the 1994 election to the Brazilian presidency of Fernando Henrique Cardoso, an influential theorist on development whose early work was anchored in a dependency approach. He was elected on a platform of economic and trade liberalization.

The five books to be reviewed in this essay were written before or shortly after the election. They provide useful background and engaging perspectives on the possibilities and limitations of the Cardoso administration. Three common subjects dominate these works: the economic and historical setting, assessment of the new reform program, and the prospects for economic and political stability in the years ahead.

The central theme of Monica Baer's *O rumo perdido: A crise fiscal e financeira do estado* is analytical clarification of questions at the center of the debate over the difficulties in managing the Brazilian political economy during the 1980s. Baer believes that previous analyses of the crisis have lacked an approach that could articulate adequately the internal and international dimensions of the problem: the creation of basic financial conditions for renewing necessary public investments, and the larger issue of state reform. Baer also investigates in greater depth the reasons for the failures of both orthodox reform plans and the heterodox Plano Cruzado.

O rumo perdido provides a comprehensive description of the international financial context that conditioned the access to external resources of indebted developing countries like Brazil. Analyses of the international context, Baer points out, have shown that renewed economic growth in the central developed countries allowed international financial agents to focus their attention on Latin America. In addition, the flexibility generated by the financial innovations of this period facilitated the administration of debt for creditors and capital flight from debtor nations. Baer argues that changes in the nature of external funding for debtor economies depend not solely on changes in the internal political economy but primarily on the international financial context. The experience of the first years of the 1980s also showed that Brazil was facing serious difficulties in enlarging its maneuvering room in negotiations with external creditors, a situation that constrained the government's ability to define an alternative adjustment policy. Baer ponders the reasons that prevented Brazil from assuming a more confident stance after the emergence of the crisis, when the international financial situation was relatively volatile. Such a position might have allowed for reducing the internal burden of the external adjustment undertaken.

From the perspective of internal financing, the impact of the external shock of the early 1980s and the subsequent reform policy had various consequences. First, it aggravated the perverse structural conditions of internal financing. In this way, the substitution of internal financing for external financing accompanied by a contractionist monetary policy resulted in an increased financial burden on the public sector. Second, rising levels of inflation throughout the 1980s caused an erosion of state monetary financing due to demonetarization in the economy. Third, the recessive reform and the difficulties in combating inflation also undermined the general circumstances of internal finance while causing capital flight. Given the generalized practice of indexing financial contracts, the various changes in the official index and compulsively devalued nonmonetary financial assets issued through the public sector reduced the state's reserves. These changes created a growing distrust of the official index and the financial contract because the index became an intrinsic element of this contract due to the lack of a stable monetary reference.

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The core of Baer's analysis in *O rumo perdido* concerns the financial and fiscal aspects of the efforts at economic reform made in Brazil following the external financial shock of the 1980s. She explains the failure of these attempts in terms of three factors. First, the dimension of the external shock in terms of the increase in financial costs of liabilities in foreign currency led to deteriorating trade relations that required increased internal control of foreign-exchange credits and interrupted external financing. The second factor is the consequent impact of the recession on the slow growth of the tax base. The difficulties faced following the Plano Cruzado—growing price instability and no prospect for sustained growth—undermined the federal government's capacity to maintain its revenues. In the second half of the 1980s, the federal government also faced growing obstacles in trying to contain or restructure expenditures. The third factor blocking the reform process was a restrictive monetary policy with high rates of interest as an attempt to combat inflation in a context of high public debt.

The application of an orthodox adjustment approach with a monetary emphasis by the administration of President José Sarney, amid considerable state fiscal instability, created obstacles to maintaining adequate mechanisms of public financing. Baer draws two basic conclusions from her analysis of this period. First, a significant deterioration of primary fiscal accounts aggravated the already precarious condition of public-sector financing. During this period, difficulties in controlling major expenditures were compounded, and the lack of coordination of policies among the distinct spheres of government became obvious. Thus observers realized that the problem of public-sector administration is much more complex than mere fiscal adjustment. Second, the turn to an orthodox strategy in the monetary and financial areas of the external sector, combined with an attempt at financial "de-indexation" (which had already proved difficult during the Plano Cruzado) exacerbated the internal conditions for public-sector funding. Revenues generated through inflation (the so-called inflationary tax) became more important as a source of funding, even though they were insufficient and "perverse" in being determined by the accelerated rate of inflation. Under these conditions, the attempt at de-indexation aggravated the already critical situation of the monetary model and limited the indexed currency as a source of state financing.

The return of a minimum rate of growth in the early 1990s led to the question of internal and international financing. The experience with the Brady Plan, like the experience of the 1970s and 1980s, demonstrates that a change in the external financing of economies like Brazil's does not depend solely on the internal political economy but also on the favorable evolution of the international financial context. This latter condition, however, did not occur in the period following the crisis of 1982. Until the early 1990s, the Brazilian public sector was unable to recreate a minimal flow of long-term external financial resources that would permit the sector to renew investments and restructure its tax base in a more orderly fashion.

Baer, writing before Cardoso's tenure as Finance Minister and the implementation of the Plano Real, concludes that a review of the management of the political economy during the 1980s indicates that in Brazil, it is no longer a matter of developing a conventional fiscal reform of expenditure cuts and increases in revenue. Rather, the problem points toward the need for profound changes in this area and calls for a true reform of the state.

Luiz Carlos Bresser Pereira's *Economic Crisis and State Reform in Brazil: Toward a New Interpretation of Latin America* provides an insightful analytical framework for assessing the origin of Brazil's economic and political crisis and also outlines an alternative set of strategies. Bresser Pereira uses what he calls "the crisis of the state approach" to diagnose the source of the Brazilian crisis in the 1980s. One component is the "fiscal crisis," defined in this study as the loss of public credit. The second component is a crisis in the mode of intervention: the exhaustion of protectionism and regulatory measures as the primary means of state intervention.

Bresser Pereira traces part of the origins of the crisis to a delay in the consequences of outmoded and inefficient protectionist policies, financed in the 1970s through foreign borrowing. He observes, "In the 1980s this same foreign debt threw Brazil into a deep fiscal crisis that disorganized and paralyzed the state, leading to stagnation and hyperinflation" (p. 20). The crisis of the state has been generated not only by populist premises but also by the perennial inability to finance the state through an effective and fair tax structure. Bresser Pereira comments, "Wealthy people do not pay their fair share of taxes in Latin America" (p. 27).

Perhaps Bresser Pereira's most interesting contributions are his overview of alternative development strategies and his outline of a new approach to the roles of state and market. Approaches to development strategies and policies can be summarized by assessing fiscal discipline (low or high) and economic coordination (mixed or market). A combination of low fiscal discipline and mixed coordination fits a traditional populist national-developmentalist approach. European social democracies and the "East Asian model" combine high fiscal discipline and mixed coordination. Much of the thrust of many neoliberal approaches combines high fiscal discipline with market coordination and thus exclude a significant role for the state in economic coordination.

Bresser Pereira's "crisis of the state approach" is also an attempt to propose a new development paradigm that is "market-oriented but also . . . a pragmatic and social democratic strategy rather than a neoliberal one" (p. 1). To be efficient, economies should be market-oriented, but the economic system also needs an element of cooperation and coordination at the national and international levels. In combination with market-oriented reforms, privatization, fiscal discipline, and trade liberalization, a leaner but stronger and more flexible state is necessary to ensure economic growth. Most Latin American states became not too big and too strong but too big and too weak. One objective of structural reforms should be to define new and limited forms of state intervention. Bresser Pereira proposes, "One can picture the reformed state as a sleek young tiger, instead of an ailing old elephant" (p. 6).

Bresser Pereira engages in a detailed assessment of the key achievements of policies of trade liberalization and privatization undertaken in the late 1980s and early 1990s. Between 1990 and 1993, productivity in Brazil increased by some 30 percent (p. 193). He highlights the key components of the Plano Real. In the first phase (from December 1993 through February 1994), fiscal adjustments permitted a balanced budget. In the second phase, from March to June 1994, all prices were adjusted to the Unidade Real de Valor (URV), a currency index closely linked to the exchange rate. In the third and final phase beginning in July 1994, the URV was converted to a new currency, the *real*. Bresser Pereira argues that the primary purpose of these reforms was to protect Brazil's national interest through macroeconomic equilibrium rather than to please international financial institutions and investors.

The continuation of successful economic reforms and growth hinges on the ability to forge a political pact among the major blocks of actors. According to Bresser Pereira's assessment, favorable conditions exist. The capitalist class no longer perceives a threat from the Left and has benefited from the latest reforms. But the capitalist class has no constituency that would enable its members to govern the country under a democratic system. The working class is politically and organizationally prepared to participate in a political pact. Incorporation of the state bureaucracy, directly affected by the latest reforms, is far more complex, and Bresser Pereira offers no clear set of proposals for addressing their incorporation into the critical new political pact.

The obstacles to consolidating a new political pact are several: the continuing existence of national-developmentalist and populist sentiments in Brazil that remain strong, even in retreat; the state bureaucracy, whose role in any new pact has been seriously jeopardized by the reforms that have included a reduction in the size of the state; and the large income gap between the elites and other Brazilians. In Bresser Pereira's view, President Fernando Collor de Mello, coming from the Right, tried to define a common ground between the liberal Center-Right and the social democratic Center-Left, but his proposal for "social liberalism" failed. President Cardoso, coming from the Left, is proving that such a political project is viable.

Growth and Development in Brazil: Cardoso's Real Challenge, edited by Maria D'Alva Kinzo and Victor Bulmer-Thomas, presents contributions reflecting different perspectives on contemporary Brazilian political economy. Their common purpose is to assess the conditions that gave rise to Cardoso's Plano Real and the prospects for his political and economic success.

Paulo Haddad argues that in order for Brazil to resume economic growth and progress, a new model of economic and social development needs to be implemented in Brazil based on competitive transformation, social equity, and sustainability. A reformed state will play a pivotal role. In assessing the development of the Brazilian state, Haddad points out that a critical feature of enhanced government regulation of the private sector is not so much the hampering of the private sector as a whole but rather the fact that the government gave economic entitlements to powerful larger companies at the expense of the rest. In Haddad's judgment, while the private sector has benefited from policies of liberalization and privatization, the public sector has deteriorated in efficiency and in the quality of its activities. A reformed public sector should limit its actions to producing traditional public goods by supplying services of public interest, modernizing basic infrastructure, and assisting the poor on a limited basis. Despite the political and economic turmoil of the last few years, conditions are favorable for establishing political alliances that can sustain economic stabilization and growth.

The liberalization of trade regulations is singled out in Marcelo de Paiva Abreu's contribution as one of the key components of reform and modernization. After 1990, policies of liberalization included eliminating the prohibition against import licensing along with virtually all nontariff barriers. State monopolies on trading wheat, coffee, and sugar were discontinued, as was the main state trading company. The list of imports and exports requiring prior approval by government departments was drastically reduced, and nontariff protection affecting electronic products was abolished. Although regional and transregional integration is driving the foreign economic policies of more and more countries, the impact of integration on Brazil's productive structure is uncertain. An improved "European Union" having increased access to Central and Eastern European products is likely to conflict with Brazilian advantages in selected industries, such as shoe exports. Participation in MERCOSUL will in principle foster economic integration between Brazil and the United States. But the balance of costs and benefits and the net advantages for Brazil are debatable, given that Argentina's enthusiasm for integration with the United States may result in replacing Brazilian exports to the Argentine market with U.S. exports.

Regardless of Brazil's stance on multilateralism, its international credibility will rest on ongoing, consistent reform and stabilization policies, with liberalization of foreign trade and deregulation being the crucial elements. Abreu concludes, "It is difficult to find convincing arguments that refute the view that the foreign economic policy which best serves the interests of the country is based on the consolidation and eventual deep-

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ening of a liberalisation programme which would increase efficiency of domestic production and reduce rents reaped by those exploiting monopoly power under the umbrella of public policies" (p. 37).

Carlos Antonio Rocca's essay discusses in some detail the Plano Real, its objectives, implementation, and initial success. The Brazilian consumer price index declined from 50.0 percent in June 1994 to 7.0 percent in July, 1.9 percent in August, and 0.8 percent in September. Its success over the longer term will depend on various considerations. In the short term, according to Rocca, the maintenance of low rates of inflation is of "strategic importance for the consolidation of the plan" (p. 91). In addition, the government must restrict the rate of growth of consumer demand and the credit supply, both of which increased markedly after the URV was converted into the real on 1 July 1994. The government must also refrain from using the exchange rate as a means of controlling prices, "even if it has to face the economic and political costs of some reduction in the level of activity and employment" (p. 97). In terms of addressing internal and external debt, the value of the state's assets should help reduce current and future debits.

In the long term, stabilization of the Brazilian economy would require constitutional reforms to establish adequate fiscal policy institutions, overhaul the social security system, eliminate restrictions on privatization and foreign capital, and allow work contracts to be more flexible. In Rocca's view, "The reforms will have to redefine the role of the state in the economy and will obviously affect the corporate interests that are long established and linked to the traditional model of the state involving a high level of paternalism and state intervention and a heavy role in productive industry through state-run companies." Nonetheless, "[t]he key factor for continued—and eventually permanent—success of the plan will be in the degree of the new government's commitment to stabilisation and its capacity for economic and political administration" (p. 102).

D'Alva Kinzo's first contribution to *Growth and Development in Brazil* focuses on the role played by the Brazilian Congress in the economic and political transformations of the last decade, beginning with the Budget Committee scandal of 1993 and concluding with consideration of the institutional problems constraining executive-legislative relations. The impeachment of President Collor de Mello in December 1992 signaled to many the strength of Brazilian political institutions. But the 1993 scandal over misappropriation of public funds by several deputies and senators seriously injured the public image of the Congress. D'Alva Kinzo explains, "Looking back at its impact on public opinion, the scandal of the Congress Budget Committee was very negative and could be seen as a setback in the consolidation of democracy. In a country where authoritarianism long predominated and, consequently, democratic values are not rooted in the political culture, such an episode actually reinforced authoritarian attitudes towards institutions like Congress which are more prone to criticism because of their great visibility" (p. 175). In the long run, however, the most important obstacle to be overcome in congress-executive relations is the combination of presidentialism with a fragmented party system, which is built into Brazil's institutional framework and was reinforced by the Constitution of 1988.

A second contribution by D'Alva Kinzo focuses on the political atmosphere surrounding the 1994 elections that resulted in Fernando Henrique Cardoso's election as president of Brazil. She argues that the victory can be viewed as one more in the string of surprises on the recent Brazilian political landscape, including the sudden death of President Tancredo Neves before taking office in 1985, the impeachment of President Fernando Collor de Mello in 1992, and the corruption scandal that erupted in the Congress in 1993.

Despite a climate of disillusionment and skepticism among the electorate reflected in the high rate of abstentions (17.7 percent) and blank ballots (18.8 percent), many voters were motivated nonetheless by the tangible benefits produced by the Plano Real. Cardoso's remaining challenges are to build substantial and durable support in Congress and among the states' governors. Neither his party nor the alliance that supported his candidacy emerged with a majority in the legislature. Given the inherent challenges of the Brazilian political system, all expectations focused on the president and his ability to "counteract a situation of multiple vetoes by attempting to build up a basis of support capable of neutralising the natural resistance that will certainly emerge in the decision-making process in Brazil" (p. 189).

Fighting for the Soul of Brazil, edited by Kevin Danaher and Michael Shellenberger, presents a diverse collection of provocative essays on contemporary Brazilian society and politics, with a special emphasis on the rise of the Partido dos Trabalhadores (PT) and the socioeconomic implications of resource exploitation in the Amazonian rain forests. The editors take a stance decidedly opposed to the vision of development defined by the World Bank and the International Monetary Fund. Danaher and Shellenberger espouse a competing vision, a people-centered approach that "is being constructed in every corner of the globe by community groups, peasant associations, trade unions, women's organizations and environmental groups" (p. 1). This alternative vision promotes a model of development that seeks to democratize not only government structures but investment decision making.

Maria Clara Couto Soares questions the hopeful predictions underpinning the legitimacy of IMF and World Bank economic adjustment and liberalization guidelines in her essay, "Who Benefits and Who Bears the Damage under World Bank/IMF-Led Policies?" Couto Soares argues that the implementation of adjustment and liberalization measures—such as balancing the federal budget, liberalizing trade, privatizing state-owned enterprises, liberalizing foreign investments, and regulating the domestic market—has led not to economic stability as promised by the international lending agencies but to increased external vulnerability and has aggravated Brazil's already acute domestic crisis. Moreover, Couto Soares asserts, liberalization measures have endangered the democratic process. Although Brazil historically had a comparatively high degree of income concentration, adjustment policies have worsened poverty and living conditions for most Brazilians and resulted in substantial increases in social and urban violence.

Ken Silverstein's essay examining the 1994 Brazilian elections also criticizes liberalization measures that make Brazil vulnerable to global capital, particularly U.S. investment. He notes that Latin America has emerged in recent years as one of the fastest-growing markets for U.S. exports, and free-market reforms in the region will clearly benefit the more powerful and efficient economy to the north. But what is good for the United States is not necessarily good for Brazil. Silverstein points to areas such as agricultural and computer technologies in which the United States has used noncompetitive subsidization for domestic producers or imposed trade restrictions on foreign producers that tend to favor the "free trade" of one country over another. With the election of Fernando Henrique Cardoso to the presidency, Silverstein expects Brazil to be much more accommodating in the areas of free trade, foreign policy, trade barriers, and foreign investment. He predicts that areas such as "intellectual property rights," long a point of conflict between the United States and Brazil, will witness the negotiation of concessions that would have been impossible before.

In "Eternal Conquest," Stephen Bunker describes another arena that has been a point of social and economic conflict, internal as well as external. He explains, "Planners, politicians and academics often equate high levels of natural resource endowment with the capacity for economic development, assuming a natural progression from dependence on the export of raw materials to a diversified economy. In fact, economies based on resource extraction tend to remain isolated enclaves supplying foreign markets and enriching absentee owners. When the resource is depleted, extractive regions are left socially impoverished and environmentally degraded" (p. 19). Since the 1960s, Bunker argues, the Brazilian government has attempted to use the Amazon to solve the political and economic problems caused by industrialization in other parts of the country. Concessions in mining, lumbering, and ranching were granted to transnational and Brazilian corporations in the hope that exports could be stimulated to pay off external debt. Opening the Amazon to colonization was supposed to alleviate social tensions and the demand for land reform, caused in part by industrialization. The five-billion-dollar Carajás iron mine in the southeastern Brazilian Amazon demonstrates well how attempts by the Brazilian government to encourage a certain kind of development led to an unexpected chain of confrontations among groups deeply affected by the economic changes unleashed. At Mãe Maria Indian Reservation (170 kilometers from the mine), the introduction of power lines and a railroad stimulated a massive wave of immigration that generated a three-way conflict between large landowners, recent peasant immigrants, and native peoples. The particular problem was that the only areas available for resettlement near the reservation contained nut groves, an important source of revenue for the local oligarchy. Bunker points out:

> This battle highlighted the inherent conflict between two different modes of extracting natural resources from the same environment. Brazil-nut extraction was older, depended on a self-regenerating plant, required far less capital investment, and had engendered a social organization of labor and distribution of access to resources that epitomized the most backward and reprehensible aspects of underdevelopment or of a "traditional" economy. . . . The iron mine and the railroad stood for modernity, for high technology, for rational labor organization based on bureaucratic position, technical qualifications, and regulated wages, and for connection to the rest of the world. (P. 30)

At this point, the role of environmentalists becomes problematic, according to Bunker, because it is difficult to assess from a distance the effects of supporting one interest group over another when all have become adept at manipulating environmental rhetoric for their own ends. Complicating the matter further, landowning and corporate interests have succeeded in the past in portraying the concerns of foreign environmentalists as threats by outsiders to Brazilian sovereignty.

Marcus La Tour illustrates a similar conflict in his examination of the plight of Brazilian rubber tappers. The promotion of cattle ranching and colonization by the Brazilian government threatened to change a way of life for peasants who had migrated to the Amazon forest a century earlier. In this case, however, the establishment of the Conselho Nacional dos Seringueiros and the assassination of activist rubber-tapper Chico Mendes drew international attention. This publicity allowed rubber tappers to demonstrate to the world the economic and social advantages of extracting renewable resources from the forest.

For the editors of *Fighting for the Soul of Brazil*, the most important social movement in Brazil in the past twenty years has been the rise of the Partido dos Trabalhadores (PT). According to Stanley Gacek's essay, "Brazil's Labor Movement," this ascendancy has been associated with "the emergence of a radically democratic and politicized mass movement that is anti-corporatist and aspires to a contractual model of labor relations consisting of freedom of association, free collective bargaining, and a genuine right to strike" (p. 39). At the center of this *novo sindicalismo* and heading the PT is Luíz Inácio Lula da Silva. A former leader of the Sindicato dos Metalúrgicos (the metalworkers union) who came from a modest background, Lula was the front-runner in the 1994 campaign for the presidency until Fernando Henrique Cardoso entered the race. John Powers's essay, "Fighting for the Soul of Brazil," describes how the PT became a major political force in the earlier elections in 1989. In this contest, Lula proved himself a worthy opponent, losing the election to Fernando Collor de Mello by 31 million votes to 35 million.

Margaret Keck argues in "Brazil's Workers Party: Socialism as Radical Democracy" that the PT "is the most important new political party to form on the Left in Latin America in the last quarter century" (p. 232). Although the PT is often depicted as a highly factionalized party containing Marxist-Leninist and student groups from the 1970s, Keck believes the PT has become more institutionalized and has managed to grow in membership well beyond its original base in São Paulo. But she cautions,

> The PT's future depends on its ability to convince substantial numbers of Brazilians of the feasibility of the kinds of social change and the kind of democracy it promotes.... Repeated governmental failures and prolonged economic stagnation of the kind that Brazil has seen over the last decade do not, however, necessarily produce a more politicized population. On the contrary, much recent evidence shows the result to be civic burnout, and a loss of belief that change is possible. This spreading anomie is dangerous not only for the PT, but also for Brazilian democracy. (Pp. 241–42)

Bertha Becker and Claudio Egler's *Brazil, a New Regional Power in the World Economy* is a welcome contribution, adding a singular perspective on Brazil's domestic and international political economy. The book's purpose is "to relate space and time; that is to write a regional geography, in the world-economy perspective, through examining the process of Brazil's insertion into the world capitalist system" (p. xiv). The authors work on three analytical levels. Globally, the context is Brazil's role within the hemispheric hegemony of the United States. A second level focuses on the regional dimensions and identifies Argentina as the main competitor in South America. A third level concerns domestic control over territory and society.

Becker and Egler begin their analysis by providing insights into the role played by territory in Brazilian development. Their premise is that much of Brazil's economic growth has resulted from the geographic availability of space and resources and the state's ability to incorporate new land rapidly. The authors make a noteworthy contribution in Chapter 3, in which they describe the historical space and time dynamics of Brazil's incorporation into the world economy (pp. 55–81). Becker and Egler start with Portugal's domination of the Brazilian colonial territory, continuing through the sequential discovery and exploitation of natural resources (the gold mines in Minas Gerais, rubber extraction in the Amazon), and ending with the construction of Brasília and the Belem-Brasília highway as a gateway to the northern frontier.

Through the lens of "time and space," the authors examine Brazilian development since the early 1970s, when "Brazil altered its position in the structure of the world-economy and passed into the category of semiperiphery as a regional power" (p. 82). The development strategy was based on implementing the scientific-technological frontier in the country's locus of economic power, the Rio de Janeiro–São Paulo axis. In the early 1970s, the Brazilian armed forces began an ambitious program to build a scientific and technological base in aircraft weapons, nuclear energy, and computer technology. In particular, the microcomputer industry has shown remarkable growth based on Brazilian innovations, becoming the locus of disputes with the United States over copyrights and trademarks.

A second dimension has involved active policies for integrating the Center-West and Amazonian territories, such as the first and second Plano Nacional de Desenvolvimento, the Programa de Integração Nacional, and the construction of the Estrada Transamazónica. According to Becker and Egler, the core-periphery structure of Brazil was characterized by "an intense process of metropolization taking place simultaneously with expansion of the frontier in a context of urbanization" (pp. 103–4). Finally, they define Brazil as a medium-level or regional power, with strategic influence in South America, political influence in Latin America and Lusophone Africa, and economic operations in these two areas as well as in the Middle East.

It is in the latter part of *Brazil, a New Regional Power* that the use of territory as an analytical dimension loses some of its sharpness. In discussing the crisis that began in the early 1980s, Becker and Egler identify three territorial manifestations: locally, the fight for the right to space; regionally, conflicts over preserving domains; and nationally, the designing of policies to capture a larger share of the global market. It remains unclear how or why the territorial dimension of these conflicts surfaced or intensified concurrent with the economic downturn originating in the debt crisis.

Becker and Egler conclude with an assessment of the Brazilian crisis as the "crisis of late capitalism." Although the specific analysis of its mechanisms and dynamics is lucid and comprehensive, the problematic term *late capitalism* is never defined in terms of its contemporary application to Brazil. Similarly, some statements seem dated and in need of fuller explication of their current relevance. To cite one example, "The process of Brazil's insertion as a semiperipheral country in the capitalist world-economy occurs in the midst of a profound crisis which will be overcome only with a restructuring of that world-economy" (p. 177).

A paragraph near the end of the book exemplifies the intriguing and insightful yet elusive nature of this study. In discussing the political economy of the Amazon, Becker and Egler comment, "The materiality of conflict involves transnational corporations and state enterprises; governmental and private financial agents; scientists and military officers; Indians, rubbertappers and *garimpeiros*, forming the strangest coalitions. It is a contradictory synthesis of national-transnational articulation and of an industrialism-ecodevelopmentalism model dominant in the world economy at the end of the twentieth century" (pp. 175–76).

Brazil, a New Regional Power was published in 1992, before the implementation of the Plano Real and Cardoso's election to the presidency. It would be interesting to read Becker and Egler's assessment of Cardoso's programs in light of the "profound reforms" advocated in their discussion of possible futures for Brazil. But as it stands, the book makes a comprehensive contribution to general understanding of the historical-territorial context of Brazilian development.

The five books reviewed here all enhance our understanding of the complex dynamics of contemporary Brazilian political economy. The works by Becker and Egler, by Baer, and by Bresser Pereira provide a sequential analytical interpretation of the evolution of the Brazilian economy, with Bresser Pereira's volume outlining a provocative analytical framework for long-term development strategies. The collections of essays edited by D'Alva Kinzo and Bulmer-Thomas and by Danaher and Shellenberger provide a range of empirical and pragmatic analyses of specific policies and economic and political scenarios. While differing in interpretations and prescriptions, these essays agree on the originality and singularity of the process begun in 1993 with Cardoso's Plano Real. They also acknowledge its prospects for profoundly transforming Brazilian society and the critical necessity of a strong democratic system to sustain the process.