

Appendix D - UNIVERSITY HONORS PROGRAM
SENIOR PROJECT - APPROVAL

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PROJECT TITLE: Brazil in the Modern World-
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Brazil in the Modern World-System: The Conflation of Theory and History

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Introduction: The Idea of Development

By their historical advantage of primary capitalist development, Western capitalist nations have provided the model for 'ideal' economic activity. As such, many scholars have criticized the concept of development as inherently Eurocentric. Despite this criticism, many scholars look to development theory to explain the current global inequality of nations and people. Regardless of the Eurocentricity of development discourse, some countries do have higher standards of living, disproportionate influence in the world-economy, and the power to create global ideologies. Because the West has defined development as its own experience, theory – the power of which lies in prescription for the future – must take note of this and yet still analyze the disparities in development.

A theory provides criteria for the researcher to select and examine data. As well, it provides a system for the organization and integration of the data into an understandable form. Particularly, development theory makes linkages across the world between nations to develop explanations of macro-economic, political, and social conditions. Several twentieth century theories, in an attempt to delineate the difference between the 'first' and 'third worlds', share an emphasis on the secondary status of the developing world, and all offer prescriptions for change. These policy implications for the 'third world' can have a profound impact for many nations, both internally and externally. How do nations know whether to take the advice of the theories? There must be some validity and relevance of the theories to the wellbeing of the nations in question.

This paper examines the background and formulation of a particular development theory, modern world-system theory, in attempt to determine its validity and applicability to developing nations. This examination includes detailing the formation of the theory as it succeeds several earlier development theories: civilizational theory, the modernization school, and the dependency school. As well, this paper applies modern world-system theory to economic and political history of Brazil since colonialism in order to provide a test case of the theoretical prescriptions.

Development Theory: The Use and Abuse of the Third World

Preceding many development theories as a school of comparative history, civilizational theory draws on the Enlightenment views of 'civilization' as the culmination of Western European rationalism and progress. This brand of theory views history as a cyclical set of patterns and typified 'civilized' culture as distinct and superior to 'primitive' ones (Sanderson 15). Several different strands within this school view advancement as either cultural or sociopolitical in nature, but the basic dichotomy between societies is the most important aspect of the theories. This split provides an important basis for the next major school of development theory.

The modernization school grew from the seed of civilizational theory in circumstances surrounding the confluence of several post-World War II factors. The rise of the United States as a superpower, the expansion of the Communist movement, and the collapse of the European colonial system provided a backdrop for the development of this school. In this context the United States government generously funded a batch of social scientists to write dissertations and monographs on the developing world in search for a model of development promoting capitalism and ties with the United States (So 17).

Carrying the dichotomy formulated in civilizational theory, and drawing on the ideas of evolutionary theory and Functionalism, the modernization school positions third world countries on the

traditional (non-modern) side of a scale of modernity. Modernization theory applies civilizational notions in providing a tool for 'advancement' of the primitive societies; however, neocolonial and imperialist motives remove any shreds of humanitarianism from this effort. The main prescriptions for modernization include "economic development, replacement of traditional values, and the institutionalization of democratic procedures" (So 36). Theorists proposed a strong link between modern states, specifically the West, and traditional societies. This link was to be manifested in the form of advisors, business investments, loans, and foreign aid; the theory specifically encouraged the export of raw materials, minerals, and agricultural products from the traditional societies to the West (36). These propositions of modernization theory strongly influenced dependency theory.

Reacting to the harsh treatment of the 'traditional' world and the ulterior motives of the first world, the radical dependency school arose in the 1960's "to view development from a Third World perspective" (So 91). Specifically, the dependency perspective reacted to the failure of the Economic Commission for Latin America, orthodox Marxism, and the decline of the modernization school in the United States. This brand of theory focused on development not as an objective social force, but rather as a tool of the rich countries to cause and maintain the 'underdevelopment' of the third world. This school carried the polar classification of earlier theories, but categorized nations as 'periphery' or 'core' according to direction of exploitation. Future modern world-system theorist Andre Gunder Frank proposed many concepts that provided the basis for the later world-system approach. Frank and other dependency theorists created a specific discussion of Latin America and the proposal of the historical relationship of the outflow of money from the periphery to the core.

This new school proposed a solution to the 'development of underdevelopment' that included action on the part of the periphery. Most importantly, "peripheral countries should sever their ties with core countries" (So 105). These countries should trade with each other in fair terms of trade because economic activity with the core could only end in bankruptcy and ruin for the periphery. However, in the 1970s, a group of researchers led by Immanuel Wallerstein "found that there were many new activities in the capitalist world-economy that could not be explained within the confines of the dependency perspective" (169). For instance, the dependency school could not explain development of East Asia and crises in socialist countries and in United States capitalism. Modern world-system theory tried to explain these unanswered questions of the dependency school by taking the historical system as its unit of analysis. The world-system perspective rejected disciplinary boundaries in explaining collective human behavior and instead proposed collaboration between economists, sociologists, historians, cultural anthropologists, and urban planners to provide long-term, large scale, global explanations.

The modern world-system is generally referred to as a world-economy in which all countries experience "a high degree of economic integration under a single capitalist socio-economic order" (Second Session). Within this system, nations engage in a hierarchical division of labor described in a three-tiered set of economic zones defined as core, semiperiphery, and periphery. The systematic categorization and addition of the semiperiphery to the binary opposition of core and semiperiphery as formulated by the dependency school has been mostly undertaken by Arrighi and Drangel (Shannon 109). Each country, playing one of these roles, functions in a manner that contributes to the economic well being of the core nations and to the perpetuation of the modern world-system.

Modern world-system theory provides a clear approach for examining historical Brazil as a component of the capitalist world-economy. Within this system, Brazil currently functions as a semiperipheral nation since it has areas in which poverty is rampant alongside a strong internal

economy and industrial sector. This paper explores the development scheme and prescriptions of modern world-system theory and applies those to historical and contemporary Brazil. Unlike the generalities of the dependency school, the theory proposes specific processes of economy and politics that apply to each of the three economic zones. Current Brazilian status in both respects is the culmination of almost five centuries of economic cycles from colonialism until the present functioning of semiperipheral Brazil.

The purpose of this paper is to test the validity and relevance of modern world-system theory as it applies to one country. Brazil is an interesting case study because of its shift from periphery to semiperiphery. Does the economic and political development of Brazil match the scheme of development laid out in the theory? Specifically, this paper will analyze Brazil since colonialism emphasizing historical development of economic and political structures. The inclusion of political and economic data is relevant due to the inherent linkage of the two factors since colonialism, especially in terms of the intervention of the state in economy in semiperipheral nations. The main hypothesis of this analysis is that Brazil will follow in economic and political patterns the general developmental scheme of other peripheral and semiperipheral countries. This paper will outline the macroeconomic and political mechanisms using data from various sources to test this hypothesis.

Economic Brazil in History: Monoculturalism to Manufacturing

The current Brazilian economy is experiencing growth in agricultural exports and manufacturing; however, the huge foreign debt incurred mainly in the twentieth century continues to be a problem for Brazil. Modern world-system theory proposes a specific economic experience for countries like Brazil that were colonized in the years following Columbus' 'discovery' of America and which are now facing similar economic problems. This economic experience includes the colonial disruption of indigenous trade and the implementation of an economic system that would "specialize in the production and export of labor-intensive, low-technology goods desired by the core and semiperiphery" (Shannon 33). These goods are monocultural in nature but can, in some cases, include light industrial products. In Brazil, these products have been mainly agricultural, with historical shifts in the particular monocultural product. The flow of capital from the periphery to the core and ruling class typify this peripheral economy. The economic patterns of Brazilian incorporation and peripheral development fit within modern world-system pattern since capitalism washed ashore at the end of the fifteenth century.

In the late fifteenth century, Portugal entered the commercial and colonial contest with other European nations to intensify a purely commercial expansion into previously external areas of the world. With Cabral's 'discovery' of Brazil in 1500, Portugal hoped to open new opportunities for European mercantile capitalism by ensuring new trade routes, areas, and relations (indigenous tradition). The Portuguese in Brazil did not begin a permanent settlement until 1523. At that time, they believed it necessary to impose a 'cizenry' on Brazil in order to secure land and property rights against French and Spanish incursions and to ensure that initial trading was efficient (Skidmore 10).

The area now known as Brazil was thus incorporated into the world-system "to produce for the foreign markets and to furnish the European economies with tropical products and coinable metals" (Novais 18). Initial trade relations took place around the bartering of Brazil wood, used as a dye for European fabric, but quickly escalated into the monocultural plantation cultivation and refinement of sugar cane. This activity was financed by private entrepreneurs (18). From the 1560's to 1610, the number of mills increased over tenfold from sixty to 650 to handle increased production (25). "From 1600 to 1650, sugar accounted for 90 to 95 percent of Brazilian export earnings" (Skidmore

19). The increase in production was accompanied by mass regulations on trade between the Brazilian colony and other parts of the world. The Edict of 1684 forbade ships from Brazil to dock anywhere but Portugal, thus ensuring Portugal's monopolization of Brazilian product. The Royal Order of 1711 prevented foreign ships from going to Brazil unless in the company of the official fleet; the Edicts of 1722 prevented inter-colonial trade altogether (Novais 28). For Brazil, this meant enforced economic isolation and restricted official trade relations to being that which took place with Portugal.

During the 'development' of the Brazilian colonial plantation economy, the Portuguese marginalized the indigenous people through "sacking... accumulated wealth and domination of the indigenous population" (Novais 36). Further peripheralization occurred due to the plantations' shortage of nutritional and manufactured goods so that Northern colonies and eventually Portugal exclusively supplied the colony with essential imports of timber, cereal, and manufactures (Novais 37). This began an exploitative cycle of trade between Brazil and the core that has persisted for centuries. Though plantations modified production to include subsistence items during times of decreasing European prices, the colonial economy was organized for the functioning of the exploitation of Brazil.

The discovery of Brazilian gold at the end of the seventeenth century provided another opportunity for exploitation by Portugal. Because of massive mining, "Brazil became the world's greatest gold producer" by the 1700s (Skidmore 21). The Portuguese also harvested diamonds in Brazil for export to Europe, and all profit from the "mineral riches went to Portugal" in order to rescue a kingdom in decline (21). By this time, Portugal was running a steady deficit in its trade with England because of its lagging industrial development and dependence on English manufacturing. This boom did not last long and "[e]xhaustion of the gold and diamond mines by the second half of the eighteenth century made the Brazilian economy" fully dependent again on agricultural exports of sugar, cotton, rice, and tobacco (21). By 1830, coffee, a new agricultural product, had begun to be exported; this product would fuel Brazil's export economy for the next 140 years." (49).

The rapidly expanding plantation system required large numbers of workers subject to the will of the colonial planters, and slavery eventually arose in Brazil. First forcing indigenous people to work on the sugar plantations but then expanding to include the African slave trade, enslavement occurred within and without Brazil. The Portuguese landowners realized as early as the 1530s that the indigenous people would never provide sufficient labor for the harvesting of Brazil wood and the cultivation of sugar cane. They turned to obtaining slaves from West Africa, where Portuguese slave traders were well established (Skidmore 17). Already by 1580, the Portuguese were importing more than 2,000 African slaves a year to work the sugar plantations (17). By the 1850's, 3.6 million African people had been enslaved and shipped to Brazil, a legacy with serious repercussions.

Because slave societies are typified by low technological advancement and because Brazil was subject to colonial rule, internal manufacturing activity was discouraged there. However, the colonial economy based on agricultural slave labor was not very productive despite its voracious depletion of the natural environment (Novais 49). This colonial slave society was expanding concurrently with growing industrial production in Europe, which depended on the continued export from the periphery and colonial consumption of its manufactured goods. This created a crisis in the old functioning of colonialism – how would colonial plantations expand consumption beyond the primordial urban centers yet retain forced laborers? The answer would come with the institution of rapid change in Brazil during the nineteenth century.

Into the nineteenth century "[e]xports were the main source of productivity growth," and the century saw a great change in the major cash crop exported from Brazil (Leff 35). In 1822, sugar and cotton comprised 49 percent of Brazil's aggregate export revenues, and coffee accounted for another 19 percent. By 1913, sugar and cotton exportation had dropped to three percent and coffee garnered 60 percent of aggregate export revenues, thus retaining Brazil's devotion to monocultural production (35).

Other major changes that took place in Brazil in the nineteenth century included the truncation of the slave trade in 1852 by the British navy and the eventual abolition of slavery in 1888. This action on the part of Great Britain should be viewed within the context of the crisis that arose after the Industrial Revolution in terms of industrial nations needing colonial consumption of manufactured goods. Britain stopped the slave trade at a time when the trade had begun to finance itself, which decreased Portuguese dependency on England, and Brazil was forced to compete with other nations to import low-cost laborers from Southern Europe by paying transportation costs (Leff 38). These new wage laborers became the consumers needed by industrial countries.

At the close of the nineteenth century, much of the labor force worked in the domestic agricultural sector that provided food for local consumption (Leff 40), which placed great demands on the Brazilian population due to the expansion of settlement and the country's lack of infrastructure. More people required more food, but the lack of infrastructure required that the food to be produced within Brazil. The poor rail system – underdeveloped intentionally on the part of colonial settlers to keep open only the routes they could control and use – worked against core interests because Brazil turned out to be an unfavorable place to ship manufactured goods. The cost of the transportation of imported manufactured items and foodstuffs meant that import tariffs had to be placed on these items in the nineteenth century (43). When, after the 1890's, the railroads began to expand, the tariffs remained on these imported items, allowing Brazil to concentrate on internal development and subsequently achieve semiperipheral status.

The eventual expansion of the railroad system benefited Brazilian food producers and the little manufacturing that was taking place internally at the close of the nineteenth century (Leff 46). The cost of shipping favored the domestic agricultural sector as it cost between 29 percent and 49 percent of the price of shipping coffee to ship domestic foodstuffs (48). These profits allowed the new government to mobilize the economy to favor interior development versus overweening exported goods. While also passing more import duties, the new government passed policies requiring the railroad companies to lower the price of shipping domestic food (48).

Despite these positive moves towards developing an internal economy, most of Brazil's government revenue still came from taxes on imports and exports (Leff 53). This reliance upon import taxes kept the elitist government in power and provided little incentive to industrialize. Consequently, by 1881, only 43 textile mills existed in Brazil (Haber and Klein 253). It is also important to keep in mind the poorly developed transportation and the reliance upon slavery at this time. However, in 1889, Brazil saw the end of slavery and the development of the railroads. Both factors aided industrialization and the initial steps towards becoming a semiperipheral nation.

After its first declaration of independence in 1824, Brazil assumed part of Portugal's debt to England and thus granted Britain lower import tariffs (Skidmore 38). At the turn of the century, Britain held favored access to the Brazilian market in terms of imports. However, Brazilian textile

manufacturing began reaching 85 percent of the country's consumption before 1914, and by the late 1920's, the number jumped to 90 percent (Baer 24-5). In addition to the tremendous internal growth that was occurring beforehand, the onset of World War I solidified Brazil's path to semiperipheral status. The war allowed the country to export its growing textile goods and subsistence agricultural products to other periphery countries in Latin America and Africa (32). However, coffee exportation to core countries was still a large part of the economy and it accounted for most of the post-war boom of the twenties, when Brazil was still importing materials to aid industrialization (32).

It was for this reason that Brazil suffered economically during the Great Depression, when coffee export prices fell by more than 40 percent (Baer 36). However, the circumstances disfavoring coffee production allowed Brazil to re-develop another product that aided internal development. Cotton production skyrocketed in the early thirties and provided the Brazilian textiles with domestic fiber (37). The curtailment of imports from other countries, the shortage of manufactured goods, and the income generated by a government program to support coffee growers also supported industrialization (37) so that World War II, the Brazilian economy was stabilizing. The war contributed to increased economic output but made little impact upon the real productive capacity (39). The growth rates of metal products, textiles, shoes, beverages, and tobacco increased with war, but this did little to change the face of growing Brazilian strength (39). The post-war period, however, did usher in major changes as a drive for industrialization took place in Brazil until 1961 (48).

This new drive for industrialization marks the real Brazilian shift from peripheral to semi-peripheral status. Modern world-system theory proposes a shift can be made from periphery to semiperiphery in several different ways, including increasing import tariffs, prohibitions, subsidies, and general increased state control over the economy (So 184). The new semiperipheral state continues these measures and maintains status through control over production. The economic patterns of Brazilian semi-peripheral development fit within this general pattern, as state control aided rapid industrialization

After World War II, policymakers noticed manufactured goods were growing faster than the agricultural exports on which Brazil still relied (Baer 51). These bureaucrats enacted policy to protect domestic industry such as the Tariff Law of 1957 that favored internal manufacturing (59). This process of industrialization led "the average yearly real growth rate of the economy in the period 1947-62 [to be] over 6 percent" (66). Brazil's status as a semiperipheral country grew until the end of this period as Brazil imported fewer goods than ever and increased the import of raw materials such as petroleum and coal from other periphery countries during this time. Relying on "transferred technology of the traditional mass production" of declining core industries, the Brazil used its low wages to capture a share of the world market (Shannon 113).

The sixties ushered in stagnation as the growth rate of the real gross domestic product decreased from 10.3 percent in 1961 to 2.4 percent in 1964 (Baer 76). Political instability (see next section) coupled with a more global economic lull created decline in foreign and domestic investment. This led to the decreasing growth rate of the GDP, high inflation, and price distortion. Nevertheless, the viability of Brazil as a semiperipheral country became undeniable after the economic boom that lasted from 1968 until 1974. During this time, industry became the real leading sector and the commodity export structure was further diversified with a decrease in coffee exportation and an increase in soybeans and manufactures being shipped both to core and peripheral countries (84).

The period directly following this boom is crucial to understanding the current crisis in the Brazilian economy.

Trying to industrialize rapidly, Brazil was importing 80 percent of its oil when the oil crisis of 1973 caused prices to quadruple (Baer 96). Lagging behind the core, Brazil kept expanding its industrial economy and incurred a huge foreign debt that increased by five times from 1973 to 1978 (105). By the second oil shock of 1979, the servicing of this debt was gobbling two-thirds of export earnings (107). Worsening conditions further, a series of droughts and frosts kept Brazil from exporting any other crop but beans and rice during this period (108). By 1980, Brazil's inflation rate was astounding and its foreign debt unmanageable. In 1982, Brazil turned to the International Monetary Fund due to its debt crisis, and the country in turn agreed to enact certain policies meeting International Monetary Fund criteria (116). These policies led Brazil towards economic recession, and the country has been struggling with debt management since.

Though the oil shocks spurred an increase in domestic oil production by 147% from 1980 to 1985, Brazil's economy has still not completely stabilized and gained control of inflation and international debt. The economic crises and currency meltdowns that Brazil has undergone in the past twenty years are symptoms of semiperipheral Brazil's continuing problems. However, Brazil maintained its position throughout the eighties with steel production increased so much that United States enacted "protective barriers against the import of Brazilian steel" (Brett 242).

As a newly industrialized country, Brazil has enjoyed "economic growth rates higher than any other group of countries in the world-economy" (Shannon 111). Brazil's diversification of its export economy, which "began with the expansion of light manufacturing facilities to produce consumer goods for the domestic market (import-substitution industrialization)" has contributed to its being very powerful in Latin America (Shannon 111). Importing more goods to its periphery in South America, Brazil has overtaken Argentina in being the supreme regional power. However, this power rests on submission to the United States as a hegemonic world power for finance and support (Becker and Egler 1).

Brazil still relies heavily on agricultural exports. "Brazil exported more than \$13 billion worth of food in 1994," making it the second among developing countries" (Lappé 10). In the mid 1990's, "Brazil ranked as the world's third largest agricultural exporter" (110). Brazil, with the neo-liberal Cardoso government is shifting "towards closer integration with world markets" (Gwynne). "Trade liberalism has emphasized the need to promote exports and to reduce tariffs on imports" to create action in the global markets (Gwynne).

Current Brazil "suffers from a massive, crippling external debt problem that has been slowing economic growth and forcing the government to impose the kind of austerity measures" that the periphery implements (Shannon 111-2). Average wage rates for industrial workers have been declining as Brazil struggles with the problems of external debt, inflation, slow economic growth, and declining mass living standards (111-2). "External debt as a percentage of GNP is higher in Brazil and Mexico than in any other countries in the world" (112).

With the outsourcing of core labor and the expansion of the service economy, the semiperipheral states are critical players in current economic shift. Perhaps the overwhelming hurdle for Brazil in the next century may be the technological bias imposed by the core countries. The most successful semiperiphery countries are regional trading and financial centers, and their biggest and best ability

over the periphery is their ability to protect their markets. However, the external (International Monetary Fund) and internal (neo-liberal state) austerity measures in Brazil are damaging its ability to do even this. Brazil, at the end of five hundred years of capitalist development, suffers the same problems that other semiperipheral countries do.

Political Brazil: The Paradoxical State

The current political situation in Brazil is a paradoxical one. The Cardoso government, adopting neo-liberal policies, is pushing for increased privatization of the economy; however, semiperipheral governments have traditionally drawn most of their power from control of the economy. As well, the Cardoso Administration has said to be devoted in part to non-elite oriented poststructuralist forms of development. This paradoxical government comes on the heels of half a century of political changes in Brazil. Initially characterized by colonial governance, the later government controlled a periphery economy until Brazil's shift to semi-periphery in the twentieth century. The major political shifts involved in incorporation, peripheralization, and semiperipheralization include colonial governance, elite-state adherence to liberalism, and government control of the economy. In broad themes of political development, the history of Brazilian governance has followed the modern world-system scheme of peripheral and semiperipheral development since colonialism.

One of the first and major exploring nations of mercantilist Western Europe, Portugal had interests in Asia, Africa, and South America in the sixteenth century. The main interests laid in Asia, so with little strength for Brazilian governance, the first government was based on "a semifeudal system of hereditary land grants" (Skidmore 10). These captaincies were given to rich nobles in an effort to exploit the Brazil wood and other resources. The nobles came with material interests and justified the expansion with 'civilizing' notions. One example of these excuses materialized as the European illustrations of Brazilian 'natives' fixed on cannibalism – giving Portuguese "further legitimacy in their claim that they were bringing civilization to 'savages'" (15). This also aided the theological and legal arguments for the subjugation of the indigenous peoples (15). Part of this domination included the Portuguese elite systematically and directly "dismantling... their traditional political structures" (Novais 36).

In 1550, the Portuguese crown created a governor-generalship, which eventually expanded into a dual governorship but ended in 1578 with the sixty-year Portuguese 'union' with Spain (Skidmore 12). Spain, with little interest or time to devote to the colony merely added regularized administrative and judicial procedures (12). The captaincies continued to expand to other areas, and "the seventeenth century saw the dramatic expansion of territorial control by the Portuguese" (12). The Portuguese government continued to make land grants throughout the eighteenth century, dominated by the rise and decline of the mining industry, and regional clans emerged that continued to rule Portugal well after independence (25).

The ruling elite of colonial Brazil increasingly came to see their interests (economic and political) as separate from those in the kingdom of Portugal (Skidmore 29). However, with the Portuguese economy failing, the colonizing country became increasingly dependent on the rich Brazilian exports and taxes. "Enlightenment ideas and material motivations fed the already existing sense among elite Brazilians that they were now economically stronger than Portugal and should be recognized as such" (32). A series of conspiracies that took place in various places in Brazil in addition to the 1807 British removal of the Portuguese Royal Court to Brazil preceded eventual independence. Increased British hegemony was apparent as they funded the move to "establish a base of power in the New World and, from there, regain sovereignty over Portugal and the whole of its empire" (35).

Fearing the loss of his crown, though, Dom João returned to Portugal leaving his son Pedro behind to govern Brazil as Crown Prince (Skidmore 37). Aligned with the Brazilian elite, he declared Brazil independent on September 7, 1822 and was crowned Emperor Pedro I (37). This type of 'royal independence' ensured Brazil's continued loyalty to Portugal, the maintenance of the landholding elite, and the influence of England (38). Brazil assumed part of Portugal's debt to England, and so granted British goods favored entry in the form of lower tariffs (38).

The newly independent elite used "a version of the Manchester Liberalism" to govern Brazil (Skidmore 38). This emergent paradigm and British hegemony was manifested in the prince regent's opening of the Brazilian ports in 1808 (Skidmore 39). This politico-economic doctrine "held that each country should concentrate on producing what it could produce best and trade with other countries for goods it could buy more cheaply than it could produce them" (40). For Brazil, this meant continued exportation of primary products and importation of most finished goods (40).

In addition to economic repercussions, the new royal order expressed political liberalism, as influenced by Britain. British interests were often politically expressed as "British diplomats, consuls, and naval officers became embroiled in local politics" in the 1840s (Smith 73). "Brazil had passed from the Portuguese crown to the British sphere of influence" under an informal form of imperialism (Skidmore 42). Though the elite superficially divided itself about how Brazil should be governed, in general, the period of 'royal independence' was a time of cooperation between the government and the landowners.

After the Paraguayan War and with the ailing health of the Emperor, a military coup took place in 1889. "Like most major political transitions in Brazil, the fall of the emperor was virtually bloodless" with Pedro II simply leaving for Portugal (Skidmore 75). A military coup founded the Republic of Brazil, which gradually underwent democratizing elements replacing the monarchical order with elected Republican representatives and a president (75).

The new government did not strongly and directly support industrialization until after 1930, as many of the landowning elite thought it was not in the best interest of Brazil. As well, there was no strong industrial bourgeoisie to press its claims with the politicians (Skidmore 84). "Brazil lacked the technology and capital goods needed for massive industrialization" and the prevailing economic ideology of Manchester-style liberalism... strongly condemned attempted industrialization" in the periphery (92).

The Great Depression was fuel for the political fire in Brazil when "in 1930, the military, playing on... critiques of democracy, took power" in a bloodless coup and installed Vargas as dictator (Skidmore 93). He built a hierarchical, corporatist state in Brazil before leaving power in 1945, as convinced by the army (93). This did not occur, though, before military cooperation in World War II provided an "excellent basis for the later U.S. economic offensive" (121). By 1951, Vargas espoused democratic ideals and won the Presidency in 1951 (127). His successor Kubitschek undertook a program economic development including "heavy public investment... [and] many incentives for private investment" (146). The strategy was successful in reaching economic development and industrialization, but the strategy of finance – printing more money – caused inflation and spurred a military coup in 1964 (147).

"Inflation and the payments deficit came together in 1958, as they had in the early 1950s, forcing Brazil to negotiate a stabilization agreement with the International Monetary Fund" which required

credit controls, wage restraints, and budget cuts (Skidmore 148). However, before leaving office, Kubitschek abandoned this plan and continued economic expansion; "there would be a heavy price to pay in reduced access to future foreign financing" (148). The next president implemented internal measures to reduce inflation and was ousted by a military coup on April 1, 1964 (155).

A new alliance between the military and the technocrats ruled until 1985. The country operated under another economic stabilization plan, which stimulated growth until after the second oil shock of the seventies (Skidmore 159). The policies of the military regime also benefited large landowners in the form of export subsidies and rural credit (179). Brazil's industries took advantage of cheap labor within Brazil while the wages and salaries of the upper percentiles dramatically increased (181). Re-servicing of loans shot up in 1981, and Brazil, having the largest debt in the developing world, began to flounder and turned back to the International Monetary Fund in 1982 (181). The end of the decade also saw a call for redemocratization and legitimization from several sources – parties, the public, and, the military. A free election in 1985 marked the beginning of what has been democratic Brazil ever since.

Struggling to meet payments on foreign debt, "the government resorted both to increased domestic public debt and to inflationary money creation" to meet payments on its foreign debt (Skidmore 192). "In late 1985, a group of young and innovative government economists designed a new stabilization plan" including price, exchange rate, and wage freezes, and the elimination of indexation (192). By 1987, the Cruzado Plan joined a long line of failed stabilization programs, and inflation for 1988 climbed to an unprecedented 1038 percent (193). "Public investment fell because government deficits led to budget cuts, and private investment fell both because of high interest rates and because of the bleak outlook for consumer demand" (194).

In 1990, Collor campaigned on promises to implement neo-liberal policies "to shrink government and to privatize Brazil's labyrinth of state enterprises" (Skidmore 217). His policies froze savings accounts, fired thousands of federal workers, slashed tariffs, and moved towards privatization (219). The measures, like many before them, failed, and Collor was voted out of office by Congress in 1992 (221). Vice-President Franco appointed Cardoso as minister of foreign relations and then of finance. Cardoso's plans included a balanced budget plan and new currency (223). Unlike other plans, the Finance Ministry kept track of booms and controlled inflation as it rose and fell; Cardoso's popularity aided his campaign for presidency, which he won in 1994. He continued the Plano Real and enacted neoliberal policies of privatization and budget cuts (229). Brazil's minimum wage has risen, but the external debt continues to overwhelm Brazil.

Modern world-system theory holds that weak government and weak domestic policy, in general, characterize the peripheral state. The government of peripheral economies are dominated by a small group of elites with the goal of staying linked with the world economy – in doing so, they use state power repressively (Shannon 105). The leaders of these states are usually landowners or direct military dictators (106), and the governments are plagued with instability (107). These governments are more susceptible to the direct political or military or economic intervention of the core capitalists on the behalf of particular political factions (107). The upper class of these countries advocates corrupt, exploitative government with few services to the masses. A stronger government threatens the landowners (108). The general functioning of the Brazilian state, prior to the push in the 1930s for industrialization, was characterized by direct 'landed class' control, whose interests were in keeping Brazil's export economy in tact.

The later, semiperipheral Brazilian government was “more powerful, more administratively effective” and exerted “more internal authority” (Shannon 115). Modern world-system theory postulates that the semiperipheral government tends to fluctuate between unstable, upper-class-dominated ‘democracies’ and authoritarian states that are controlled by an “uneasy alliance of rising industrial capitalists (with or without the support of the older landowning class), top bureaucrats, and the military” (115). In general, they keep close relations with core corporations and unify around increasing national power through rapid industrialization. With its waves of strong, controlling democracies and dictatorships, Brazil’s political scene embodies the general characteristics of semiperipheral government functioning.

Brazil has also experienced heavy state involvement in the economy. In the semiperiphery, the “state has a direct and immediate interest in controlling the domestic market” (So 181). The state makes the overall development strategy, obtains capital from the core, generates capital by keeping wages and consumption down, and uses force to repress labor rights and living conditions (Shannon 116). Under the general pattern of semiperipheral state involvement, the government protects domestic industries from foreign competition to create local industries to serve the national market. However, the semiperipheral governments have made a recent shift to encourage export industries and open markets to core imports and direct investment (116). Most of the twentieth century governments of Brazil have encouraged support for industrialization; however, the recent neoliberal policies of the Cardoso embody this atavistic emphasis on exports. The limited success of state-controlled economic policy has historically led to political conflict in Brazil with each coup and shift in government.

South America in the 1980s lacked economic progress but was full of corruption, repression, and mass political unrest (Shannon 116). World-system theory poses that the military retreated because it had to allow democracy to restore legitimacy. The democratic, semiperipheral governments like the current Cardoso Administration in Brazil, though, have had difficulty correcting sources of unrest and maintaining the goal of rapid industrialization and capital accumulation (117). The recent governments have had to rely on international economic funds and policy and have emphasized, in some cases, exports over industrialization. Semiperipheral Brazil operates in the shadow of global trade and policy with its own insistence upon neoliberal notions of ‘free trade’ and reduced services to the public.

The Future of Brazil: Broader Implications

Following major politico-economic trends of development, Brazil fits within the modern world-system conception of semiperipheral status. To end international capitalist exploitation, modern world-system theory prescribes a world movement in pursuit of a truly “egalitarian democratic world” (So 192). Wallerstein advocates a “new world-level strategy that requires implementation by a world-level movement” (193). In general, the theory calls for supra-national consciousness in terms of labor and marginalized sections of society. This discourse is wide enough to include global non-profit organizations such as Jubilee 2000, which advocates complete foreign debt forgiveness for the developing world.

Certainly the modern-world system is not without its critics as new paradigms are emerging to criticize ‘development’ as a biased term and to refigure economic and political factors from new sources. Postcolonial theory and poststructuralism, though they include the examination of similar factors, define very different bases from which to criticize functioning and create suggestions for change. In addition to emerging theories, more specific criticisms of modern world-system theory

focus on the unfeasibility of a true world movement to end exploitative cycles of trade. These critics point out that, despite globalization, national, ethnic, and racial barriers between people still exist and create tensions that necessarily prevent a global movement-oriented consciousness.

Current modern world-system scholars, noting the criticisms, continue to study the nuances and functioning of the global world-economy. In this vein, further studies on Brazil situated within a world-system framework would include analyses of race, anti-systemic movements, and class consciousness in an attempt to predict the probability of change within the country. Broader studies might focus on international labor movements, the deepening of capitalist exploitation, and the use of technology to aid both core interests and global organizers.

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