Focus on Brazil

Fernando Collor's Government after One Year: A Perestroika for Brazil?

—Wayne A. Selcher

Since taking office on March 15, 1990, Brazilian President Fernando Collor de Mello has set a brisk and determined course to reverse as quickly as possible the negative effects on development of the inefficient and paternalistic governmental bureaucracy and the sluggish, inward-looking protectionist model of industrialization from which the country has suffered for decades. Collor's attempt to break with the past by implementing First World free-market ideas and making Brazil more open and competitive internationally has been received with enthusiasm in pro-free enterprise circles and in Washington, even though far overshadowed by the geopolitics of German reunification, East European transitions, Soviet disarray, and Operation Desert Storm in the Persian Gulf region.

The imperatives for this eighth largest economy of the Western world, with a dated industrial plant, are clearly shown by a mid-1990 study by two Swiss institutions, the World Economic Forum and the International Institute for Management Development. In this report, Brazil fell next to last in its overall competitiveness ranking in the grouping of ten leading newly industrialized countries (NICs), between Indonesia and India. Its country profile benefited heavily from a very positive ranking in "natural endowment utilization," but its economic, financial, social, and managerial factors of competitiveness ranked low relative to other NICs in the sample. Brazil fell lowest among the ten NICs in the confidence level it was assigned by the international business executives surveyed.[1]

Brazil's impressive industrialization pace through the 1970s was made possible by large foreign capital inflows, including loans and investments, a system of generous government subsidies and other incentives for industrialization and export promotion, and a military regime to guarantee stability. The decade of the 1980s, on balance, brought stagnant economic growth (less than one percent net for the decade), net capital outflows (through loan repayments, flight capital, and disinvestment), and increasing problems of inflation (nearly 1800 percent in consumer prices in 1989). Further, the protectionist programs set up by the government to encourage product development through market reserves, as in computers, resulted in little local research, very few innovations, and high consumer prices for inferior, largely cloned, nationally produced goods.

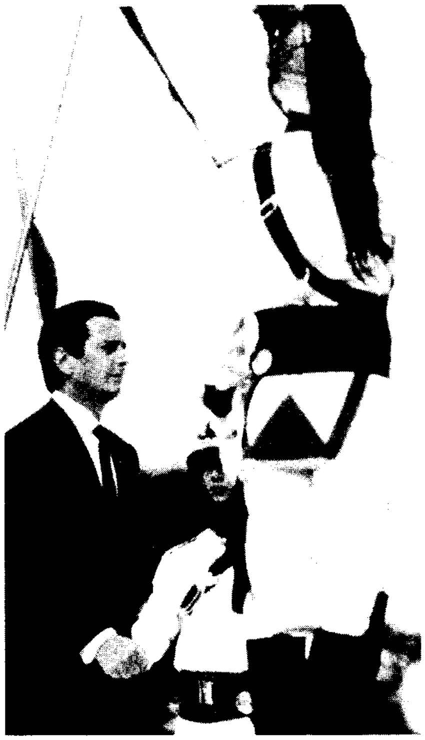
Official policy tended generally to favor oligopolies in restraint of trade. Because of reduced foreign competition, subsidies, and inflation with automatic indexing, sharp competitiveness became unnecessary, high profit margins in a restricted market were the rule, and a realistic concept of market price was irrelevant. Inefficiencies were easily accommodated by passing the costs into the price indexing system. Both management and labor, creditor and debtor counted on the probability of continued inflation and factored it into their expectations. The effect was the creation of an economic culture that resisted rational management and became addicted to anticipating inflation, indexing, and inefficiency. This vice is sustainable and even comfortable for those who profit in the short run, but disastrous for the society as economic stagnation continues, more Brazilians fall into misery, and the country becomes increasingly less competitive internationally. Stability, social justice, democracy, and institution-building are all lost to a sharpening and immediate struggle for personal or corporate economic survival.[2]

During the 1970s and the 1980s, income and opportunity inequalities widened in the population. By 1990, according to a World Bank report, Brazil was second only to Honduras and Sierra Leone regarding inequality of income distribution.[3] The 1989 census revealed that the richest 10 percent of the employed population received 53.2 percent of the national income (up from 46.6 percent in 1980), while the poorest 50 percent received but 10.4 percent of the income (down from 13.4 percent in 1980).[4]

Meanwhile, the attention of much of the Brazilian political class and intellectual community was absorbed during the 1980s by national events, particularly the difficult decade-long transition from military to civilian rule, culminating in 1985, and the 1987-88 elaboration of a new constitution by the National Congress. In short, during the latter half of the 1980s, Brazil, like most of South America, marked time relative to events revolutionizing the Northern Hemisphere. The left, in particular, was largely caught up in an anticapitalist dependency explanation of Brazil's backwardness and has been hard-put to explain logically and in an informed manner the revolution in political and economic models sweeping Eastern Europe or the success of East Asian development models with less income inequality than Brazil's. The right still identifies with a mercantilistic pseudocapitalism dependent upon state largess rather than innovation and productivity. The public sector continued to lack discipline and remained a preserve of private, largely elitist interests with little responsibility to the larger society.

The Political Dynamics of a Populist President

Through a vigorous, highly personalistic, and centralized style, President Collor tried initially to govern largely on willpower, charisma, and the popular mandate received in the December 1989 elections as the first directly elected president since 1960. As Brazil's first real TV president, with high initial public opinion approval ratings, Collor appeared convinced that the momentum from his rapid media-driven rise to national prominence and the obvious contrast with



Brazilian President Fernando Collor de Mello

the drifting and lackluster José Sarney government would carry over into lasting presidential clout in the execution of his "New Brazil Plan" to break vicious cycles, destroy pernicious myths, and remake the country.

He chose dramatic slogans and absolutist goals ("Win or win," a "single bullet" attempt against inflation, "0 percent inflation") and a dramatic Gaullist stance of being above party and faction and in direct touch with the nation in pledging to carry out his campaign promises to the letter. Weekly energetic athletic activities—such as flying an F-5 jet fighter and driving a Ferrari F-40—and spot appearances in supermarkets and work sites conveyed an "Indiana Jones" image of a very determined and "in charge" winning chief executive vitally concerned with and boldly on top of the full range of national issues. He is decisive and explicitly takes personal responsibility for the decisions and actions of his government. He thus had little trouble getting his initial thoroughgoing economic measures approved by a startled Congress, with votes from the center and right.

A poll by the newspaper *O Estado de São Paulo*, conducted in mid-May 1990 in São Paulo city, revealed an insightful personality profile of how Collor was judged in qualities of character relative to the respondent's image of an ideal president. The sample found him to be suitable in regard to intelligence, education, courage, leadership, authority, strictness, and likability. He fell below the level desired in competence, trustworthiness, sincerity, sense of justice, and understanding, and scored above the level judged ideal in arrogance, aggressiveness, pride, imperiousness, daring, and sportsmindedness.[5]

Despite largely conservative financial support for his campaign, Collor set out to govern without the traditional elites, whom he disdains because of what he considers their backward attitudes. Executive recruitment deliberately avoided those connected with Sarney's last years. His ministerial team shares this reformist goal of reconstructing national leadership, but is young, short on prior experience, idealistic, and weak in depth of bureaucratic talent.

The left and center-left distrust him because of his style and conservative background, in spite of his social democratic rhetoric and his overtures for support from the Brazilian Social Democratic Party (PSDB). Collor has relied in practice on backing from the regional leaders and their clientelistic systems, as well as from the conservative "Centrão" grouping of the Constituent Assembly days in Congress. Yet the diverse nature of the measures pursued under the label of "modernity" has transcended the usual left-right lines in Brazilian politics and divided the opposition. The right, startled by Lula's December 1989 vote, fears loss of control, and the left is confounded by Collor's initial popularity among the poor, its own internal divisions, and events in Eastern Europe. President Collor's broader strategy in his "New Brazil" plan is to redefine the political map in Brazil, to move from the left vs. right distinction to a Modern vs. Anti-modern one. Should he succeed in so shifting the terms of the debate on national economics and politics, for Brazilians it would be a revolution in conceptualizing development.

A national IBOPE poll in late May 1990 showed 74 percent of the public approving (and 18 percent disapproving) the economic stabilization program. Approval of the plan was lower in the generally economically harder hit state capitals (65 percent) than in the interior (79 percent), in line with December election results. The president himself had a 67 percent confidence rating, with only 25 percent showing no-confidence. Sixty-one percent stated they would vote for him at the time in a repeat second-round election, but only 26 percent said they would vote for his December 1989 opponent Luís Inácio Lula da Silva. A national Vox Populi poll at the same time confirmed similar figures and highlighted the continuing social class distribution (by education) of "trust" in Collor: respondents with primary education (74 percent), middle school (65 percent), high school (58 percent), and higher education (46 percent).[6]

Problems of the Brazilian Perestroika

So far, Collor has tried to change society by an avalanche of decrees, shaking up most areas of national life in what seems to be an attempt to lay down immediately the framework for five years of reforms. It is widely conceded that no Brazilian government ever attempted so much in the first six months. The activist executive branch, in engaging opposition from the judiciary and the Congress, started an unfamiliar balance of power process foreseen under the 1988 Constitution. With the country still not used to give-and-take among the three branches, the development of such a system through normal democratic conflict generates frequent speculation about an imminent crisis of authority and governability, and pressure for a parliamentary system. As a result, the government has shown clear direction with a lot of determination and frenzied activity, but less actual headway in the execution of reforms.

The first year's record should be judged largely by the degree of achievement in the economic sector, especially with regard to the chief priorities of reducing inflation with minimum recession, cutting back on the cost and size of government while balancing the budget, privatizing state companies, opening the national market, and increasing national competitiveness. Each target of the "New Brazil" plan involves changing deeply entrenched attitudes and paternalistic practices, such as the expectation of constant inflation, decades of inefficient statism and protectionism, and dependence on government jobs, contracts, and favors by large numbers in the upper and middle classes. The size of the modernization task is analogous to Gorbachev's economic challenges in the Soviet Union, in trying to change structures, practices, attitudes, and values all at once, from the top down with a combination of democracy and centralism, in a harshly recessionary and inflationary economy hobbled by excessive state intervention and technological backwardness.

To carry out its free-market philosophy within a social democratic discourse, paradoxically the government took onto itself greatly increased exceptional powers over private property in a technocratic manner. At first the heavily worked economic team would set out sweeping "provisional measures" without adequate consultation, then sometimes back away from them gingerly as unforeseen complications developed during subsequent negotiations for the necessary Congressional approval. (Provisional measures not approved by Congress within thirty days become invalid, unless reissued by the executive.) The self-assured economic team, not sensing the political situation well but fearing leaks, was reluctant to sound out the judicial branch on the possible constitutional implications of measures under consideration.

In the first six months, the government moved energetically toward goals of cutting inflation to under 10 percent per month by initially drying up the money supply through confiscation of personal and business savings, creating a "new " currency (the *cruzeiro*), instituting free labor negotiations, balancing the federal budget by cutting back federal employee benefits, privatizing state companies and selling off government property, ending speculative investment opportunities that crippled production, and attacking corruption vigorously. Progress was made in business deregulation and discouragement of cartels. A new industrial policy challenged national entrepreneurs to efficiency and quality by freeing up imports, phasing out export subsidies, and encouraging foreign investment. The nation's first consumer protection law came into force in March 1991, patterned after First World standards.

Unexpected repercussions plagued planners because the government, in its zeal to reform rapidly, made changes across the board but shut out many of the limited number of nonpartisan top civil servants who have mastered the interdependent intricacies of the national bureaucracy. Further, the federal public administration is crippled by reorganization, its resistance to attack on its privileges, and nervousness over an announced reduction in force of 360,000 employees.

This all occurred in an atmosphere of uncertainty and social fatigue from a decade of economic stagnation, six economic shocks since February 1986, and a crisis of faith in government institutions, most recently highlighted by the early 1990 shortages in the Proalcool alcohol fuel program and the plan's confiscatory violation of the sanctity of personal savings, checking, and investment accounts. Rather than new rules with some stability, the economy gets rules that keep changing as frequently as the executive edits measures. The middle class feels particularly wronged, because they had not seen themselves as part of the elite or as speculators, yet now they find themselves uncertain and financially cut off from past savings (perhaps permanently) as well as from confidence in future stability. Embittered, they watched as firms, wealthy individuals, and speculators managed to transfer large quantities of *cruzados novos*, blocked by the financial plan, into spendable *cruzeiros* through legal loopholes, thus increasing liquidity and pushing inflation as 1990 progressed.

Minister of the Economy Zélia Cardoso de Mello

Wage and salary policy has been the most contentious issue among the three branches of government, as it is in society. The executive seeks to engineer a transition to a free labor negotiation system without automatic indexation, certainly not easy in an economy wracked by stagflation. Labor tends to oppose the change out of a sense of inferior bargaining power and fear of unemployment. In its own way, the business community is also used to the paternalism of the old system. Both business and labor at various times felt unjustly singled out by the government as responsible for either price-pushed or wage-pushed inflation. There is considerable persistent interest in Congress in reintroducing some form of wage indexation, which seems electorally helpful in the short run and also transfers to the executive the onus of the problematic labor-management relations system, the determination of the wage-price balance, and also blame for the inflationary process.

On May 31, 1990, Collor suffered his first defeat in Congress when the legislators overturned (by 149 votes to 133) the Provisional Measure 185, which allowed government appeals to the Superior Labor Courts to suspend for five months wage adjustments agreed to by regional labor courts. Fearing the inflationary push of this reversal, especially if producers demanded proportionate price increases, the government on the same day reedited essentially the same measure as Number 190. The Supreme Federal Tribunal voted on June 6 by 9–0 to declare such a reissuance within a year unconstitutional.

The circumstances of this double defeat made Collor much more open to attack by tarnishing his cherished image of being in full control. Differences with Congress grew as Collor exhausted its tolerance with peremptory and perfunctory consultation. The executive branch delayed in providing the usual jobs and political favors to legislators' local political forces in exchange for congressional votes, preferring instead to reward those who had helped to elect Collor. In the May to December 1990 period, Collor's lack of a reliable partisan base in Congress and poor political articulation with that body proved to be a definite handicap. (In fact, the greatly enhanced powers given Congress in the 1988 Constitution were placed there by that same group of legislators as attributes of a more parliamentary assembly.) The Congress in place at the start of President Collor's term was elected in November 1986, in quite different economic and political circumstances. Further, the annual July recess and the absence of lawmakers on the campaign trail caused functioning and quorum problems in that body's consideration of executive measures.

The further unfolding of the Collor program after March 1991, the second phase, depends upon the Congress elected on October 3, 1990, and upon the governors (all states plus Brasilia) chosen in the October 3/November 25, 1990, two-stage elections. On the face of the results, the new governors and a majority in the new and largely center-right Congress seemed amenable to cooperating provisionally with President Collor when they took up their duties in March 1991, but very few possess personal loyalty to him. None of the main parties is on record as part of the government, and his Party of National Reconstruction has but 8 percent of the seats in the Chamber of Deputies and only four senators. As is characteristic of Brazil's pragmatic policies with weak parties, Collor's success in gaining support from these officials will be in direct proportion to the success of his economic policies and the goods he can deliver to their constituencies. Longer-term formal alliances remain improbable, so coalition-building for each major item could be the rule.

Relations with the labor movement have been quite problematical. Within the CUT labor confederation, closely linked to the socialist Workers Party (PT) and distrustful of the government, President Collor is regarded as a "union-buster" in spite of his professed concern for the working class. His choice of the moderate CGT confederation's former president, António Magri, as Minister of Labor was interpreted by CUT as a clear move to undermine them and to court labor moderates favoring a free-market position. As inflation crawled upward, recession deepened, and real credit rates rose to unusual heights, there were more business bankruptcies and layoffs, government firings, and strikes in several key industries. These included banking, metalworking, transportation, the state steel mills in Volta Redonda (CSN), and, in early 1991, Petrobrás. Labor-management relations became more tense, particularly in metropolitan São Paulo, but attempts at united job actions usually fizzled.

Official reports in several limited forums to promote labor-management conciliation in a "social pact" and to safeguard the anti-inflation plans have stalled. The ambitious agendas usually covered the range of current controversy: the extent of cutbacks in public administration, possible compensation for real wage and salary losses before and during the Collor government, collective bargaining without wage indexation, allowable effects of wage increases on prices, profit sharing, and upgrading to worker safety and benefits.

The Balance Sheet—Targets and Accomplishments

The government invited nonfulfillment and criticism by setting up such ambitious and firm goals from the start, so the media were not lax in providing running appraisals of achievements and in noting resistance from many sides to government policy and style. The first year's results overall fell embarrassingly short of the overly enthusiastic pledges, forcing the government to concentrate less on highly optimistic rhetoric and more on the substance of mounting public discontent.

Inflation is traditionally the bane of Brazilian governments. Much of the government's credibility and effectiveness across the board has been wagered on keeping inflation low, hopefully in the single-digit monthly range, without provoking deep recession. The first actual inflation target was 10 percent per month in the first 100 days. Although the drastic anti-inflation measures of the first weeks of the administration kept the monthly rate of inflation at first below 10 percent, by year's end that rate had crept into the high teens, and the inflation for the year reached nearly 1800 percent again, as in 1989. The GDP suffered a contraction of 4 percent in 1990, as the recession the government had hoped to avoid threatened instead to become the worst one in decades, with widening unemployment. The minimum wage, $98 a month when Collor took office, fell to $76 a month one year later. Meanwhile, Brasilia continued the inflation-promoting practice of providing financial relief to the growing list of state banks that went insolvent because of irresponsible gubernatorial practices to favor candidates during the election campaign.

On January 31, 1991, with inflation passing the 20 percent per month mark, the government decreed its second anti-inflation plan to buy time for other basic economic reforms to take hold. Dubbed "Collor II" and approved by Congress, it froze wages and prices for at least a period of weeks and ended indexation of interest rates. The reaction of retailers, faced with rising actual costs of supplies and overhead, was to hold back on furnishing some key products and staples and to raise prices as much as they could on others. In sum, wages became more depressed than prices.

The administrative reform in its abruptness became more concerned in practice with cutting annual personnel than with embracing efficiency and productivity. Of the ultimate and rather unlikely goal of 360,000 federal employees to be dropped, by March 1991, 204,000 had been cut from the rolls—112,000 fired, 37,000 retired, and 55,000 placed on "available" or pooled status. This reduction in force lowered payroll costs from 93 percent of federal receipts to 73 percent, helping the government achieve a budget surplus of 0.5 percent in 1990.[7] More complete reduction was prevented by bureaucratic resistance, the need to determine priorities, the administrative dysfunctionality of such large cuts, cases taken to courts by the strong workers' unions and parties, constitutional provisions on federal employee tenure, and compromises to cut costs by means other than personnel severance. Those placed on "availability" were due their full salaries according to a Supreme Federal Tribunal (STF) decision, until the STF could judge the constitutionality of a presidential decree authorizing only partial payment. Further, the Secretary of Federal Administration, João Santana, stated that many of those in "availability" could be rehired.

A few minor government enterprises were simply abolished. Otherwise, the privatization program for state corporations continues largely in the planning and organization stages, with the naming of dozens of corporations to be sold and the establishment of a national commission to set the procedures and oversee the process. National banking, financial, real estate, and insurance organizers will be the main buyers, through obligatory purchases of Certificates of Privatization starting in June 1990, a compulsory system under attack by those would-be purchasers as unconstitutional.

The crucial goal of increasing national competitiveness and productivity through open markets, the end of subsidies, and adoption of new technologies was advanced with the announcement by Economics Minister Zélia Cardoso de Mello of the administration's broad new industrial and foreign trade policy, developed by her and Secretary of Economic Policy António Kandir without consultation with industrial and commercial associations.

Its whole tone runs counter to decades of accepted wisdom in Brazilian political discourse. Changes to be introduced by stages include, but are not limited to, the gradual end of the informatics market reserve; the end of import taxes on capital goods and chemical products not produced in Brazil; lower tariffs in general and especially on imported cars, textile machinery, and textile raw material; recognition of foreign patents in chemicals and pharmaceuticals; the end of tax incentives to promote exports; a lowering from the 85 percent current average to a 70 percent maximum of the national content requirement level for firms seeking government finance; and an end to import prohibitions and quantitative ceilings. Importations with greatly reduced duties of a wide variety of foods and consumer goods began immediately.

Implementation of these and other projected measures, such as more favorable terms for foreign investment, will force (rather than ease) major and badly needed adjustments in Brazil's dated, heavily protected, subsidized, and often inefficient domestic-market and export industries. This restructuring will not be smoothly accomplished due to the lack of competitive skills, limited corporate financial reserves, more recession on the horizon, and East Asian competitors on the rise. Rather than provide governmental assistance during the transition, the Collor administration seems willing to let freer market forces shake out the most uncompetitive sectors, such as clothing and textiles.

Foreign policy under President Sarney, after some innovative strokes in the first year or so, fell into routine administration of the independence-minded principles of "responsible pragmatism" and third-world identity without the stridency set down by the Foreign Ministry in the late 1970s. To appeal to the West and fit Brazil into the changing international system of the early 1990s, the Collor government set out on a different tack: continued priority to Southern Cone integration, closer cooperation in bilateral relations with the United States, international competitiveness through a revised trade structure and a more open economy, better conditions for foreign investment, creation of national stability to inspire international confidence in Brazil, acceptance of nuclear safeguards, and attention to human rights and ecological themes to counteract negative international images about Brazil in those issues. Brazil has been especially interested in pursuing President Bush's "Enterprise for the Americas" free-trade initiative, a plan announced in June 1990 and prominent during Bush's brief visit to Brazil in December 1990.

These departures will take some time to yield dividends, as a mere change in course must show concrete results before foreign counterparts are induced to see a delinquent and unstable Brazil as a more interesting partner. Meanwhile, the new government's first attempt to reconceptualize the foreign debt—to lower immediate interest payments and spread out principal payments over decades through bonds—met with resistance among commercial creditors. No early debt agreement is likely, so Brazil remains labeled a credit risk with overdue interest. The Persian Gulf war of early 1991 brought negative effects to Brazil in the form of higher oil prices, emergency conservation measures, loss of sales to

Iraq and Kuwait (its major oil suppliers), questions about the future competitiveness of Brazil's weapons abroad, and probably greater American restrictions on sensitive technology transfer to Brazil because of its previous arms sales to Iraq and Libya. The need to save foreign exchange to cover oil costs also delayed a scheduled major phase in the liberalization of import tariffs. A March 1991 Petrobrás strike further complicated these setbacks.

Toward a More Modern Brazil?

President Fernando Collor de Mello began his term as a little-known quantity with widespread support and an image as the man of the hour. With the goal of modernizing Brazil by adopting free-market practices in domestic and foreign policy, he set out to overcome resistance through the elements of volume and surprise in forcing many issues simultaneously to dominate the political agenda. Rapid-fire measures loosed with little or no previous consultation underlines his determination to change economic society on the basis of his electoral mandate.

The Collor whirlwind has set a course toward a Brazil more in tune with successful economic ideas being debated in the Northern Hemisphere, and substantial progress in that direction has begun at the legal level. The very terms of political debate on national issues have shifted notably, in contrast to the tenor of the 1987–88 deliberations of the Constituent Assembly. The government itself, however, poses the contradiction of professing to reach for a freer and more productive market economy through all too familiar technocratic edicts and the expansion of executive power, an imperial presidency. Not all within the government appear to be true believers in or full converts to free-market doctrine, so more familiar *dirigisme* and disagreement over just how unregulated or open the economy should be and over how rapidly change should proceed arise to create inconsistencies in policy.

Beyond its own internal debate, the government is advancing concepts that, in theory, enjoy widespread rhetorical acceptance in educated circles but that, in practice, require widespread willingness to give up assured privileges, work harder, be innovative, and take risks. The acknowledgment of the failure of the nationalist-statist development model is more accepted than is real adherence to free-market principles, so much attitudinal or cultural change is still needed at the operational level for such principles to work in Brazil. Competition, to many, still seems healthiest when applied to the other party, not to oneself. It remains to be seen how much actual cultural change can be wrought by changing the legal framework so rapidly under such uncertain economic circumstances. The pace and surety with which such measures to inject social discipline have been enacted from on high by wrenching decrees has disoriented and angered those used to comfortable older habits such as state paternalism, protectionism, and deeply rooted expectations of constant inflation. And these groups are much better organized than those who would benefit from liberalization.

The speed with which provisional measures proliferated faster than Congress could vote on them gave insufficient time for needed nuance, modification, and absorption, nor did the administration show a sufficiently conciliatory style toward its opponents. Presidential flair appealed for a time to public opinion, but the government has yet to build a political base in organized society and a reliable partisan force in Congress to support such sweeping changes. The weaknesses of the self-sufficient outsider style of closed decision-making circles and resting heavily on public approval for effective governance became fully evident in clashes with the major political actors and the intractability of the problems during the first several months.

Because of the gradual deterioration of the economic situation as 1990 progressed, as well as disputes within his cabinet, President Collor's popularity and credibility suffered continual attrition. The results of the October and November 1990 elections did not constitute a clear referendum on the national administration, but an unusually high rate of protest in the form of blank and invalid ballots was registered. Collor's second anti-inflation plan met with considerably less public and business confidence than the first one.

A public opinion poll in twelve state capitals, taken two weeks before the end of Collor's first year in office, showed that 57.7 percent of those interviewed had a negative or tended toward a negative evaluation of the government, 35 percent had or leaned toward a positive evaluation, and only 7.3 percent were decidedly neutral. Further, 47 percent believed that their economic situation had worsened in the last year, 13.7 percent saw an improvement, and 38.2 percent saw no change. Asked for whom they would vote if the December 1989 presidential run-off elections were held today, only 11.6 percent said they would vote for Collor and 23 percent would vote for Lula, but a full 65.4 percent would cast a blank or null vote, showing a high rate of disillusionment with both candidates.[8]

With his burst from the starting blocks exhausted, the athletic young president still maintains authority and retains the initiative in the face of an inconsistent and divided opposition, but he is no longer master of the situation. In March 1991, for example, the Congress took steps toward curbing his frequent use of provisional measures. The government has been forced to rethink its style, goals, and timelines and to initiate serious consultation with key political groups. To begin his second year on a different footing, the president presented for debate a document titled "Brazil: A Project of National Reconstruction," containing analysis and proposals for practically all areas of national life. With suggested solutions in line with his political philosophy, Collor announced his intentions to use this, his most explicit program to date, to negotiate with Congress and interest groups a national political consensus on the future course of the nation. He also suggested moving up to late 1991 the 1993 plebiscite on the choice between presidential and parliamentary government, required by the 1988 Constitution.

Success in moving toward a truly freer market situation depends now upon the extent to which the government can shift from dogmatic certainty to a convincing posture and to more open dialogue with elements throughout the whole of Brazil's very unequally developed society. In the second year much depends on whether the government can successfully compromise among conflicting interests and effectively articulate firmer support in the Congress, the political class, and organized civil society, or whether upon meeting resistance it tries to go back to its practice of issuing autocratic decrees, which has already raised many issues of constitutionality in the courts. That expanded dialogue, too, is part of developing a more democratic and modern political system.

Endnotes

[1] *The World Competitiveness Report, 1990* (Lausanne and Geneva, Switzerland: International Institute for Management Development and World Economic Forum, 1990), pp. 13, 32, and 17.

[2] The circular and wearying dynamics of ever-renewing cycles of inflation versus repeated shock treatments are concisely described in "Price of Disarray," *Wall Street Journal*, March 29, 1991, p. 1+.

[3] "Miséria vs. democracia," *Isto é/Senhor*, August 29, 1990, p. 15.

[4] "Trancos e barrancos," *Veja*, November 21, 1990, p. 43.

[5] "Inteligente, corajoso, e mandão," *O Estado de São Paulo*, May 20, 1990, p. 5.

[6] "Pesquisa aponta 74% de aprovação do Plano Collor," *O Estado de São Paulo*, May 26, 1990, p. 4, and "Collor tem 67% de aprovação e plano econômico 74%," *Jornal do Brasil*, May 26, 1990, p. 3.

[7] "As ilusões perdidas," *Veja*, March 13, 1991, p. 21.

[8] Ibid., pp. 20–21.

The Flowering of Brazilian Culture in the Twentieth Century

Edward A. Riedinger

There is a phenomenon in twentieth-century Brazilian history that has been vaguely perceived and little defined. Nonetheless, as this phenomenon receives increasing definition and intellectual development, it will come to be recognized as one of the dominant aspects of modern Brazil.

The phenomenon is the extraordinary growth and quality that Brazilian culture has evidenced in this century. Indeed, one can state that in this century Brazilian culture was more active than in any period in its history and more than that in any other country of Latin America. This statement is particularly applicable for the middle years, from 1922, with the *Semana de Arte Moderna*, to the military coup of 1964, which closed so much of Brazilian public life.

In relation to cultural activity in Latin America, it is customary to recognize the achievements in painting of Mexico and the literary accomplishments of Mexico together with others in Spanish America, particularly Argentina, followed by Chile, Peru, and to some extent, Colombia. However, Brazil in the twentieth century not only has presented exceptional achievements in painting and literature but in every area of the arts.

The works of Portinari and DiCavalcanti are recognized throughout the world and are complemented by Neri, Guignard, Pancetti, and Segall. In this century Portugal produced its greatest voice since Camões: Fernando Pessoa. Yet it was Brazil that asserted itself as the larger chorus of the Portuguese language and a leading literary center with Carlos Drummond de Andrade, João Cabral de Mello Neto, Jorge Amado, and numerous other poets, novelists, essayists, and critics.

But breathtakingly, Brazilian cultural achievements in this century go quite significantly beyond painting and literature.

In architecture, both building and landscape, Brazil was in the vanguard of modernism. Oscar Niemeyer and Lúcio Costa were collaborators with Le Corbusier. Moreover, their airy, bold forms, which came to be the essence of contemporary building, were complemented by the singular tropical and sinuous landscape architecture style of Roberto Burle-Marx. An even further complement to this architecture was the striking and likewise bold sculpture of Bruno Giorgi.

Furthermore, there have been vast achievements in music, both classical and popular. There is the monumental accomplishment of Villa-Lobos, filtering the structure of Bach through the modes of Milhaud and Satie for a haunting depth to Brazilian folk harmony. And this work is further echoed in the accomplishments of Mignone and Guarnieri.

One of the quintessential rhythms of the modern international musical sound has been *bossa nova*, the felicitous syncopation of samba and jazz, the poetry and sounds of Tom Jobim, Vinicius de Morães, and João Gilberto. But there are even further singular achievements in popular music and samba. Consideration of the work of Noel Rosa and Pixinguinha, for example, only minutely begins to recognize this production and accomplishment.

Theater and acting show striking activity also, in the innovative dramaturgy of Nelson Rodrigues and a school of controlled, incisive acting, represented in the generation of Cacilda Becker and Sérgio Cardoso. It is not by chance that the fourth largest private television network in the world, O Globo, can draw upon this drama tradition for the *telenovelas* (soap operas) it exports around the world.

What is striking about the combined impact of all Brazilian artistic activity in the twentieth century, particularly during the peak middle years, is how often painting, sculpture, and architecture, music, and poetry have a unified character. They all exude a sinuosity and sensuousness that say