
REVIEW ESSAYS

A CLASH OF PARADIGMS: Recent Interpretations of Brazilian Development

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- INDUSTRIALIZATION, TRADE, AND MARKET FAILURES: THE ROLE OF GOVERNMENT INTERVENTION IN BRAZIL AND SOUTH KOREA.* By Mauricio Mesquita Moreira. (New York: St. Martin's, 1995. Pp. 227. \$65.00 cloth.)
- POLITICIAN'S DILEMMA: BUILDING STATE CAPACITY IN LATIN AMERICA.* By Barbara Geddes. (Berkeley and Los Angeles: University of California Press, 1994. Pp. 246. \$35.00 cloth.)
- POLITICS WITHIN THE STATE: ELITE BUREAUCRATS AND INDUSTRIAL POLICY IN AUTHORITARIAN BRAZIL.* By Ben Ross Schneider. (Pittsburgh, Pa.: University of Pittsburgh Press, 1991. Pp. 337. \$49.95 cloth.)
- EMBEDDED AUTONOMY: STATES AND INDUSTRIAL TRANSFORMATION.* By Peter Evans. (Princeton, N.J.: Princeton University Press, 1995. Pp. 323. \$49.50 cloth, \$17.95 paper.)
- WORKING WOMEN, WORKING MEN: SÃO PAULO AND THE RISE OF BRAZIL'S INDUSTRIAL WORKING CLASS, 1900–1955.* By Joel Wolfe. (Durham, N.C.: Duke University Press, 1993. Pp. 312. \$45.00 cloth, \$17.95 paper.)
- DEMOCRACIA OU REFORMAS? ALTERNATIVAS DEMOCRATICAS A CRISE POLITICA, 1961–1964.* By Argelina Cheibub Figueiredo. São Paulo: Paz e Terra, 1993. Pp. 209.)

A clash of paradigms is emerging in Brazil. On one side are the traditionalists, who interpret Brazilian economic and historical development through the traditional optic of economic historian Alexander Ger-

schenkron.¹ This perspective is based on several assumptions. First, development in late-industrializing countries is state-led or the state is the key player. Second, the state devises innovative institutions or practices to promote industrialization. Third, the main players in civil society are large domestic capitalists or multinational corporations or both. Fourth, industrialization is defined as a process of heavy investment—usually in infrastructure, mining, or mass-production manufacturing. The resulting interpretations have a functionalist cast in which historical, sociological, and political events permit or promote the development of heavy industrialization. Those following the traditionalist paradigm point to a lengthy heritage in Brazil. The Revolution of 1930, the Estado Novo (1937–1945), the presidency of Juscelino Kubitschek (1956–1961), the military coup of 1964, and the emergence of *tri-pé* alliances (in the mid-1970s) are often portrayed as critical junctures in a sustained process of state building and heavy industrialization.²

A divergent perspective is emerging from growing but still disparate studies that portray Brazilian development as a less determinate process. This view perceives the state as only one of many important actors. Small actors often play critical roles in defining the course of history and industrialization, and thus development can take any number of paths and does not necessarily lead to state-capacity building or heavy industrialization.

The Traditional Paradigm

Accounts of Brazilian industrial development and state building that portray the state as the main actor fit within this paradigm. Mauricio Mesquita Moreira's comparison of Brazilian and South Korean government interventions, Barbara Geddes's discussion of state-capacity building, Ben Ross Schneider's account of state-led industrialization, and Peter Evans's discussion of the development of the information-technology industry in Brazil, South Korea, and India all point to the state as the decisive actor in economic transformation and focus on large-scale investment as the key to development.

In *Industrialization, Trade, and Market Failures: The Role of Government Intervention in Brazil and South Korea*, Moreira argues that although neo-classical economists' emphasis on the importance of markets and outward-

1. See Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, Mass.: Belknap, 1962).

2. I am not undertaking a critique of functionalist arguments per se. For a more detailed critique of large-scale or Gerschenkronian interpretations of development, see Michael Piore and Charles F. Sabel, *The Second Industrial Divide* (New York: Basic Books, 1984). The *tri-pé* refers to joint ventures owned by Brazilian state enterprises, large local firms, and multinational corporations. See Peter Evans, *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil* (Princeton, N.J.: Princeton University Press, 1979).

oriented trade in efficiently promoting growth are correct, their condemnation of state intervention is misplaced. According to Moreira, state intervention may be the only way to remedy market failures and help create large and strong private-sector firms that can take advantage of static comparative advantages and create dynamic ones. That is to say, state intervention is needed to get market-like behavior in developing countries. The South Korean economy outperformed the Brazilian one because government intervention addressed market failures more successfully.

Large firms and economies of scale also play vital roles in a country's ability to exploit comparative advantage. Large South Korean conglomerates, called *jaebol*, have been critical to growth. Like Gerschenkron before him, Moreira contends that large firms produce on an economically efficient scale, have the financial means to charge low prices abroad, can use the profits from one venture to start another, and can survive in an environment where skilled labor is scarce (pp. 43–46). Paradoxically, then, monopolies are better positioned to take advantage of market opportunities. While the South Korean government nurtured the national *jaebol*, the Brazilian government indiscriminately protected domestic markets, even for multinational subsidiaries, and thus cut off profitable opportunities for growth of domestic firms.

Industrialization, Trade, and Market Failures provides a cogent overview of Brazil's macroeconomic and industrial policies but suffers many of the limitations of economic analyses that omit sociopolitical factors (p. 11). Moreira does not explain how the South Korean government was able to figure out how to remedy market failures or why the Brazilian government was less successful at intervening. He alludes to Brazil's colonial heritage, which prohibited manufacturing and forced the country to base its economic activities on exports of primary products. But that history cannot explain why, when the state began to subsidize exports heavily and grant firms access to capital goods at world-market prices (in response to the oil shocks in the mid-1970s), firms responded only reluctantly and exporting remained a secondary activity (pp. 115, 138). The incentives offered by the state were remarkably similar to South Korea's, but firms in Brazil did not respond. The answer may lie not in the quality of state intervention but rather in firm dynamics.

Another issue bearing further examination is the alleged need for large conglomerates. Recent literature on developing-country industrialization suggests that large private conglomerates are not the only route to effective export-led industrialization. Taiwan's experience suggests that small firms can also sustain export drives, albeit in niche markets or where economies of scale are modest. Moreira's analytical framework with its emphasis on autonomous state intervention and large firms is consistent with the traditional interpretations of Brazilian industrialization.

Barbara Geddes's *Politician's Dilemma: Building State Capacity in Latin America* focuses on the issue of bureaucratic reform and its implications for building state capacity. Her first case study examines reform in Brazil in the 1930s and again in the 1950s, two critical junctures according to a Gerschenkronian interpretation of Brazilian economic development. She also devises and tests hypotheses about the probability of achieving bureaucratic reform in other Latin American countries.

According to Geddes, bureaucratic reform is a proxy for state capacity to promote economic development or provide other services. She conceptualizes bureaucratic reform within frameworks emphasizing collective action and principals and agents. When unreformed, the bureaucracy operates as a tool for politicians to bestow patronage and gain votes and allies within the bureaucracy (p. 56). Bureaucrats also have an incentive to block reforms in that they are primarily seeking sinecures and job security (p. 13). Because politicians and bureaucrats pursue their individual interests, the bureaucracy remains riddled with incompetent personnel who fear losing their jobs. The public good—a reformed bureaucracy—remains unrealized, and citizens' welfare is suboptimal.

Yet reform is unlikely to come from those who would benefit most. In Geddes's view, the benefits of reform are simply too dispersed and too uncertain for citizens to organize and demand them. She considers citizens to be a latent interest group, albeit the principal that chooses agents (president and legislators). Thus to attain reform, one must break up the patron-client networks and restructure the incentives for the agents. Politicians must have incentives for terminating patronage practices and instituting civil-service or meritocratic reform. Bureaucrats likewise must respond to incentives in which the pursuit of merit takes precedence over the pursuit of security. As Geddes points out, the impetus for reform comes from outside the beneficiary group (citizens), arising instead among political entrepreneurs who may include politicians, party leaders, and presidents (p. 37).

Geddes explores three patterns of reform via two methodologies. The first two patterns, insulation and compartmentalization in Brazil from 1930 to 1964, are explored using a case-study methodology. She then examines legislative reform by using statistical and regression analyses in other Latin American countries. The Brazilian case will be discussed here in more detail.

The first type of bureaucratic reform examined is that of insulating bureaucrats from patron-client networks and restructuring incentives so that bureaucrats (agents) have incentives to promote the goals of the bureaucracy (p. 49). This pattern emerged in authoritarian Brazil from 1937 to 1945, the period of President Getúlio Vargas's push for state-led development. No longer encumbered by democratic institutions like the legislature, Vargas created an institutional agent, a superministry named

the Departamento Administrativo de Serviço Público (DASP), to implement and oversee meritocratic hiring, promotions, and transfers as well as procurement (pp. 52–53).

A second strategy for reform is that of “compartmentalization,” a strategy pursued by Vargas during his term as a democratically elected president (1951–1954) and more prominently by President Kubitschek (1956–1961). Both leaders needed the support of their parties and coalition members, yet both wanted economic growth. Kubitschek compartmentalized the bureaucracy to promote his thirty-point target plan for accelerating industrialization. He created “pockets of efficiency” by creating special agencies and isolating them from the legislature and traditional bureaucracy (p. 61). These streamlined executive groups were staffed with capable bureaucrats, while other areas of the bureaucracy were subjected to patronage appointments to repay election debts to party activists (pp. 57, 59). Furthermore, the new agencies were granted autonomous sources of funds that were outside the federal budget and thus did not have to be approved by the congress or disbursed by the finance ministry (pp. 63, 65). Other critical agencies already existed, like those controlling foreign exchange and foreign trade, and their insulation from patronage networks was maintained (p. 65).

According to Geddes’s calculations, bureaucratic reform and insulation from Congress ensured that many goals of the target plan were attained. Import targets of transportation items (railroads, ships, planes) were achieved along with production of electricity, petroleum, and other inputs by state enterprises. Performance for targets was lower in areas lacking insulation and where the traditional bureaucracy was in charge of carrying out the goals (as in the construction of new railroads, wheat production, and increased primary-level technical training for children) or where insulated agencies worked with the private sector (as in coal, nonferrous metals, cellulose and paper, and motor vehicles).

Geddes’s account is consistent with the traditional Gerschenkronian interpretation of development in Brazil. Development is conceptualized as being state-led, and the state must devise innovative practices to carry it out, such as the DASP superministry under Vargas and the “pockets of efficiency” created under Kubitschek. But although the principal-agent framework elucidates some of the obstacles to reform, it also raises questions.

The first issue is defining the principal’s motives and the problems inherent in defining who is a principal in a democracy. During the period from 1937 to 1945, Vargas assumed dictatorial powers and created the DASP, which functioned well only because Vargas was not beholden to the congress. But why did Vargas pursue bureaucratic reform? Although he might have been contemplating a future career as an elected politician, it is not clear why patronage rather than reform would not have been a

more effective strategy. A second question that emerges using the principal-agent framework concerns its application when officials are elected. Geddes argues that the citizens who elected the president or the politicians are the real principals. But as she acknowledges, politicians face multiple constituencies, and thus it is difficult to call voters "principals." And even if they are, how do researchers assess the influence of their competing preferences?

Another issue that arises is the definition of reform. Reform is generally defined by Geddes as meritocratic hiring and advancement, insulating agencies from patronage appointments, and establishing discretionary funding. This definition of reform, however, poses some problems. Although Geddes argues that party building and competence do not usually coincide, one could argue that during certain periods, party building, corruption, and patronage may actually promote development. Such an argument has already been set forth by Samuel Huntington.³ Reform also has its pathological aspects. Vargas's DASP superministry had to approve every hiring decision and incurred some disastrous as well as inefficient results (p. 53). One must ask, then, if the categories of reform strategies and patronage are too categorical.

Finally, one wonders why under Kubitschek (and other administrations) reform occurred in only some bureaucracies and not in others. Analysts need another framework in addition to the principal-agent one to understand the partial nature of reform.

In the Brazilian case, only a few agencies sustained reforms. When the president's term ended, most agencies lost their insulated status as the new president extended patronage to the previously reformed bureaucracies. Geddes therefore examines paths to bureaucratic reform in a broader context—the reforms passed by the legislature rather than those achieved by compartmentalization.

To explore the legislative path to reform, Geddes in *Politician's Dilemma* uses an iterated prisoner's dilemma model. She posits two games, one between politician and client and the other among politicians of different parties. In the first game between politician and client, Geddes demonstrates how cooperation between them leads the politician to offer client jobs and the client to accept them in exchange for votes. Because the game is repeated, the players tend to cooperate.

The second game, among politicians of competing parties, explores the conditions under which politicians can be expected to vote for reform, meaning that they defect from the game between politicians and clients. Politicians' preferred outcomes are first to be reelected and second to achieve economic development (p. 87). Geddes finds that when

3. See Samuel Huntington, *Political Order in Changing Societies* (New Haven, Conn.: Yale University Press, 1968).

patronage is equally distributed among the two or more largest parties, when the parties have the possibility of alternating in the presidency, and when politicians can gain even a small amount of support, members of the larger parties will vote for reform. Although small parties (disadvantaged in terms of patronage) are likely to vote consistently for reform, it is unlikely to pass because the large party or parties want to maintain their privileged access to patronage. Thus only when patronage is more or less equally distributed among large parties and when legislators can gain support for voting for reform do they have an incentive to do so (p. 95). Moreover, if the means of getting on the party slate is a closed list (controlled by party leaders) and the party leader supports reform, then individual legislators are more likely to vote for reform. According to Geddes's findings, Colombia, Venezuela, and Uruguay passed initial civil-service reforms (for merit-based hiring) during more-or-less democratic periods in periods of approximate parity between parties. Brazil and Chile, with multiparty systems (an extremely fluid one in Brazil) did not pass reforms. A second issue that Geddes explores is what motivates presidents to pursue reform, given that they are more likely than legislators to promote it. Geddes finds that when the president is in a strong position vis-à-vis the party, he is more likely to pursue reform.

This section of *Politician's Dilemma*, like the one on Brazil, should have examined further the categories of reform and development. Even so, Geddes's argument and methodology are innovative and her work is an impressive attempt to devise a framework for understanding the relationships between elected and unelected officials and examining issues of bureaucratic accountability.

While Geddes decries the pathologies of bureaucracies, Ben Ross Schneider contends that they can actually promote development. Schneider's *Politics within the State: Elite Bureaucrats and Industrial Policy in Authoritarian Brazil* examines state-led development projects in heavy industry and extraction. He argues that examining the formal organization of a bureaucracy leaves many aspects of policy making unexplained and that decisions that do not follow formal channels and chains of command in bureaucracies can lead to good policy making. Schneider also asserts that bureaucratic fragmentation, personalism, circulation of high-level personnel among bureaucracies, and lack of insulation can lead to good policies and good development projects because the competition among a project's supporters may improve it and turn it into one that addresses a wide variety of interests. The best development projects were not only profitable but also benefited Brazilian society at large. For example, extraction of alumina from the Amazon also provided bridges or ports for the backward Northeast (environmentalists would disagree with him on the merits of this point).

To understand policy making and policy outcomes, one must look

not only at organizations (bureaucracies) and ideologies but especially at careers and appointments. The principal protagonists can be defined by career types—*técnicos*, politicians, and political *técnicos*. Schneider argues that *técnicos* are the most likely to defend organization, bureaucracy, or agency goals. Politicians are more likely to push regional interests. Political *técnicos* are ideally placed to broker agreements in getting major investment projects going for several reasons: because they are high-level appointees whose future depends on performance, because they understand that politics is important to getting projects up and running, and because they have informal contacts.

To test these propositions in *Politics within the State*, Schneider examines four development projects: Siderbrás, Açominas, Carajás, and aluminum and bauxite projects. Siderbrás exemplifies the creation of a holding company that took ownership of almost all state-owned steel firms in order to rationalize investment and planning in the sector. The venture flopped nevertheless because Siderbrás was never given the resources or any means to raise them and therefore had little leverage over the companies it nominally owned. Schneider demonstrates that the career paths of individual officials rather than organizational interests often shaped state officials' views of the project.

In contrast, the state-owned steel company Açominas was virtually unstoppable because it had high-level support from President Ernesto Geisel and from Aureliano Chaves, a key politician from Minas Gerais. According to Schneider, the alliance between Geisel and Chaves overwhelmed and undercut the opposition (p. 126). But did it? Açominas was initially supposed to produce nonflat steel in light and medium shapes, but private-sector opponents pushed it out of light shapes and into heavy ones. The original project therefore underwent such profound modifications in being restricted to markets it had not set out to supply that the project turned out to be very different from that originally conceptualized by the power brokers (p. 131). As Schneider recounts, the project was not state-led but shaped decisively by negotiations between state officials and the private sector.

Carajás, a project for extracting iron ore from the Amazon, was dominated by *técnicos* and also enjoyed the blessing of Delfim Neto, the planning superminister. As a result, the project came to fruition ahead of schedule and under cost, a remarkable achievement in any country. But the project never became truly developmental because it was dominated by *técnicos*, got little input from politicians and political *técnicos*, and therefore never transcended being a mining enclave rather than a project that could provide additional infrastructure or other social services for the region (p. 159).

Aluminum and bauxite production is the case where political *técnicos* played the most decisive role, but their interests often coincided

with organizational ones and were therefore indistinguishable. The projects in question were large integrated mining ventures that included electricity, roads, ports, and other infrastructure and thus went well beyond the enclave model. The Companhia Vale de Rio Doce (CVRD), the parent company of the bauxite and aluminum projects, had free rein to develop its aluminum and bauxite projects without interference from the Minister of Mines and Energy, Shigeaki Ueki, a petroleum expert. But because he was a political *técnico*, he took decisive steps to break the impasse between multinational investors and the Brazilian government (p. 182). Ueki's daring in his role as minister, as Schneider notes, was also consistent with organizational or CVRD interests. A similar issue arises about two other political *técnicos*, CVRD President Fernando Roquette Reis and Eduardo Carvalho, CVRD director of new projects. Reis and Carvalho were not part of the CVRD establishment and knew that their next appointments would be elsewhere. As a result, they had no qualms about undertaking a massive investment campaign that plunged the company into debt. Schneider claims that they totally disregarded the company's well-being and used it only to further their personal career and political goals. But in any case, the company's assets increased considerably. Thus these two political *técnicos* embarked on strategy of expansion and investment that was very risky but ultimately broadened the company's future base of revenues. Schneider correctly claims in *Politics within the State* that organizational rationales frequently coincide with or cannot be distinguished from the career interests of political *técnicos*.

Schneider's research and analysis illuminate many unexplained aspects of policy making and development. He convincingly argues that career trajectories matter and that they have not been integrated well into studies of bureaucracy and policy making. He also offers an incipient discussion of how career interests are defined, including such factors as socialization, reputation building, and quest for advancements as well as the stage of the individual's career path. Schneider also examines a variety of rationales for understanding high-level appointments, or why particular career types are chosen to fill particular positions. Rationales can be based on expertise or regional political support or can be serendipitous.

In terms of the overall framework, Schneider's discussion in *Politics within the State* is consistent with the traditional view of Brazilian development. Schneider insightfully analyzes policy making but still points to the state as the key decision maker. In the end, development is a process of accumulating resources and investing in large-scale projects.

In *Embedded Autonomy: States and Industrial Transformation*, Peter Evans studies the development of the information-technology industries in Brazil, India, and South Korea. Using a comparative institutional approach, Evans argues that successful industrial transformation requires that the state carry out first midwifery and then husbandry functions. As

midwife, the state must promote the emergence of new private entrepreneurial groups in the sector. Once the groups are established, the state must husband them or prod them to continue to grow and undertake new technological, production, and other challenges. Midwifery consists of policies such as erecting protective tariffs and thus creating what Evans calls “a greenhouse” (in which firms can grow under protected conditions), providing subsidies and incentives, helping local entrepreneurs bargain with transnational capital, or even just signaling that a particular sector is considered important. Husbandry consists of supporting the firms that emerged as a result of midwifery. It can include setting up state organizations to take over risky complementary tasks like research and development, signaling, or establishing other incentives. Periods of husbandry may overlap those of midwifery.

Above all, according to Evans, states must eschew the roles of custodian and *demiurge*, a term of Greek origin referring to a creator or producer (p. 252, n. 23). Custodial policies aim to prevent or restrict the initiatives of private actors rather than stimulating them to take risks (p. 78). The state as *demiurge* goes beyond the role of providing public goods that complement public-sector activities and undertakes production that competes directly with the private sector (p. 79).

For states to carry out midwifery and husbandry effectively, they must be what Evans terms “autonomously embedded”: they must have a strong corporate ethic that comes from practices like meritocratic recruitment and long-term career rewards. States also need a continual flow of information and the ability to negotiate constantly with the private sector. Unlike the insulated Weberian state, a transformative state must have the benefit of a dense network of ties to the private sector. The corporate coherence keeps the embeddedness from deteriorating into corruption or the provision of rent havens, while the embeddedness gives the corporate state the ability to devise the proper policies of midwifery and husbandry.

South Korea was the most successful of the three countries examined by Evans in terms of industrial transformation. Building on the fruits of prior midwifery efforts and practices of embedded autonomy, the Korean state promoted the information-technology (IT) sector. Under the Park regime, the large South Korean conglomerates or *chaebol* (spelled *jaebol* by Moreira) and the state worked out a symbiotic relationship. Based on its control of capital, the state promoted the concentration of wealth in the hands of the *chaebol* yet demanded in return high levels of economic growth, the basis of regime legitimacy.

Brazil and India represent less autonomously embedded states. The Brazilian strategy of creating “pockets of efficiency” (described in Geddes’s study) had only limited effectiveness. Because the compartmentalized agencies or “pockets of efficiency” were surrounded by bureaucracies and agencies based on clientelistic norms, the atypical agencies

were dependent on the personal protection of individual presidents (Geddes, p. 61). Moreover, reform by accretion made it more difficult to impose meritocratic hiring and promote bureaucratic fragmentation. As a result, the degree of corporate coherence and the quality of embeddedness in Brazil suffered in comparison with Korea but were still sufficient to promote some degree of industrial transformation. In India, divisions among the country's elite and among castes blocked opportunities for embedded autonomy (p. 69).

Although the state must be embedded or have contacts with the private sector, according to Evans, the state remains *primus inter pares*, a view that makes his analysis consistent with the traditional or Gerschenkronian perspective. States, as Evans argues, are indisputably major players and are clearly embedded. Their plans go awry so often, however, that they do not appear to be very autonomous. Frequently, state officials envisioned themselves as taking on one role but ended up playing another.

When the Brazilian state began to pursue the information-technology industry, it defined its mission of one of a midwife creating and promoting locally controlled computer production. Initially, the state foresaw creating a *tri-pé* arrangement to draw in local capital in the industry and engineering an alliance between a state-owned enterprise and national and transnational capital (pp. 116–19). Ultimately, however, the state ended up playing the role of demiurge and competing unsuccessfully with more agile private firms. The Brazilian state was supposed to become autonomous in computer production, but the results were disappointing. Yet some private Brazilian firms became surprisingly good producers of financial automation software.

Similarly unexpected outcomes occurred in India. Leaders there envisioned the Indian state as a national producer of computers. Ultimately, however, state-owned computer production failed. At the same time, other efforts by state-owned enterprises—such as large-scale systems integration, production of digital-switching equipment, and sophisticated reservation systems—were quite successful because they complemented rather than competed with the private sector. Despite the fact that Indian bureaucrats had envisioned vibrant local production of hardware, India became a surprisingly successful exporter of software. As in Brazil, outcomes differed considerably from those originally envisioned by state officials.

The South Korean story is similar but more successful. Korean leaders never envisioned the state's role as demiurge or producer and never became one. But Korea ultimately became a world-class producer of semiconductors, even though this outcome was not an initial goal. Like the Indian and Brazilian states, the Korean government kept redefining its *modus operandi*. Initially, it set up a semiconductor project that subsi-

dized research and development by the private chaebol. Next the state conducted the research for switches to be produced by private firms. It also set up a national computer network in which a state-owned research institute carried out the work.

The Korean state was more successful, according to Evans, because it could rely on prior midwifery and was autonomously embedded. The process of nurturing the chaebol began decades before the inception of an information-technology industry. Midwifery in the Korean case was not intended initially to promote the IT industry. Therefore the industry's success resulted from agile husbandry in which the state constantly redefined its role rather than from the traditional sequence of midwifery followed by husbandry that Evans lays out.

Evans's core concept of autonomous embeddedness raises some questions. Evans claims that the state must be coherent to be autonomous. Comparative institutional analysis reveals that the structure of the Korean state, which concentrated the key ministries and agencies in the Casa Azul (the president's office), was much more coherent than the Brazilian state, which gained expertise by accretion. The organization chart of the Korean state looks more compact, but as Schneider suggests, decision making rarely follows established channels, and decisions made according to organizational interests are not necessarily good ones. The point is that structures, a key component of autonomy, leave many aspects of state intervention unexplained.

While embeddedness is undoubtedly an important ingredient of state intervention, the concept needs to be clarified and defined in a more dynamic manner. Evans explains in one example that the head of the new-projects division of a state-owned Indian company spent a substantial portion of the workweek visiting companies, setting up working groups inside the state government to promote the utilization of electronics, setting up training programs, and helping local manufacturers make contacts. Similarly, the Korean state also redefined its tasks continually. Through the Electronics and Telecommunications Research Institution (ETRI), the state stimulated and coordinated research efforts by chaebol to produce more powerful commodity semiconductors (with research for switches to be produced by the private sector), or it worked side by side with chaebol researchers to develop a computer and software for a national computer network (pp. 144–45). His stories of successful state intervention imply that relations between the state and the private sector are dynamic and constantly changing. Evans suggests that periodic sea changes occur in the relations between the state and private sector, as when midwifery and husbandry is so successful that international firms seek domestic ones as joint-venture partners and undermine state efforts to nurture local industry. While these outcomes represent sea changes in relations between states and firms, their everyday relations

are also being constantly redefined. The next step in this line of research is to understand the micro aspects of the private-public exchanges and how decision makers constantly adjust and negotiate their tasks in the changing world of information technology.

Evans's work has overtones of Gerschenkron and therefore fits into the traditional paradigm. As in his classic work on the tri-pé, Evans redefines and extends the definition of industrialization. In *Embedded Autonomy*, he alleges that the three states' visions came to fruition. I would argue, however, that the information-technology industries that finally emerged were so different in terms of production, markets, and required skills from those envisioned by state leaders that the projects were not state-led nor was the state *primus inter pares*. In other words, states were more embedded than autonomous.

An Emerging Paradigm

As has been discussed, the traditional interpretation of Brazilian development argues that the state is the principal player in promoting industrialization and that its capacities grow in tandem with the needs of large-scale industrialization. The emerging paradigm suggests in contrast that the growth of state capacity or other events in Brazilian development reflect not the dictates of large-scale industrialization but rather unpredictable outcomes of struggles among societal and state actors.

Joel Wolfe's *Working Women, Working Men: São Paulo and the Rise of Brazil's Industrial Working Class, 1900–1955* breaks with the traditionalists' claims that the corporatist unions and labor legislation of the Estado Novo promoted and supported large-scale industrialization in Brazil. In examining the major workers' movements from the turn of the century to the mid-1900s, Wolfe argues that workers in São Paulo's most important industries organized in decentralized factory commissions. They defined the content of workers' demands as well as their strategies for obtaining them. Workers made "bread-and-butter demands" in focusing on increased wages, safer and more sanitary working conditions, freedom from harassment, and affordable prices for food and transportation. These demands persisted and became a counterpoint to the corporatist unions formed after the 1930s, which emphasized social services and a cozy relationship with industrialists.

At the heart of defining worker demands in bread-and-butter terms and creating independent organizations were women textile workers. These women labored in the factories and were also responsible for keeping their households running. Thus they were the first to experience the connection between declining wages and the ability to feed their families, get to work, and pay the rent. They were consistently denied power in the male-dominated unions—gendered ideologies dictated that

women should be in the home and that women's labor was incidental rather than a main source of family income. The women also observed that during critical periods, independent unions were repressed by the labor ministry and the police. Consequently, women textile workers chose to organize in independent factory commissions. These commissions articulated demands, socialized workers, helped workers respond to automation and speedups, organized strikes, and at various times negotiated directly with employers, coordinated letter-writing campaigns to pro-labor politicians, or worked with the corporatist unions, often via a strike committee. Their decentralized commissions, by virtue of their decentralized nature, survived periods of severe labor repression and were adopted by anarchists, communists, and even some of the corporatist unions as a means of organizing the working class. Ultimately, some of the decentralized unions were incorporated into the corporatist unions, which made them more accountable to and representative of their members. In the end, workers like these changed the previously state-dominated labor laws perhaps even more than the state-shaped worker organization.

Metalworkers likewise maintained commissions and unions that were decentralized and largely independent of the state corporatist unions. Unlike the situation of the predominantly female textile workers, metalworkers' high levels of skills and small shops permitted them more control over the pace of work and better access to firm owners. The structure of their organizations also reinforced the decentralized system of worker representation.

Wolfe's fascinating and well-documented *Working Women, Working Men* discusses the complex relations between employees and their factory commissions with employers, corporatist (*pelego*) union leaders, politicians, and bureaucrats from the labor ministry. It is to be hoped that future research will focus on the internal dynamics of the factory commissions themselves and the complex relationship between the commission leaders and workers in defining and articulating demands.

In *Democracia ou reformas? Alternativas democráticas à crise política, 1961–1964*, Argelina Cheibub Figueiredo challenges deterministic accounts of the 1964 military coup in Brazil by arguing that the coup was not inevitable. She breaks down the presidency of João Goulart into five periods and explores the goals, constraints, decisions, and actions of politicians, labor leaders, business owners, and landowners in each one. Figueiredo argues that Brazilian democracy could have been maintained if a program of moderate land reform and other social reforms had been passed. She claims that passage was possible at two critical points: during the parliamentary period from September 1961 until the fall of the first prime minister, Tancredo Neves, in June 1962, or right after the plebiscite in January 1963. In an effort to avoid a crisis of succession, politicians and the military in Brazil negotiated a change from a presidential regime to a

parliamentary one in 1961. After Jânio Quadros's imprudent resignation, members of the congress hammered out the change in an effort to appease the military and some conservative elements who were opposed to having leftist Vice-President João Goulart assume the presidency. Although Goulart finally ascended to the presidency, the shift to a parliamentary regime reduced his power.

Goulart found himself with few options. He could have opted for moderate reform, which would have simultaneously strengthened the incipient parliamentary regime but institutionalized a weakened presidency. Ultimately, however, he opted to push for reverting back to a presidential system that would restore powers to the executive branch. Goulart's strategies to reinstate presidentialism ended up alienating centrists as well as his traditional supporters. Goulart strove to placate conservatives so that they would not fear a return to presidentialism and the increased powers that he would acquire. For this reason, he initially tried to advocate moderate rather than radical reforms (agrarian reforms with specific articles that partially assuaged large landholders and conservatives' fears). Yet at the same time, Goulart took measures to instigate leftist groups, particularly labor unions, to call strikes and organize other extra-parliamentary pressures on congressional representatives to vote for a return to presidentialism. It was overwhelmingly approved, and despite their concerns about Goulart, many conservative members voted for it with their eyes on the next elections. But while Goulart's strategy brought back presidentialism, its costs included foregone social reforms, missed opportunities to reinforce the political Center, and an increasingly overconfident and distrustful Left.

The second critical juncture when moderate reforms could have staved off a coup came after the plebiscite and the return to presidentialism. Figueiredo's analysis of the votes for presidentialism reveals that the conservatives also conceded that some reforms were needed (p. 88). When Goulart's lukewarm attempts at economic reform failed, along with efforts to negotiate more moderate reforms,⁴ he threw his lot in with the radical Left, which refused to compromise and agitated for more far-reaching reforms (p. 192). During the campaign to restore the presidential system, strikes organized by the Left and other extra-parliamentary pressures were effective largely because they were supported by conservatives who wanted to restore the old rules as well as by some sectors of the military. This time around, however, lacking the support of conservatives and the military, the Left overestimated its strength (p. 101). In backing the radical Left, Goulart eliminated any possibility of strengthening the

4. The proposed reforms consisted of a constitutional amendment permitting expropriation, compensation with public bonds without full correction for inflation, and protection from expropriation of productive lands.

fragile centrist coalition that might have passed piecemeal reforms. He also polarized the political system to such an extent that the attempt to create a progressive alliance and stave off a coup was doomed.

Figueiredo's *Democracia ou reformas?* is a chronicle of lost opportunities. Her findings on voting behavior, content analysis of speeches and public statements, interviews, and use of commentaries by political observers of the time all demonstrate that the possibilities of compromise existed but were repeatedly foregone.

A Clash of Paradigms

The first group of books reviewed here address issues of industrial transformation and state building, while the latter group examine labor organizing and the military coup in 1964. Two clashing worldviews or paradigms of Brazilian development underlie each group. In the first, the state is the main player or facilitator of industrial transformation. Moreira claims that in order to generate development, states must set up or perfect the market and create large-scale enterprises. In Geddes's analysis, a reformed or partially insulated bureaucracy is the key to development, which is defined in the Brazilian case as large-scale industrialization. Ben Ross Schneider points to the state as the mover and shaker behind the large-scale infrastructure projects and reforms. Evans claims that the state must be embedded to promote industrial transformation, but in an autonomous manner. All these authors conceptualize the state as enjoying some degree or type of autonomy that leads in turn to large-scale investment projects (in Evans's case, the leading-edge information-technology industry). These views are consistent with the Gershenkronian optic in which the state devises innovative institutions, in this case, different types of arrangements that promote autonomy and large-scale investment.

In the second group of books, trends in Brazilian development can be shaped decisively by unexpected players, and outcomes are less determinant. Wolfe reveals how female textile workers in large establishments and male metallurgic workers in small ones decisively shaped the character of the corporatist labor unions, which are usually portrayed as institutions that subordinate labor and therefore permit the advance of large-scale industrialization. Likewise, Cheibub demonstrates that the 1964 coup did not follow the dictates of large-scale industrialization and did not pander to the needs of large foreign and national industrialists but rather responded to Goulart's pathetic decisions at critical junctures.

The first group of books deal specifically with industrialization and economic development, while the second cover institutional development in the state and society at large. But all six works can be measured by the same set of criteria. A quick overview of other recent works

shows that the underlying worldviews span all types of analyses. Recent works about industrial development in Brazil (including my own) point to the unbridled embeddedness of the state as well as to the hybrid rather than large-scale nature of industrialization.⁵ Likewise, a recent analysis of unions in Brazil contends that large-scale industrialization was a prerequisite of the new and more independent unionism that emerged after the 1970s, although it is less clear whether this outcome was inevitable.⁶

5. See Caren Addis, "Forging Developmental Linkages: Auto Parts Suppliers and the Brazilian Motor Vehicle Industry," in *40 anos da indústria automobilística*, edited by Glauco Arbix and Mauro Zilbovicius (São Paulo: Scritta, forthcoming).

6. See Gay Seidman, *Manufacturing Militance: Workers' Movements in Brazil and South Africa, 1970–1985* (Berkeley and Los Angeles: University of California Press, 1994).