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REVIEW OF

Carlos Thomaz G. Lopes: *Brazil at a Crossroads. An Evaluation of the Economic, Political and Social Situation*. Bern et al.: Peter Lang 2002. 384 pp.

Always the land of the future, Brazil has not lived up to its potential and has disappointed many hopes. When the state-guided development model was imposed in the 1930s, the transformation to an industrialized nation came with massive economic distortions and huge inequalities. The 1980s were a lost decade and only in the mid 1990s a new development model was adopted which marked a break with the tradition of state interventionism, debt, and inflation in favor of the pursuit of openness, fiscal restraint and monetary stability. Yet most standard socio-economic indicators ranging from the Human Development Index to the PISA study on educational achievement still put Brazil into the lower ranks, and with regard to the situation fifty years ago, Brazil has been overtaken by several Asian countries in various categories of economic and social performance.

Carlos Thomaz G. Lopes' book "Brazil at a Crossroads" provides a subtle analysis of the chances of Brazil to continue on the path of stability and to achieve better economic and social conditions. In his analysis, the author demonstrates his intimate knowledge of Brazilian politics and culture and shows convincingly what kind of chances lie ahead for the Brazilian economy and what risks the country is facing.

In order to explain Brazil's lagging behind and to discover how this weakness could be overcome, Carlos Lopes applies social systems analysis and focuses on the economic, cultural and political subsystems. As a major element of retardation, Lopes identifies the Brazilian elitist tradition combined with "unabashed rent seeking" (p. 84). The author contrasts the role of the predominant public sector and the huge privileges that are enjoyed by its members with the lack of market-friendliness (p. 106) on all levels of government. A tradition of state corporatism (p. 156) and the frailty of its civil society

(p. 165) are the major factors that explain Brazil's weak economic and social performance. These factors are re-enforced by an "anti-work attitude" (p. 226) and an "anti-success" culture (p. 239) that mixes well with an elitism which favors status, preservation of privileges, and that comes along with legal and bureaucratic formalism and social exclusion.

From this analysis, Lopes develops an agenda for the future of Brazil that includes stability, education, and openness as its main elements. Following the theoretical framework of social systems analysis, Lopes identifies the strengths and weaknesses of Brazil in the various subsystems and provides a table that summarizes his findings (p. 283), contrasting, for example, in the political subsystem the "fully democratic regime" with the "fragility of civil society" and identifying in the economic subsystem the abundance of natural resources and entrepreneurship in contrast with high transaction costs. In the social subsystem the author points to the "unity of race, language, and religion" as a factor of strength in contrast to Brazil's weakness regarding the elimination of poverty, income disparity, and low educational and health standards. Regarding the people, Lopes mentions as points of strengths the characteristic of tolerance and the image of the Brazilian as a "cordial man", and contrasts these positive aspects with paternalism, "familism" and formalism, and the tradition of Brazil as a "low trust society". Regarding the government, Lopes points out that the efforts towards deregulation, privatization and control of inflation require strong efforts to turn away from the Brazilian tradition of governmental inefficiency, government size, instability, corruption, lack of credibility and the complexity of the legal framework.

As points of critique it is to mention that the theoretical foundation of the analysis is not very profound and one may argue whether the economic and social theories that are referred to in the text are all represented in a correct way. It is also arguable whether "stability" is enough to hold Brazil on the right course. Fiscal and monetary stability are necessary but not sufficient conditions of development. Additionally, a massive shift away from social expenditures and bureaucracy in the public sector is required, along with a re-allocation of funds into the rebuilding of an infrastructure that has fallen into shambles. As of now there are not yet convincing indications to believe that Brazil's political system is already capable to bring about such a turn-around.

As an overall assessment of the book it can be said that "Brazil at a Cross" is a solid and well-balanced analysis of Brazil's current situation. Its content is highly relevant

not just for the present situation, but will remain so for the years to come. Carlos Lopes approaches his subject in an unbiased way and he is not afraid to highlight the weak points of his country, although his outlook may be overly optimistic. One can only wish that the analysis that Lopes provides would receive sufficient attention in Brazil itself, where straightforward social and economic investigations with a strong dose of common sense are still rare.

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