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State Strength in Authoritarian Brazil

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Abstract

This essay examines the question of state strength in Brazil during the authoritarian period. Since the exercise is motivated by the larger debate over whether authoritarian government is necessary for economic growth and development in third world countries, the criteria on which state strength are judged in this essay are specifically related to economic performance. I argue that despite Brazil's economic performance and the repressive capacity of the state, both policy choice and implementation reflect state weakness rather than strength.

This paper will address the question of whether or not Brazil was a strong state during the authoritarian period from 1964 to 1985. The larger question that motivates this inquiry is the debate over whether authoritarian government is necessary for economic growth and development in Third World countries. Brazil is an especially relevant case for such an inquiry because its "economic miracle" sparked much of the theory that posits an authoritarian government as conducive to or even necessary for economic growth and development.

The criteria on which state strength will be judged in this essay are specifically related to economic performance. An attempt will be made to identify qualities that are often put forward as advantages supposedly held by authoritarian states over non-authoritarian states, including, for example, the ability to carry out "economically rational" policies due to freedom from societal demands. A tentative definition of state strength in the develop-

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mental context will then be formulated and used to assess the “strength” of the Brazilian state during the authoritarian period.

I will argue that despite its economic performance and its clear repressive ability, the Brazilian state was not a particularly strong one, even during the Medici period (1969–1974). Its ability to remain autonomous from society in both policy formulation and implementation did not appear to be significantly different in nature from that of non-authoritarian states. Both policy choice and implementation reflected a concern with maintaining legitimacy and support from certain sectors of the population, as well as an ideological need of the military to maintain both the forms of constitutional government and the belief that it was there to “save democracy.” These concerns affected the authoritarian regimes to different degrees during the period of military government, but all were present to some extent throughout the period.

Definitions of State Strength

State autonomy from society is one of the most commonly cited gauges of state strength. The primary defining characteristics of a strong state, then, become the ability of the state to formulate its own goals, insulated from particularistic pressures, and the ability to carry out those goals effectively, by affecting the behavior of other actors.¹ However, “autonomy from society” obviously has vastly different meanings depending on the definition of the state being used. For example, Stephen Krasner defines the state narrowly as “those institutions and roles that are relatively insulated from particularistic pressures and concerned with general goals,” essentially non-elected, executive branch officials. In contrast, for Alfred Stepan state strength is defined in the bureaucratic-authoritarian context as, “the power to lead its allies [in society] and to execute a coherent development project.”² Stepan adds an important dynamic aspect that is missing from definitions of the state and state strength such as Krasner’s which focus more on the static structural determinants. For Stepan, “the relative autonomy of the authoritarian state apparatus is highly fluid,” and depends to a large extent on civil society, on the changing ways in which static state policies or characteristics affect society, and on changes within the state itself.³

For example, one important determinant of state strength is how much political and economic power the societal allies of the regime are willing to give up in exchange for stability and protection from the populist threat from below. The internal cohesion of the regime, as well as the “bureaucratic routines” it uses to carry out its objectives are also important determinants of state strength, but these can themselves change, as can their effect on civil society. Moreover, state strength versus societal strength need not be a zero-sum game. For example, Stepan argues that in Brazil from 1970 to 1973, both the authoritarian state and civil society gained power.⁴

Authoritarian States as Strong States

Because the definition of a strong state is frequently based on the state's ability to impose its own will on society, authoritarian regimes have often been assumed to be strong states. Much has been written on the relationship between regime type and economic policy or economic outcomes.⁵ Arguments have been made for positive, negative, and neutral relationships between authoritarianism and public policy choice and between authoritarianism and economic outcomes. However, the argument that authoritarian government is necessary for economic growth is, as one author puts it, "so pervasive in the literature that it is generally accepted as fact, though the assertion is rarely supported by definitive data of any kind."⁶

Empirical studies have found evidence to support both sides of the argument. Robert Marsh found that "...among poor nations, an authoritarian political system increases the rate of economic development, while a democratic political system does appear to be a luxury which hinders development."⁷ William Dick, on the other hand, found no support in his data on 40 developing countries to support the argument that "authoritarian governments perform better than competitive governments do in the earliest stages of development."⁸

Karen Remmer argues that "the experience of Latin American countries since the outbreak of the debt crisis establishes no basis for asserting that authoritarian regimes outperform democracies in the management of economic crises."⁹ To explain the lack of a strong link between regime type and responses to economic crisis, she points to the external limits on policy choice and the possible importance of economic structure or national policy commitments. Most important, however, is the fact that regime labels tend to over-generalize, lumping widely different types of government under the heading of authoritarian regime or military government. She argues that what matters are the "ideologies, political coalitions, and decision-making structures" that comprise particular governments.¹⁰

What then are the ideologies, political dynamics and structures that are likely to be most conducive to the promotion of economic growth, that will make for a strong state in this respect? We can get some idea by looking at the literature that posits a relationship between authoritarianism and development, and examining the specific characteristics that are said to make the authoritarian government "strong" or "weak" in each case. These characteristics can then be used to come up with a tentative definition of the "ideal" strong state for economic development.

Marsh, summarizing the authoritarian model of development, lists the following assertions about authoritarian governments: they are better able to keep consumption low, thus creating savings and funds for investment;

they are likely to be more efficient in the allocation of resources; and finally, these regimes are in a position to keep the country from becoming dependent on industrialized countries because of their greater control over domestic economic actors.¹¹

Guillermo O'Donnell takes the argument one step further by maintaining that certain characteristics of bureaucratic-authoritarian regimes become necessary because of the very nature of dependent capitalist development. After exhaustion of the "easy" phase in import-substitution industrialization, in which vertical integration of industry has been postponed, it becomes necessary to begin the "deepening" process of producing intermediate goods so that dependent capitalist industrialization can continue. There is thus for O'Donnell an "elective affinity" between bureaucratic-authoritarian regimes and the need for deepening.

O'Donnell argues that economic problems caused by the failure to deepen exacerbated the political turmoil that eventually led to the coup in 1964 in Brazil. The new stage of development required that there be a great deal of future certainty in order to attract the needed foreign investment and to provide a favorable environment for strengthening export industries, which necessarily meant the exclusion of the "popular classes". The military took over because a government with less force or repressive capacity could not have implemented the deepening process which he argues was "necessary to the survival of capitalism" in the country.¹²

Those who argue against the idea that military regimes are more efficacious point out that while it is true that militaries by definition have some of the qualities described above (such as repressive capacity) and often possess many of the others as well, these characteristics do not necessarily apply to all militaries, at least not to the same degree. The Brazilian military regime, for example, was not totally free of influence from society. Indeed, as this paper will argue, many of its actions were based on a quest for legitimacy and a desire to maintain at least the trappings of constitutional government.

Moreover, the mere existence of desirable qualities does not ensure that they will be translated into appropriate action, nor does it ensure that the actions taken will be the right ones or will have the intended effect. As Fernando Cardoso points out, "structural possibilities and actual behavior do not necessarily coincide."¹³ It is by no means clear that authoritarian regimes will resist all pressures well or be adept at dealing with new challenges. In fact, Cardoso argues that bureaucratic-authoritarian regimes have not adopted significantly different policies from their non-authoritarian counterparts, once inflation and capital formation are controlled for.¹⁴

Clearly, state autonomy from society is not the only quality needed to carry out policy goals. An important distinction must be made between negative, coercive power and positive, motivational power. While most

authoritarian states by definition possess the means to maintain a modicum of "social stability" through repression, it is not obvious that authoritarian states always have the bureaucratic capacity to implement their independently formulated goals. The danger of using the strong state-weak state formulation is that it often implies that the state is the only actor involved. However, state capacity also depends on the nature of the civil society with which the state is confronted. For example, the extent to which non-political institutions such as the church or the press are capable of resolving conflicts within civil society, and the nature of any pre-existing political party system may bear on state efficacy.

One key source of state weakness is the problem of legitimacy, the pursuit of which may drive states to abandon "economic rationality". Juan Linz and others point out that, while legitimacy is important at all times, the absence of economic prosperity makes it even more difficult for a non-ideological regime to survive.

The success of . . . a combination of policies based on repression and development can assure some stability in periods of prosperity, but it can never satisfy those who ask questions about legitimacy . . .¹⁵

The problem of lack of legitimacy is intensified when the use of force increases without an accompanying credible threat to the state. It also diminishes state capacity to absorb pressures, leading to increased repression. Thus repression and economic performance are seen as twin alternatives to a belief by the governed in the legitimacy of their government, and the need for repression becomes a symptom of weakness.

Clearly, there is little agreement as to whether or not authoritarian states are likely to be more capable of promoting economic growth than non-authoritarian governments. The purpose of this brief overview of the debate was to gain a better idea of the characteristics of a strong state, with specific reference to the goal of economic development. Not surprisingly, what is clear from this debate is that the inter-relational characteristics are most important. This is not a new point: the concept of state strength is necessarily relational. What is important is that it is not always possible to determine by looking at the static structures governing state-society relations whether a state is "strong" or "weak" in relation to society. The relationship is more fluid and interactive.

State Strength During the Authoritarian Period

The specific question of whether or not Brazil was a strong state during the authoritarian period can now be addressed. The country's economic performance will be examined to try to get some idea of how policies were

arrived at and how effectively the state was able to implement those policies. Rather than reviewing the entire authoritarian period chronologically, I will draw examples from the different military administrations to illustrate aspects of state strength or weakness.

Some of the most prominent arguments for the strength of the Brazilian state during this period are based on the idea that things like wage compression, deepening, and reduced consumption were necessary for growth to continue, and that these requirements necessitated a strong regime. Were these necessary in Brazil's case? Did the Brazilian state attempt any of these and how successful were they?

Goal Formulation/Policy Preference

One important factor affecting the state's ability to formulate goals independently of society is the degree of internal cohesion of the state, in this case, the military. The Brazilian military was mission-oriented. One of its primary goals in taking over the government in 1964 was to ensure "stable, capitalist democracy" in Brazil.¹⁶ The military that took over in 1964 was also staunchly anti-communist and prided itself on being above politics. The Medici government claimed to be beyond the pressures of society, "with technocrats and the military ruling in the best interests of the nominally unrepresented social structures."¹⁷

Political decision-making was kept hidden from the public, and the military took care to present a united front. "To preserve discipline and the image of unity, the disagreements were submerged in the final position adopted by higher command."¹⁸ As will be discussed later, however, there were important divisions within the "military-as-government"¹⁹ that affected its policy choices and outcomes.

Moreover, the constant need to shore up legitimacy, which was based mainly on economic performance, had important effects on government policy formulation from the beginning. The first post-1964 government, headed by Castello Branco, was more concerned than later governments with economic ideology. It embarked upon a quasi-orthodox stabilization program, and its announced goal was to reduce the role of the government in the economy in favor of private enterprise. This concern with orthodoxy faded with later governments as pragmatism took over. However, even in the Branco government, the need to maintain legitimacy made policy makers reluctant to curtail growth; hence government spending and investment was not reduced, nor was a more drastic "shock treatment" adopted to achieve stabilization.

In addition to its quasi-orthodox policies to control inflation, which included reducing government deficits by raising prices in state-owned enterprises, raising taxes, cutting credit to some parts of the private sector, and de-indexing wages, the Branco government took measures to stimulate

growth. It continued to invest in infrastructure, strove to encourage private savings by indexing them to inflation (even as wages were being de-indexed), and strengthened the National Development Bank, which was used to boost the purchasing power of the middle and upper classes by providing credit and small and medium-size loans. The Branco government also followed a policy of aggressive export promotion, which included devaluation, subsidized credit, and tax concessions to export manufacturers.

While these policies could not have been easily undertaken by a government with little control over society, and while they clearly displayed autonomy from the demands of the popular sectors, they also reflected a strategy of maintaining a base of support among the middle and upper classes. The policies undertaken by the Branco government entailed a consistent transfer of resources from the lower to the upper and middle classes. This strategy is evident in the simultaneous de-indexation of wages and indexation of savings, and in the use of forced savings from worker retirement funds to finance credit for the middle and upper classes through the National Development Bank.

Economic policy choices during the Geisel administration (1974–1979) also indicated less than total autonomy in goal formulation. According to Fishlow, "...at decisive choice points, political objectives helped undermine what might have been more sensible economics."²⁰ Examples from the Geisel period include pursuing an aggressive growth strategy long after accelerating inflation and foreign debt indicated restraint, as well as continued attempts to placate an increasingly implacable business sector with credit and tax breaks. Instead of raising taxes to finance its development schemes, the government was obliged to increase its concessions to private business.²¹

Perhaps the most important constraint on government policy choice during this period, however, was the desire to maintain international creditworthiness. This desire took on greater urgency as the government was increasingly unable to raise the resources it needed from sectors of its own society, and "practically dictated a series of policies with disastrous consequences for much of the domestic economy."²²

Ability to Implement Policy

Clearly, state autonomy from society was weakened during the authoritarian period by the need to retain the support of middle and upper classes and business, as well as the inflow of international capital. But once policies were determined, what were the administrative capabilities and limitations of the Brazilian state during the authoritarian period?

Capacity for Control. The authoritarian government's repressive powers covered an impressive range of activity and involved varying degrees of subtlety, from media censorship and suspension of Congress to intimidation and torture of the regime's opponents. The government's repression of

labor unions and all forms of protest during the bulk of the authoritarian period allowed the severe wage compression that most likely would not have been possible under a less repressive regime. In the Brazilian case, the government's capacity to exercise coercive control over society is interesting because changes in the nature and extent of this capacity over time reflect both internal division within the military and the effects of the military's ideology or "sense of mission" on its ability to exercise its potential power.

Although the term "the military" implies a faceless, unitary actor, the authoritarian period was marked by give and take between the "castellistas", or the moderates, and the hard line of the military. The "castellistas" were committed to the vision of eventually returning Brazil to democratic rule, while the hard-liners believed that Brazil could never achieve its full economic potential in an open political system. This often muted, internal dynamic became explicit during the Geisel administration.

As Stepan points out, the Geisel administration feared the hard-liners were gaining too much power and would interfere with the liberalization process. Since Institutional Act 5, instituted during the Costa e Silva government (1967–1969), the security apparatus of the state, controlled by the hard-line faction, had increased its influence. Skidmore captures the point well when he describes the position of Costa e Silva after the signing of the Act. "After issuing AI-5 he was still at the helm of the state, but its direction was in the hands of the hard-faced security men, telephone tappers, and torturers."²³

In response to the fear that the security apparatus was becoming too powerful, Geisel and his government reached down into civil society for allies in the struggle to limit its power. For example, censorship of the press was eased, and Geisel's response to protests after the death of Herzog in Sao Paulo was calculated to show some support for civil groups against the military hard-line. Thus, during the Geisel administration an increase in repressive capability signified both strength and weakness. It was a symptom of state strength to the extent that it gave the state greater ability to impose its will on society. However, it also signified weakness because it meant that the internal security apparatus was gaining in power relative to the rest of the government.

This is not to suggest that the Brazilian state was weak in its powers of repression. Its suppression of virtually all forms of organized activity in civil society has been well documented, and few would dispute the repressive strength of the Medici regime. Yet what I want to suggest is that the alternation between crackdown and easing of repression reflects the internal dynamics of the relationship between hard-line and moderate groups within the military. Thus while military governments in Brazil during this period did not have to contend with a viable opposition party, they did face

internal politics that directly affected the state's choice of policy and its ability to carry out that policy.

The Brazilian military's "penchant for formal legitimacy" was also a weak link in the repressive capacity of governments during the authoritarian period.²⁴ Although Congress had been suspended for almost two years beginning in 1968 and its opposition members intimidated and humiliated, political institutions were never abolished completely in Brazil. Even under the Medici regime, as Skidmore points out, "...the thread of congressional legitimacy had not been broken...Indeed, the Brazilian Congress was the scene of heated exchanges between ARENA [Aliança Nacional Renovadora] and MDB [Movimento Democrático Brasileiro] orators in both houses."²⁵ Although these exchanges were never made public in the media, Congress nevertheless provided a forum in which MDB members could criticize government policy. In allowing the shell of Congress to survive, "the generals had left ajar a door that might open the way to democracy and rule of law."²⁶

Stepan suggests that political parties were not completely crushed because they had never been very participatory in Brazil. They had always been controlled by patronage and charismatic leaders, and so they were not seen as much of a threat to the military government.²⁷ However, during the height of repression in the Medici years, the government displayed enough concern about the electoral results that it took care to adequately intimidate the opposition.

Also during the Medici regime, the government was aware of the need to maintain support within its own government party.

. . . The leadership posts were evenly divided between ex-UDN [União Democrática Nacional] and ex-PSD [Partido Social Democrático] members, illustrating how even a powerful military government had to take careful note of pre-1964 political forces.²⁸

Such attention to detail indicates a concrete need for support, and clearly runs counter to the notion that military governments are insulated from politics. Thus both the concern for sticking to the forms of constitutional, electoral government and the need to maintain balance within its own support coalition and within the institution of the state itself point to a weakening in the state's capacity for control, a significant deviation from the ideal "strong state" whose choices and actions are determined by technocrats and backed by brute force.

The compression of wages during the authoritarian period in Brazil is often cited as evidence of the strength of the government. Clearly, such repression indicates a high degree of control over society. However, Fishlow

suggests that the compression of wages was not economically necessary and that it instead served political purposes for the regime.²⁹ Inflation appeared to be due more to a rise in the price of foodstuffs than to wage demands. The government could have taken direct action on prices or moved to cut government expenditures. Fishlow argues that it did not take such action because the focus on wages gave the regime a scapegoat and allowed it to pursue redistributive policies that sustained its base of support. It allowed entrepreneurs to "defend and extend their income share" and permitted the government to be seen as fighting the populist threat. Repression of one sector was used to gain the support of others.

On the other hand, it is important to note that the Medici government did enjoy a fair amount of public support. Yet this support was based almost exclusively on economic performance. Middle sector Brazilians "...appeared to accept tacitly the authoritarian system because it made possible a new continuity and coherence in economic policy-making."³⁰ Urban workers seemed to feel that it was more important to have a strong government than an elected one, and that economic prosperity was a natural result of having "gone authoritarian".³¹

Despite this popularity, a final source of weakness was the authoritarian regime's failure to institutionalize itself. The lack of substantive ideological appeal or a non-economic basis of legitimacy contributed to the failure of consolidation of the regime. This deficiency became both more obvious and more problematic after the "economic miracle" and the "credible threat", the guerrilla movement, were exhausted in 1973. Even during the early years of spectacular growth (1968–1974), however, the state was unable to institutionalize itself. Stepan points out that the 1974 election results "can be understood only by realizing that in the period from 1970 to 1973 as a whole, the authoritarian state had failed in its attempt to win ideological hegemony in civil society."³² At the same time, the opposition made organizational and ideological gains.

What was behind the state's seeming inability to consolidate itself? Part of the answer is the belief among some of the military that their intervention was still only temporary. As has already been discussed, one of the principal aims of the coup, at least for the moderates in the military, was to "save" democracy. This made it difficult for the authoritarian regime to institutionalize itself for the long-term and retain any legitimacy or even unity within the military government. Failure to institutionalize can also be traced to the military's unwillingness to take a corporatist approach similar to that taken by Vargas because of their anti-Vargas, anti-populist stance. Skidmore also suggests that another factor which kept the hard-line within the military from pushing for institutionalization was its fear of international disapproval.³³

Capacity for Administration. The authoritarian state in Brazil presided

over a period of tremendous growth. To what extent was state strength in terms of ability to carry out economically sound policies responsible for this growth? What were the structures and relationships, both within the state and between state and society, that determined the efficacy of the state in administering its policies?

Stepan emphasizes the importance of changes in civil society both before and after 1974, especially in "the capacity of civil society to formulate new goals and structure political outcomes...."³⁴ Prior to 1974, during the extreme repression of the Medici regime, state policies and actions actually contributed to the strengthening of organizations in civil society. For example, the economic growth of the miracle years increased the number of workers by 38% between 1970 and 1974. The state's policy of encouraging multinational corporations and not regulating concentration resulted in a large number of workers in the Sao Paulo area. These two factors combined to contribute to growth in the working class movements that later became important in the opposition to the state.³⁵

There were also important processes of change occurring within and between organizations in civil society after 1974. For example, the newly-freed press provided a forum for political opposition among business elites. Similarly, base community movements begun by the church during the early 1970s were an important factor in the emergence and strengthening of the trade union movement.³⁶ Thus, while the state had an active role in shaping the ways in which these organizations of civil society could develop, the organizations themselves also had important effects on one another after the lid of repression was lifted slightly. This "horizontal" process of reinforcement in turn affected the expectations and demands of society and the responses of the state, the "dialectical process of societal demand and state concession."³⁷

Public expectations about the nature and role of the state also shape state-society relations. Weffort describes the cynicism toward politics which he argues has been ingrained in the Brazilian people, and its feedback effect on politics. Their cynicism is mirrored in the ironic smiles of the powerful, for whom the lack of popular expectations serves as a license to act arbitrarily.³⁸ One important factor affecting the formation of expectations toward the state is the nature of political parties. In Brazil, Cardoso argues that political parties were an elite affair. As was mentioned earlier in this paper, the non-participatory nature of political parties (and their assumed weakness and inability to mobilize sectors of the population) may have been one reason the authoritarian regime allowed political parties to remain in existence, albeit subject to government manipulation.

The nature and existence of political parties is often determined by the manner in which the state first emerges. In Brazil there was no nationalist party leading the fight for independence, nor were there "rising social

classes" demanding change. Instead, the Brazilian state emerged gradually and almost by default. This "original sin" — the failure of a civil consensus to develop around the nature and the role of the state, and the significant role of the armed forces in creating the state — has haunted Brazil ever since in its search for stable political institutions.³⁹

In Brazil, then, civil society has historically tended to be weak in relation to the state, due partly to the failure of society to come to a consensus about the proper nature and role of the state and the inability of potential mediating mechanisms such as political parties to engage large sectors of the population. Weffort argues that Brazilians have come to see democracy as a means to an end, rather than a system of relations between the state and civil society that is worth preserving.

"In the Brazilian political tradition, the idea that democracy is only one possible instrument of power among many, only a means, is so deeply rooted that it is difficult for us to conceive of democracy as an end in itself."⁴⁰ The low level of demands and expectations of civil society from the state may have made it easier for the military government to establish its legitimacy based solely on economic performance. Skidmore supports this hypothesis by reporting that after the coup, many Brazilians initially were not very disturbed by their "loss of political options" because their degree of political participation had been so low before 1964.⁴¹

Having examined the nature of the parameters within which the state had to operate in order to execute its economic policies, it remains to be seen how well the state was actually able to carry out these policies. What are the indicators of this capacity? One is the ability to motivate economic actors to change their behavior. The military governments in the authoritarian period alternated between strategies of import-substitution industrialization and export promotion, and were usually able to get the relevant economic actors to go along.⁴²

The procedure for changing macroeconomic strategies was fairly direct and straightforward as long as the government had enough resources to offer positive incentives for desired policies and to placate or repress important groups that did not benefit. The government's export incentives included, among other things, excise tax rebates to exporters of manufactures and institution of the "crawling peg" exchange rate policy. Both contributed to substantial growth in exports. Fishlow notes that the export promotion policy also served to increase political support for the new military government. Export promotion both reassures external creditors and "caters to nationalist sympathies both by demonstrating the unique ability of Brazilian industry to compete internationally and also by reducing the reliance on external finance."⁴³

Governments selected policies according to their ability to deal with the winners and losers. For all of the governments during this period, this

meant that the first priority was continued economic growth, since that was the primary, and at times the only, source of legitimacy for them. After that, they tended to pursue the "difficult" policies which affected the "popular sectors" more adversely than sectors from which the governments drew their support. This is not to say, however, that the Brazilian governments were always successful in targeting the effects of their policies toward certain economic sectors or that such targeting was the state's primary goal. However, an analysis of the winners and losers of economic policy suggests that decisions were not made solely on the basis of economic rationality as it is often asserted that authoritarian governments are able to do.

The authoritarian state's ability to intervene effectively in the economy waned as its resources dwindled during the Geisel administration. Stepan argues that the power of the state increased between 1967 and 1973, as measured by tax revenues as a percent of GDP, which went from 8.4 percent in 1967 to 10.8 percent in 1974, the increasing number of state firms among the thirty largest nonfinancial firms (by assets), the growing number of state banks, and the ability of the state to grant subsidies.⁴⁴ Before 1975, increasing state participation in the public sector signified gains in state strength. However, with the anti-statism campaign launched by business in 1975, state involvement had become a liability. Business began to complain about excessive government involvement in the economy only when the government was no longer capable of passing along subsidies.⁴⁵

Fishlow, on the other hand, maintains that growth in the number of state enterprises was a measure of state weakness rather than strength. Its heavy involvement was due both to its reliance on foreign banks, which preferred to lend to the public sector, and to the state's own development strategy, which involved very large-scale projects, despite the fact that the state had declared a commitment to increasing the role of the private sector. He argues that it was this enlarged state role, which increasingly diminished the ability of private economic actors to have any control, that led to the anti-statism campaign.⁴⁶

Another way to evaluate the state's ability to implement policies is to ask to what extent the state itself actually affected outcomes. This is a bit risky, since it is difficult to say what would have happened in the absence of certain state policies. Nevertheless, it is an issue that deserves to be raised, since it directly addresses the question of the relation of state strength to economic development. The arguments below are by no means intended to provide irrefutable evidence of the importance or lack of importance of state actions for economic performance. Rather, they are meant simply to serve as a reminder that "state strength", especially within the narrow time period under consideration, is not the only factor to consider.

To what extent were the impressive growth rates achieved under the "economic miracle" attributable to actions of the state? Jose Serra argues

that although growth was very strong from 1968 to 1974, it followed a period of six years (four of which were under the military regime) of slow growth (3.7 percent). One could argue that the “miracle” period was “part of an upswing in the economic cycle....”⁴⁷ Serra also points out that the growth of the miracle years was founded on the idle capacity built up in the early sixties, and that one could interpret the high growth rates of 1968–1974 as simply bringing the Brazilian economy back to its normal postwar growth rate (about 7 percent per year).

Exports grew rapidly and diversified after 1968, as industrial products became more important. This success followed a period of relative stagnation in exports after World War II. What was the source of this export success? Serra argues that, in addition to the export incentives provided by the Brazilian government, high external demand for Brazil’s exports was crucial to the superior performance of exports in the late 1960s and early 1970s, as was the development of an industrial base prior to the military regime.

The authoritarian regime was able to reduce inflation from 80 percent just before the 1964 coup to about 20 percent after 1968. Two common causes of inflation in orthodox theory are labor unions and government deficits, both of which were eliminated in this period by the military regime. However, Serra points to another source of inflation that the regime was unable to resolve — “distributive conflicts — between the different sectors of the bourgeoisie and between the bourgeoisie and the public sector.”⁴⁸ This assertion is consistent with Fishlow’s argument that the government’s need to maintain support in the business community caused inflation, due to the use of monetary correction to provide credit subsidies.⁴⁹

In terms of investment, Serra finds that investment rates during the authoritarian period prior to 1972 were not higher than 1958–1963 rates. This may suggest that the military regime was not so much better at capital accumulation than previous, non-authoritarian regimes. It also suggests that neither the wage compression nor the severely unequal income distribution that occurred under the authoritarian regime were necessary to stimulate adequate investment.⁵⁰

Conclusion

It is hard to deny that the Brazilian government was “doing something right” during the authoritarian regime in order to have turned in such an impressive economic performance. However, the same policies that on the surface appear to demonstrate state strength can also be seen as reflecting underlying weakness. The Brazilian authoritarian regime demonstrated tremendous repressive power as well as the ability to change the behavior of economic actors in society. But even its successful, aggressive growth

policies were at times clearly motivated by the need for support. The state's ability during the authoritarian period to formulate policy, its administrative capacity, and even to some extent its ability to control and repress were weakened by its continual need to shore up legitimacy.

Economic performance appears to have substituted for a more ideological basis of legitimacy, at least temporarily. The promise of economic performance gave the government room to maneuver from the beginning, and during the recovery and boom years from 1967–1974, economic performance made it easier for the authoritarian regime to get the cooperation of economic actors in society by improving its legitimacy. Its policies had proved successful, and it seemingly had the power to ensure consistency in economic policy-making. This made economic actors more willing to change their behavior or make investments, in the expectation of a more secure future than had been possible under regimes with less control over society. Civil society began to get “noisier” when the government no longer clearly had adequate resources to carry out its development “project”.

This is not to imply that the changing relationship between state and civil society during the Geisel and Figueiredo administrations was attributable only to changes in the state's ability to perform economically as constrained by external factors and by the state's chosen development strategy. The political “project” of the government, as well as its economic capacities, changed significantly during this period. Nevertheless, the dynamics of these changes serve to highlight the importance of having a source of legitimacy which is not based on economic performance. Economic policy during the Geisel period particularly demonstrates the serious lack of flexibility of the military government in policy choice as well as implementation. This rigidity was precisely the result of its dependence on support from certain sectors of society.

The failure of the state to institutionalize itself was both a reflection and a source of the lack of legitimacy, which translated into a lack of any basis for long-term support. The military itself did not seem to believe that it had a mandate to govern Brazil indefinitely — and for many of them the justification for the authoritarian regime was performance-based. In addition, the failure to develop institutions which would allow the regime not only to change economic behavior through short-term incentives but to provide some means of creating consensus and reliable support for basic policy goals prevented the formation of a sustainable mandate.

Many arguments for the necessity of a supposedly strong authoritarian regime are based on the assumption that authoritarian states are more able to follow rational policies because of their political insulation and monopoly on repressive force. The case of Brazil suggests that authoritarian regimes, if not as vulnerable as democratic governments, at least not as

immune as is often asserted. The authoritarian government clearly was not above society, able to carry out its technocratic goals in a sterilized environment of its own creation. Rather, the state's need for support from civil society conditioned its ability to formulate policy and even to exercise coercive control over society for the implementation of its policies. It may be that to a much greater extent than initially perceived, state strength, or state efficacy in developmental contexts, is a "gift from below."

Notes

1. For two examples of the strong state-weak state formulation, see Stephen Krasner, "U.S. Commercial and Monetary Policy: Unravelling the Paradox of External Strength and Internal Weakness," in Peter Katzenstein ed., *Between Power and Plenty* (Madison: University of Wisconsin Press, 1977), and Peter Katzenstein, introduction, *Between Power and Plenty*.

2. Alfred Stepan, "State Power and the Strength of Civil Society in the Southern Cone of Latin America," in Peter Evans, Dietrich Rueschmeyer, and Theda Skocpol eds., *Bringing the State Back In* (Cambridge: Cambridge University Press), pp. 317-43.

3. Stepan, "State Power and the Strength of Civil Society," p. 319.

4. *Ibid.*, pp. 317-20.

5. For a review of this literature, see Karen L. Remmer, "Democracy and Economic Crisis: The Latin American Experience," *World Politics*, (April 1990), pp. 316-35 and Karen L. Remmer, "Evaluating the Policy Impact of Military Regimes in Latin America," 13:2, 1978, pp. 39-54; John Sheahan, "Market-oriented Economic Policies and Political Repression in Latin America," *Economic Development and Cultural Change*, 28 (January 1980), pp. 267-91; and Robert M. Marsh, "Does Democracy Hinder Economic Development in the Latecomer Developing Nations?" *Comparative Social Research*, vol. 2 (1979), pp. 215-247.

6. G. William Dick, "Authoritarian versus Nonauthoritarian Approaches to Economic Development," *Journal of Political Economy*, vol. 82 (1974), p. 818.

7. Marsh, *op. cit.*, p. 244.

8. Dick, *op. cit.*, p. 823

9. Remmer, *op. cit.*, p. 333. Note that Remmer is talking explicitly about crises while Marsh and Dick are looking at the development process in general.

10. *Ibid.*

11. Marsh, *op. cit.*, p. 217. Exponents of this model include LaPalombara, DeSchweinitz, Heilbroner, among others.

12. Guillermo O'Donnell, "Reflections on the Patterns of Change in the Bureaucratic-Authoritarian State," in *Latin American Research Review*, vol. 13, no. 1 (1978), pp. 13-15.

13. *Ibid.*

14. *Ibid.*, p. 50.

15. Linz, p. 240.

16. Thomas Skidmore, *The Politics of Military Rule in Brazil, 1964–85* (New York: Oxford University Press, 19880), p. 46.
17. *Ibid.*, p. 106.
18. *Ibid.*, p. 109.
19. The term military-as-government is used here to denote the military in its role in government throughout the entire authoritarian period.
20. Albert Fishlow, "A Tale of Two Presidents: The Political Economy of Crisis Management," in Alfred Stepan, ed. *Democratizing Brazil* (NY: Oxford University Press, 1989), pp. 83–119.
21. *Ibid.*, p. 96.
22. Frieden, Jeffrey, "The Brazilian Borrowing Experience: From Miracle to Debacle and Back," *Latin American Research Review*, vol. 22, no. 1 (1987), p. 116.
23. Skidmore, *op. cit.*, p. 94.
24. *Ibid.*, p. 84.
25. *Ibid.*, p. 153.
26. *Ibid.*, p. 154.
27. Stepan, *op. cit.*
28. *Ibid.*, p. 149.
29. Albert Fishlow, "Some Reflections on Post-1964 Brazilian Economic Policy," in Alfred Stepan, ed., *Authoritarian Brazil* (New Haven: Yale University Press, 1973).
30. Skidmore, *op. cit.*, p. 110.
31. *Ibid.*, p. 156.
32. Stepan, "State Power and the Strength of Civil Society," p. 334.
33. Skidmore, *op. cit.*
34. Stepan, "State Power and the Strength of Civil Society," p. 336.
35. *Ibid.*, p. 331.
36. *Ibid.*, p. 336.
37. *Ibid.*, p. 336.
38. Francisco Weffort, "Why Democracy," in Stepan, ed., *Democratizing Brazil*, p. 332.
39. Atul Kohli, "Democracy and Development," in John P. Lewis and Valeriana Kallab, eds., *Development Strategies Reconsidered* (New Brunswick: Oxford Transaction Books), p. 174.
40. Weffort, *op. cit.*, p. 332.
41. Skidmore, *op. cit.*, p. 156.
42. But it is obviously important to note that economic outcomes cannot all be credited to or blamed on the actions of the current state, since external economic conditions and the actions of preceding governments also are important.
43. Fishlow, *op. cit.*, p. 103.
44. Stepan, *op. cit.*, pp. 331–2.
45. Stepan, *op. cit.*.
46. Fishlow, *op. cit.*, p. 96.
47. Serra, *op. cit.*, p. 151.

48. *Ibid.*, p. 157.

49. Fishlow, *op. cit.*, p. 108.

50. However, investment data on Brazil is somewhat unreliable. Serra, *op. cit.*, p. 158.