

Two Decades of Developmentalism: Bottlenecks and Plans of State Intervention in Brazil in the Second Half of the Twentieth Century

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Abstract— *This work takes as its theme public policies on development. It aims an overall analysis of the most urgent issues of political and economic plans launched in Brazil in the second half of the twentieth century. Specifically, the intention is to discuss the establishment of government policies in combating bottlenecks in the national economy through the Plans. This is an article based on concepts of development and the major general lines of the development plans in this country. Kon's works (1999) are the fundamental theoretical basis. We notice that Brazil experienced two very different decades, the 1970s and 1980s: the first focused investment for economic growth; the second, turned to fighting inflation. Because of discourses and appointed limits, developmentalism occurred, but no development in the strict sense. Between public debt and inflation addiction, which were parallel in the two mentioned decades, (still) rests the same issue in the country: What is development? What is the country's development?*

Keywords— *Development. Bottlenecks. State. Planning.*

I. INTRODUCTION

Big issues related to government plans always exist; there are always some threads that express ideologies, while inducing the perception of an urgent need for investment to tackle problems from different orders. The big issues, however, are sometimes activated by external policy models and discourses. This is a problem of world order. The relentless pursuit of development is not an invention of Brazil. According to Sachs (2000), the “development” came to existence in the most important era of the United States and through that country, after the Second World War, more specifically on January 20th, 1949, when it launched the political campaign in a global level which turned it into a role model for the world. That happened

on President Harry Truman's inauguration day, with the following statement: “We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas” (p. 59). The apparent American solidarity is the marketing that induces the selling of a capitalist model, which is based on the immediacy of budget credits and sinks in long-term debt. In the long term, there is also a naturalization of coexistence of developed and underdeveloped countries, with ties of dependence and increasing distancing of economic moats.

We immediately raise the issue of import development to shed light on the conditions of the country in its economic planning. In the history of the creation of Development Plans, the major bottlenecks in economy appear in different ways in public policies, drawing us to the following question: what are these bottlenecks and how are they addressed when predicting investment and government intervention guidelines in Brazil?

The diagnosis on planning is always essential for the recognition of the positive and negative aspects that practice teaches. But there is another evaluation, a previous one, of proposals review, in order to understand the conditions of its emergence, the context of its application and the expectations generated by any new proposal. The Planos Nacionais de Desenvolvimento – PNDs (National Development Plans) are a rich source of public policies, controversy, ideology and even utopian aims abundant, and they require critical unveiling to better substantiate the history of economic development in the country. This study might seem a little late for each Plan, but it is not so for the historical context and the expectations of new plans, drawn up with every change of

government, crisis or simply need or interest in incrementalism, interventions and changes of all kinds. From the PNDs I, for instance, to the price-freeze orthodox plans, the examples are many, and they are complex and often controversial. One of the expectations is that there is an unresolved developmentalism on the national scenario.

This is a bibliographic study that aims to analyze the most urgent issues regarding political and economic plans launched in Brazil in the second half of the twentieth century. Specifically, the intention is to discuss the establishment of government policies on tackling bottlenecks in the national economy through the Plans during the 1970s and 1980s.

II. NATIONAL DEVELOPMENT PLANS

Before starting the analysis of Metas Plan, we make a digression about the conditions of development in the world. Berman's work (1986) is appropriate. In two of his chapters he examines development's fundamentalism and unravels the myth of appearances in this process. In "Goethe's Faust: The Tragedy of Development", he exposes the conceptual foundations of global developmentalism through the ideological profile of the character Faust. Ownership is highlighted as one of the principles of power; and each person's effort, as individual capital in the wake of development (p. 48-9). The latter requires policy and control. In the capitalist axis, its premise is the exploitation of workers. What matters are outcomes and not people or processes. This form of development is condemnable according to the essence of Faust: "It is as if the development process, even when it turns the empty land into a stunning physical and social space, recreated the empty land in the heart of the same fomenter. That is how the tragedy of development works" (p. 66).

In the chapter "Petersburg: the modernism of underdevelopment", Berman (1986) talks about a look-like capitalism. The project designed by the dictator Pedro I, for the foundation of St. Petersburg, viewed the Russian city as a "political theater" and "everyday life as a spectacle", for the death of more than 150 thousand workers was the means to make sculptural works so that they could be used by an elite that was in opposition to a crowd of strangers. It was a way of seeking hegemony at the expense of wonder. Berman (1986) saw it as a "bizarre modernity" (p. 174) that should prompt people to feed such form of expression. By reference to the Bronze Horseman from Alexander Pushkin's poem (1833), he shows the motivation to keep the movement desire in the heart of society, ranging from the congeniality of the aristocrats and the threshold of the uprising of the people.

A form of surrealism then was maintained, which raised as fascination work what was cemented in the ground of the low classes.

The National Development Plans, in Brazil, often reveal some tendency to reach prestige, up to the point of resignation, when they seek to overcome chronic problems, such as poverty and misery (in part byproducts of inflation) appears desperately. Through a utopia of magnitude they try to reach the long crossing that separates the predatory development of sustainable development. For the scope of this study, that crossing would still be at a great distance.

The goal here is not to describe the plans, but to reveal what they highlight as appeal or trend during their period of existence. First, we must distinguish development from developmentalism. Sachs (2000) brings concepts in chronological order, conditioned to ideologies and social states historically settled in often biased chains. He differentiates an American developmentalism of self-indulgent marketing from another concept that unfolds progressively until the modern and necessary assumption that implies sustainability and equity. He proceeds from an evolutionary theory to reach the sociology of sense. That is, he starts from the precarious sense that development is a continuous transformation that reaches the problematic of the term in the minefield of politics, economy, science, technology and other topics of social life within the paradigm of complexity.

Development, beyond the sense of transformation, of movement, is a historical process that depends on the context in which it is employed. Thus, there is industrial development, social, economic, regional development. But the term is also capable of, while only a noun unit, represent the whole complexity of issues that it entails. Sachs (2000) demonstrates a conditioned and addicted concept first, and then gets to the expectation of what the term may represent universally: when he relates it to the ideal of world leadership of the United States after World War II, he criticizes colonialism, which separates developed from underdeveloped ones; when he analyses the United Nations' (UN) concept in 1960's, he subjects the term to social issues, particularly regarding the improvement of quality of life. He cites UN conclusions in the *Report of the 1969 Meeting of Experts on Social Policy and Planning*, from 1971, to show the other side of the same process: "The fact that development leaves in its way, or somehow even creates, large areas of poverty, stagnation, marginality and a real exclusion of social and economic progress is too obvious and too urgent to be ignored" (p. 68). The assertion is

confirmed in view of the regional inequalities and of the large pockets of poverty in countries like Brazil.

The first assumption to be considered, with the progress of the concept, is that development is not summed up to economic growth. According to Schumpeter (1997, p. 70), “[...] the economic status of a people does not emerge out of simply previous economic conditions, but uniquely out of a previous whole situation.” It is understood that the economic situation is one of the social issues and they are seen as intertwined permanently. To alienate one from the other stops the correct apprehension of this debated concept here; it alienates a Nation’s proposals. The concept has changed, according to Amaro, cited by Moreira and Crespo (2012, p. 39), because of the following circumstances:

- (i) the frustrations of the Third World countries due to the evolution of their development;
- (ii) increasing signs of social malaise in developed countries;
- (iii) the awareness of environmental problems caused by development;
- (iv) irregularities of economic growth in the decades following the “golden years”;
- (v) the multiplication of various crises in socialist countries.

The historical context compels to revisionism. For a perspective of “developmentalism”, which is the controversial practice of the concept or concepts of development, we simply have to look at the reverse side of the Development practiced mainly since last century. Sachs (2000) highlights the production of waste from polluting factories and poison pesticide; the shortages resulting from unsustainable exploitation; the violent capitalist domination, which devalues forms of social life in favor of invasive economic power of market, in order to demonstrate a certain perversion of the term. He contrasts valuation and devaluation:

The fragile individual, whose survival depends necessarily on the market, was not an invention of economists, nor was born to Adam and Eve, as these argue. It was a historic setting. It was created by the economic project that redesigned humanity. The metamorphosis of autonomous men and women into a devalued “economic man” was, in fact, a precondition for the emergence of the economic society, and is a condition that must be constantly renewed, reconfirmed and deepened so that the reign of the economy can continue. The devaluation is the secret of economic value and can only be created with violence and a

permanent confrontation with whoever opposes it (p. 74).

Devaluation extends to culture, groups’ ways of life, autonomy, social equity, once they oppose economic growth proposals. Developmentalism is a negative result of development proposals based solely on capital expansion, even when indirect, through targeted investments, putting aside urgent bottlenecks such as health, education, housing, safety and environment, causing them to be in a more severe situation, besides science, technology, culture and other issues of social context. Developmentalism is expressed, for example, in inflation risks, in environmental degradation, in low scientific and technological production and in other factors of blatant stagnation, retrogression, dependence and many kinds of (political, governmental) disorder. In the two most alarming decades of the second half of the twentieth century, we highlight two very different facets of Brazil, in the wake of developmentalism: a debt in favor of prospect of economic growth and uncontrolled and excessive vicious circle of inflation.

2.1 BRAZIL-POTENCY IDEOLOGIES

Every organization requires planning. It is a governance assumption and is not limited to only one kind. The Development Plans specialize in the perspective of problem solving and/or in the opportune use of contemporary opportunities. Their success, however, depends not only on their configuration, but also on the choices made and management conditions that may be established, in addition to occurrences of internal and external scenarios.

According to Gremaud and Pires (1999, 41), the establishment of action programs is a tradition that started in 1950: “[...] in the Kubitschek period, Metas Plan; Trienal Plan, during Goulart’s presidency; PAEG during Castelo Branco’s term; and PED (Strategic Development Plan) during Costa e Silva’s period.” The National Development Plans became mandatory through the Complementary Acts 43 and 76, in 1969, and should last as long as a president’s term. The document Metas e Bases para a Ação do Governo immediately preceded PND I, in 1970, under President Emilio Garrastazu Médici, and worked as a complement of that document. That was the period of the “military coup”, taken place in 1964, and was followed by an internal coup to maintain the military in power, especially with public debate’s restrictions by the Institutional Act 5 (AI-5), from December 1968.

Before, during Juscelino Kubitschek’s government, with the evolution of ideologies of the country in a utopian proportion of “50 years in 5”, the

intention was, according to Mendonça (1988, p 51), to promote an “acceleration of capitalist accumulation” in the short term and, in the medium term, raise the quality of life. This ideology of fast growth continued in the first PND, highlighting that the Gross Domestic Product (GDP) should increase at over 7% per year. According to the document, quoted by Gremaud and Pires (1999, p. 44), a self-challenge was set to culminate in the ideas of splendor that insisted in emerging: “[...] Brazil not only aims to grow. It desires, till the end of the century, to be part of the developed world.” It is necessary to analyze what the implications of these ideologies of splendor are, as Mendonça says (1988, p 75.):

the period between 1962 and 1977 was a whole economic crisis, and from the inflection produced in 1964, a calculated recession was carried out, and it was considered necessary for the restoration of the economic cycle. Its result would be — between 1968 and 1974 — known as “the Brazilian miracle”, whose essence meant nothing but the assurance of Pharaonic profits to (domestic and foreign) monopolistic companies.

The government interventions were necessarily given in favor of the economic situation and can be specified as Gremaud and Pires (1999) expose:

- Funding from many banks (BNB, BASA etc.), with longer terms;
- Creation of tax benefits;
- Creation of the public enterprise where there should be the private national enterprise (231 from 1968-74) / creation of sectorial holdings;
- Creation of investment funds: Funds 157;
- Expansion of the agricultural frontier and land use;
- Creation of incentive funds (BEFIEX).

The tax benefits to industries, still according to Gremaud and Pires (1999, p. 49), were:

exemption of import tax on capital goods with no national similar ones, IPI exemption on capital goods, credit in the IPI value for the acquisition of domestically produced capital goods, accelerated depreciation of capital goods domestically manufactured, preferential financial support by official credit institutions and priority granting to be examined by the Customs Policy Council in case of change in import duties.

The bottleneck of economy, in this sense, would be the lack of development in local market, agriculture and industry — especially in the latter. Brazil aimed to be launched into the “nuclear age”, into the “Second Industrial Revolution” and into the “space era”, surprisingly, once the country could barely keep its feet on the ground. Although there was what is considered the “economic miracle”, between 1968 and 1973, when the GDP, according to Gremaud and Pires (1999), increased at an average of 11.7% per year (12.7% in industry), some problems that became chronic as time passed by emerged: external debt, tax burden increase (from 22.4 between 1965 and 1969 to 24.7 % between 1970 and 1973), dumping of society in decisions about the course of national economy and stagnation or fall of the minimum wage. Therefore, the “economic miracle” did not promote development in its broadest sense, agriculture increased only 4.9% annually between 1970 and 1973 and social inequality prevailed again.

According to Suzigan et al, cited by Gremaud and Pires (1999, p. 56), PND I had a triple ideology: “a) a national strategy for integrated development, b) a development strategy for the northeast, via tax incentives, c) implementation of a strategy of occupation and consolidation of the Amazon”. The plan contained guidelines for promoting the development of backward or stagnant regions, especially in frontier expansions in the Amazon, and industrial development in the Northeast. Some problems became emblematic. For example, the expected integration of the Amazon with the rest of the country by the Transamazônica Highway was lost along the way, for it still has not been finished. Mendonça (1988, p. 83) sums up an era as follows:

The crisis of the [economic] “miracle” was marked by two peculiarities: that was a debt crisis and a crisis of breath exhaustion of the state in trying to maintain growth. The existence of foreign companies occupying a prominent place in the economy of the country created a link abroad that had a great impact on the creation of this crisis. Multinational companies imported many basic materials of capital goods generating a deficit in the commercial balance. Also, as they had the same amount of profits here, they resulted in capital flight that was high for the Balance of Payments.

The creation of a power or simply investments in production process are not sufficient to promote development. According to Furtado (1974, p. 95-6), “[...] the global diffusion of technical progress and the resulting increase in productivity do not tend to liquidate

‘underdevelopment’”, considering that policies of centralization of benefits favor small groups, and corruption and mismanagement cripple Plans or slaughter them in their course. According to Mendonça (1988), the working class in 1974 dealt with a wage squeeze; problems related to the health sector increased child mortality and epidemics, the basic-needs grocery package was extremely expensive and housing increment was hindered by the diversion of resources from popular housing construction to the construction of luxury properties. Each of these problems requires a detailed investigation if the intention is to make a comprehensive survey of facts and deeds that have marked and guided the country in that period.

The PND II was introduced by the Government Ernesto Geisel in 1974, valid up to the end of the decade, according to Gremaud and Pires (1999 b). That was a time of international oil crisis and breaking of agreements with the Bretton Woods group, involving the International Monetary Fund (IMF) and the World Bank. Brazil would continue its discourse of developmentalism for continued growth. The fields of activity of PND II (BRAZIL, 1974) were:

- a) Modernization of economy, especially in the Mid-South region, focusing on energy, transport and telecommunications;
- b) Development of domestic sources of energy and metallurgy;
- c) Internal colonization policy through Poloamazônia and program of integrated areas in the Northeast region, among other alternatives;
- d) Improvement of income distribution, with poverty reduction;
- e) “integration with world economy.”

In practice, Gremaud and Pires (1999 b) affirm that a positive point is that PNDII kept GDP growing; a negative one is that there was once again the foreign debt at the expense of the State, that received private debt prior to expiration and took them over from International creditors under floating rates and unstable exchange. Intervention measures and problems are recurrent between PND I and II. On one hand, the bottlenecks involving, in sum, regional inequality, public debt, inflation and insufficient industrialization; on the other hand, the points of germination, seen as the increment of international capital and exploitation of potentials for industry. Education, that is part of the five sectors elected by the Joint Commission between Brazil and the United States in the 1950s to compose Metas Plan, as exposed by Lafer (1997), was again little significant or practically inexistent in both periods. On the other hand, energy,

transport, food and basic industry were highlighted, in particular energy and industrialization matrices.

According to Mendonça (1988), the PND II came to birth with the imperative challenge to maintain or recover the “economic miracle”. Industrial growth had fallen from 10 to 4.5% per year and the government-owned corporation would have to reorient the capital accumulation from the consumer goods sector towards the production goods sector. We notice again that focus on industrialization was one of the strongest tendencies of economy. Gremaud and Pires (1999 b) affirm that the oil shock influenced payments and productive structure in Brazil; then they conclude that investments had as one of the priorities the establishment of large companies through mergers or takeovers that, according to Mendonça (1988), are forms of oligopolistic market. According to her, the definition of a new industrial sector (with priority given to areas of steel, hydro, basic chemistry and minerals) generated instabilities; the Plan was launched without considering the external scenery; political resistance occurred, and speculation invaded the financial market. The pointing scenario was this:

The Brazilian economy followed an increasingly speculative trail. At this point in time, as the demand for durable consumer goods was still under the effects of the expansion period, the exceeding of the country’s own producing capacity was likely to happen. These facts and the increasing of costs caused producers to prefer to ensure their profit based on the price increase, not venturing new investments. This behavior, that affected inflation fatally, was ratified during PND II. [...] The economy recession setting deepened. (p. 88-89)

Developmentalism is characterized by not solving social problems, by the incrementalism of the public sector, by sectorial favoring to private companies, inflation worsening and increase in state debt.

The PND III, the period between 1980 and 1985, crossed again the same problems as before: social inequality and low sector and/or regional growth, according to the Basic Document (BRAZIL, 1979). Gremaud and Pires (1999 b) summarize the problem with the following symptoms: energy crisis, public debt in payments, enlarged external debt, alarming inflation and severe unemployment. The new Plan estimates investments: to the sectors of Agriculture and Supply, according to the same authors, through incentives to production, research, innovation and improvement of living conditions of rural workers, including “[...] the

incentive to forestry and agroforestry for food and energy” (p. 98);to the industrial sector, continuous incentives to productivity and focus on increasing exports and supply of consumer goods; the energy sector is greatly highlighted, being expected the discouragement to the production of energy by means of oil and coal by-products and the encouraging of nuclear, hydropower and other “clean” forms of energy, besides ethanol production; to the social sector, in education, culture, health, housing, employment and worker’s compensation, nevertheless, generic expectations of improvement. Also, according to Gremaud and Pires (1999 b, p. 99), the

definition of the plan was damaged, since the establishing of quantitative targets did not happen, because of the determinant restriction imposed by the crisis in the Balance of Payments, primarily related to the costs of external debt and its evolution, whose determinants were out of the government control — second oil shock, increase in the U.S. interest rates, U.S. recession and sharp drop in terms of trade.

Thus, Gremaud and Pires (1999 b) say that the Plan was abandoned in 1982, with the country going through the same problems of social inequality and internal and external debt. Until that point, there was an investment fixture almost in the bottlenecks and germination points, being far from the “economic miracle” period, from 1969 to 1973. According to Furtado (2005, p. 89-90),

the idea of economic development is a mere myth. Thanks to it, it has been possible to divert attention from the basic task of identifying the basic needs of the community and of the possibilities that provide men the advance of science, to concentrate them in abstract goals, as are investments, exports and growth.

This observation is valid throughout the flow of developmentalism, which considers development only what is related to the capital, dealing with other issues as mere supporting bases. Only more recently the minimalist concept has been replaced by a network of concepts — of social, cultural, regional, scientific, technological, educational and economic development. The lack of quantitative targets or not fulfillment of the proposed ones keep the same ones in a single path, opening craters in the germination points (overexploitation of natural resources, fiscal and wage squeeze, use of foreign capital) and penetrating only the surface of bottlenecks (deficit of

health and education, social and regional inequality and innovative, technological and industrial insufficiency).

2.2 THE INFLATIONARY VICE

Brazil came out of the period of military dictatorship in 1984, with chronic problems. In 1986, during the government of José Sarney, the Cruzado Plan was launched. The scenario, according to Kon (1999), was chaotic, because of a larger inflation allied to droughts and frosts in agriculture. The rate, which was 40% per year in 1978 and 90% in 1980, reached 100% in 1981 and 1982 and 220% in 1983 and 1984. With drastic measures, the Cruzado Plan was established, as the author continues (p. 109-112):

- a) Replacement of Cruzeiro with Cruzado, with the currency conversion in the order of Cr\$ 1,000.00 to Cz\$ 1.00;
- b) Price freezing for an undetermined period, involving the general population to reach control;
- c) Conversion of contractual obligations according to currencies conversion;
- d) Conversion of wages considering their average value and purchasing power, with an additional bonus of 8%;
- e) Conversion of rents, installments and school dues also by the principle of the average;
- f) Control of monetary adjustment (wages, contracts, savings) by indexation or de-indexation values according to the Consumer Price Index (CPI);
- g) Creation of a new CPI, for the conversion of data between Cruzeiros and Cruzados;
- h) Establishment of a new fiscal policy, in relation to the conversion of taxation, wage bonus and reporting systems of income tax;
- i) Creation of interbank deposit from a new monetary and credit policy;
- j) Settlement of an exchange rate without freezes;
- k) Establishment of unemployment insurance.

In general, the fundamental bottleneck was inflation, with risks to reach 300% per year according to Kon (1999) or, according to Macarini (2009), over 400%. The freeze and its associated measures to introduce the control of inflation occurred under risk, in view of the increase in aggregate demand and insufficiency in aggregate supply, besides the increase in the public deficit, as evidenced by Kon (1999). For the poor class, there was a decrease in uncertainties related to their purchasing power, since the salary adjustments never followed the inflation indices, while the creation of the unemployment insurance consisted of a palliative income redistribution policy; for those who accumulated capital,

speculation cooled until a new inflationary process was generated.

The correction of such a complex problem, which was the collapse of the national economy, could not be done by mere proposition and in a minimalist way. Instabilities required a correction of the Cruzado Plan, known as “Cruzadinho”, which brought a Metas Plan involving a rise in income tax, opening of compulsory loans and investments incentives, among other measures. Late in 1986, that is, before the completion of one year, the Cruzado Plan 2 was launched, and according to Kon (1999), that happened especially to carry out a realignment of prices and taxes, in view of the “slowing growth” and “tax evasion”. However, inflation was reactivated from 7.7% per year in 1986 to 1,000% in price increase; in interest rates, it reached 2,000% per year. Regarding external debt, the government decreed a unilateral moratorium in February 1987.

Two new plans would be launched in the Sarney era. The Bresser Plan, inaugurated by the Finance Minister Bresser Pereira, in the first half of 1987, according to Carvalho (1999), had as one of its purposes to promote a new price freeze for 90 days, associated with wages corrective measures, market and exchange prices, among other measures. A Unit Price Reference (URP) was established at a ratio of 1 to 100 Cruzados. The goals were, according to Carvalho (1999, p. 128):

- a) ensure economic development and full employment;
- b) redistribute income between households and regions more fairly;
- c) fight inflation and achieving a reasonable price stability;
- d) achieve trade surplus that allowed the negotiation of external debt in a sovereign manner.

The Consistência Macroeconômica Plan (PCM) was launched, aiming the gradual GDP growth, increase of credit in the trade balance, inflation control and better income distribution for the period between 1987 and 1988 — that is, it fights practically the same bottlenecks as ever. In the same period, in August 1987, Programa de Ação Governamental was also launched (PAG) to be valid between 1987 and 1991, in order to “[...] achieve sustainable development and achieve success in combating inflation” (p. 142), as Carvalho exposes (1999).

Carvalho (1999) also reports that, with the inauguration of the new Minister of Finance, Maílson da Nobrega, Verão Plan was launched in January 1989. The main measure was clearly expressed in the statement by

President José Sarney on January 15, 1989, according to the journal *Revista de Economia Política* (1989, p. 127): “[...] I want to make a call to all for a total battle against the inflationary process, with the toughest weapons and deepest measures ever taken in this country to face this problem”. Sarney adds in the same statement that inflation could reach 1,500% per year and that “[...] no State has ever had its institutions preserved in a situation like that” (p. 128). Was that the time for a new shock? The country implemented another currency, the Cruzado Novo, through the Provisional Measure 32 (BRAZIL, 1989), for the same reason as before (from Cz\$ 1,000.00 to NCz\$ 1.00), and promoted a new price freeze for an indefinite period. The remaining matters – exchange control, foreign debt trading and price realignment followed, among other measures. According to Moraes (1999, p. 177), the GDP growth between 1980 to 1989 was only 2.2% per year on average, justifying what they qualified as the “lost decade”.

A new political phase began in March 1990, by the inauguration of President Fernando Collor de Melo. With it, Brasil Novo Plan, or Collor I Plan, formalized through a series of Provisional Measures of liberal approach, as demonstrated by Moraes (1999). The control of cartels and trusts and of price and wages adjustments formed a backbone of political organization intervention. There were short-term freezes and increase in the prices of communication services and fuel supply. We must also highlight the determination of the exchange rate by the market itself, the institution of Cruzeiro replacing Cruzados Novos at the rate of Cr\$ 1.00 for NCz\$ 1.00, besides the confiscation of savings worth more than Cr\$ 50,000.00. In February 1991, inflation reached, according to Moraes (1999), 20% per month, revealing weaknesses also of the Collor Plan in relation to this bottleneck. Between January and April 1991, Collor Plan II was in effect, restarting the price correction and freeze, raising public tariffs. The minister then, Zelia Cardoso de Mello, was replaced in May 1991 by Marcílio Marques. The new minister abandoned the practice of price freezing and inflation reached 1,158% in 1992. Then, there was the president’s impeachment on corruption charges.

By the end of 1992, with the inauguration of Vice President Itamar Franco in succession to the deposed president, begins a new era, that of neoliberalism. The Real Plan had as one of its goals the control of inflation and again replaced one currency with another, but new directions were given and could not be analyzed in this short essay. It is, therefore, the object of another work, as well as the other Plans from the other eras of the Brazilian Government.

III. FINAL CONSIDERATIONS

During the period of 1968 to 1991, two trends of developmentalism existed: the one from the 70s focused on the ideals of magnitude that the “economic miracle” then raised; and the one from the 80s, got stuck by inflationary figures that turned it into the “lost decade”, since the low economic growth contrasted with the high national and international public debt. If in the first case there was an overoptimistic patriotism because of industrialization, once not satisfied, the second was an agonizing effort to overcome an announced chaos, with galloping inflation.

The objectives of industrial growth and better income distribution were not achieved in the first phase: either there were no established objective goals to pursue, or they were abandoned through the way, when established. Thus, there was a period of financial stability and economic growth, but development remained precarious. Systems to control inflation by freezing prices and other sudden forms of State intervention were only palliative, since the periods of peace were too short. State intervention did not led to governance and vices of fiscal policies remained. Within a precarious management, severe corruption problems arose.

Developmentalism reigned in place of development in the first phase because Brazil was not able to address the points of germination (availability of resources, opportunities for exports, GDP growth), promote the overcoming of social and regional inequalities; and in the critical phase of inflationary vice, there was an increased debt and not enough progress in addressing social issues. We also notice a linear path, fairly uneven during the 80s, through which travel public policies without an innovative guideline for the promotion of development. This path continues, but the gap does not seem so announced. Studies on the Real Plan until the National Policy for Regional Development today would be quite auspicious for a broader view of the complex conditions of the country.

From Goethe’s Faust to the Petersburg of Peter I, as references in the wake of development, there is a path that repeats itself in different ways on the national scene, since social issues remain unresolved in Brazil — despite economic growth — and the ideals of magnitude dissolve in historical ills. The stigma of developmentalism is this controversial condition of failure due to repeated mistakes, either by lack of preparation, or by a suspicious form of corruptive accommodation. Between public debt and inflationary vice, coexisting during the decades 1970 and 1980, (still) rests the same issue in the country: What is development? What is the country’s development?

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