

Brazil

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1. Introduction

Capital – Brasilia (Population - 2,043,169)

Area – 8,547,404 sq .km

Population – 190 million

Languages – Portuguese (official), Spanish,
English, French

Literacy – 88.6%

Currency – 1 US \$ = 1.89 Real

GDP (p.c.i) = US \$ 8,600 (PPP)

Religion – Roman Catholic (73.6%), Protestant
(15.4%), Spiritualist (1.3%), Bontoo/
Voodoo (0.3%), Others (1.8%)

President – Luiz Inacio Lula da Silva

Vice-President – Jose Alencar

Latitude – 5⁰ North to 33⁰ South

Longitude – 35⁰ West to 74⁰ West

Independence – 7th September, 1822

“Federative Republic of Brazil, country of South America occupies half the continent’s landmass. It is the fifth largest nation in the world, exceeded in size only by Russia, Canada, China, and the United States, though its area of 3,300,171 square miles (8,547,404 square km) is greater than that of the 48 contiguous U.S. states. Brazil faces the Atlantic Ocean along 4,600 miles (7,400 km) of coastline and shares more than 9,750 miles (15,700 km) of inland borders with every South American nation except Chile and Ecuador – specifically, Uruguay to the south;

Argentina, Paraguay, and Bolivia to the southwest; Peru to the west; Colombia to the northwest; and Venezuela, Guyana, Suriname, and French Guiana to the north. Brazil stretches roughly 2,700 miles (4,350 km) from north to south and from east to west to form a vast, irregular triangle that encompasses a wide range of tropical and subtropical landscapes, including wetlands, savannas, plateaus, and low mountains. Brazil contains most of the Amazon River basin, which has the world's largest river system and the world's most extensive virgin rainforest. The country contains no desert, high-mountain, or arctic environments.

Brazil is the fifth most populous nation on Earth and accounts for one-third of Latin America's population. Most of the nation's inhabitants are concentrated along the eastern seaboard, although its capital, Brasília, is located far inland, and increasing numbers of migrants are also moving to the interior. The nation's burgeoning cities, huge hydroelectric and industrial complexes, mines, and fertile farmlands make it one of the world's major economies; however, Brazil also struggles with extreme social inequalities, environmental degradation, intermittent financial crises, and a sometimes deadlocked political system.

Brazil is unique in the Americas because, following independence from Portugal, it did not fragment into separate countries as did British and Spanish possessions in the region; rather, it retained its identity through the intervening centuries and a variety of forms of government. Because of that hegemony, the Portuguese language is universal except among Brazil's native Indians, especially those in the more remote reaches of the Amazon basin. At the turn of the 21st century, Brazilians marked the 500th

anniversary of Portuguese contact with a mixture of public celebration and deprecation.”¹

2. Physical Geography

a. The Land

Brazil can be broadly divided into five geographic regions: North, Northeast, Central-West, Southeast and South.

i. The North : The north comprises the state of Arce, Rondonia, Amazons, Para, Tocantins, Roraima and Amapa, which covers more than two-fifths of Brazilian territory and included the largest portion of Amazon rainforest and parts of the Guiana and Brazilian highlands; however, despite in-migration the region accounts for a limited proportion of the nation’s population and economic output.

ii. The Northeast: This region experiences nation’s hottest and driest conditions, and has nearly one-fifth and more than one-fourth of Brazil’s land area and population. And accounts for one-fifth of nations agricultural products but in industrial and service sector it is far behind then the South and Southeast. It contains the states of Maranhao, Piaui, Ceara, Rio Grande do Norte, Paraiba, Alagoas, Sergipe, Bahia and Pernambuco.

iii. The South: The South stretches below the Tropic of Capricorn and includes the states of Parana, Santa Catarina and Rio Grande do Sul. It occupies an area nearly as large as the island of Britain but is the smallest of Brazil’s regions. The south has about one-seventh of the nation’s

population, including many German and Italian ancestry. Its diversified economy included manufacturing, agriculture and service sectors.

iv. The Southeast: It covers only one-tenth of Brazil's territory but has two-fifths of its population and the greatest concentration of industrial and agricultural production in the nation. The region includes Sao Paulo state, which is the nation's economic and demographic heartland and also includes the populous coastal states of Espirito Santo and Rio de Janeiro. The city of Rio de Janeiro, the former capital of Brazil (1763-1960), remains Brazil's main cultural and tourist centre.

v. The Central-West: This region roughly covers one-fourth of Brazil, including forested valleys, semiarid highlands and vast wetlands. A small proportion of nation's population lives here, but an increasing number of settlers have been moving into this region and extending its agricultural frontiers. The region consists of the states of Goias, Mato Grosso and Mato Grosso do Sul, as well as the Federal District, in which the capital city Brasilia is located.

b. Relief

“Brazil is a predominantly tropical country famous for its extensive Amazon lowlands; however, highlands cover most of the national territory. Brazil's physical features can be grouped into five main physiographic divisions: the Guiana Highlands in the North, the Amazon lowlands, the Pantanal in the Central-West, the Brazilian Highlands (including the extensive coastal ranges), and the coastal lowlands.”²

i. Guiana Highlands: Brazil shares the rugged Guiana Highlands with Venezuela, Guyana, Suriname and French Guiana. Forested mesas and mountain ranges, scenic waterfalls and white-water rivers characterize the area. The highest point in Brazil is Neblima Peak, which reaches 9,888 feet along the Venezuelan border in the Serra do Imeri. The Pacaraima Mountains rise to 9,094 feet at Mount Roraima. Where the borders of Venezuela, Guyana and Brazil meet.

ii. The Amazon Lowlands: The Amazon Lowlands are widest along the eastern base of the Andes, but they narrow towards the east, until, downstream of Manaus, only a narrow ribbon of annually flooded plains (Varzeas) separates the Guiana Highlands to the north from the Brazilian Highlands to the south. The basins most widespread topographical features are gently undulating hills called terra firme, composed of layers of alluvial soil that were deposited as long as 2,500,000 years ago and subsequently uplifted. Shallow oxbow lakes and wetlands are found throughout the region.

iii. The Pantanal: The immense Pantanal, an extension of the Gran Chaco plain, is a region of swamps and marshes in northwestern Mato Grosso do Sul and southern Mato Grosso and, to a lesser extent, in northern Paraguay and eastern Bolivia; it is one of the largest freshwater wetlands in the world. The Pantanal is dissected by the effluents of the upper Paraguai river, which overflows its banks during the rainy season, inundating all but the tops of scattered leaves and low hills.

iv. The Brazilian Highlands: “The Brazilian Highlands make up more than half of the country’s landmass

and are the main source of the nation's abundant mineral wealth. In Brazil the highlands are often called the Planalto Central (Central Highlands, or Central Plateau), but that term may be limited to the part of the highlands around Brasília and Goiás. The rugged highlands include steep cliffs, flat-topped plateaus, ravines, rolling hills, and rock outcrops; however, the region's maximum elevations are below 10,000 feet (3,000 meters). Its highest elevations are in two areas: the first along a series of ridges less than 300 miles (500 km) from the eastern coast, and the second in the environs of Brasília and the border dividing Bahia state from Tocantins and Goiás. The highlands to the north and west of Goiás extend for some 600 miles (1,000 km) until they descend into the Amazon lowlands. A massive escarpment marks the eastern edge of the Brazilian Highlands, extending along the coast for some 1,600 miles (2,600 km) and forming mountain ranges that average approximately 2,600 feet (800 metres) in elevation, with many individual peaks rising above 7,000 feet (about 2,100 meters).

The major ranges of the northeastern highlands include the Serra Grande, which skirts the Piauí-Ceará border; the Araripe Upland (Chapado Araripe) in Pernambuco state; and the Diamantina Upland (Chapada Diamantina) in Bahia. The Serra do Espinhaço extends from central Minas Gerais into southern Bahia, where Almas Peak reaches 6,070 feet (1,850 metres). The Serra Geral de Goiás separates the states of Goiás and Tocantins to the west from Bahia to the east. Goiás state also includes some of the more elevated parts of the Planalto Central, the Serra dos Pirineus, and the Serra Dourada. The ranges and plateaus farther north and west, which are neither as elevated nor as deeply dissected as their

eastern counterparts, include the mineral-rich Serra dos Carajás in eastern Pará state, the Serra do Cachimbo, mainly in southwestern Pará, and the Parecis Upland (Chapada dos Parecis), which stretches between Rondônia and Mato Grosso. Other highland regions of Mato Grosso state are sometimes collectively designated the Mato Grosso Plateau.”²³

v. The Coastal Lowlands: The Atlantic lowlands, which comprise only a tiny part of Brazil’s territory, range up to 125 miles wide in the North but becomes narrower in the Northeast and disappear in parts of the Southeast. Nevertheless, their features are widely varied, including level floodplains, swamps, lagoons, and dunes and long stretches of white, sandy beaches that are protected in some areas by coral reefs and barrier islands. Various deep harbors exist, where the rocky slopes of the coastal ranges plunge directly into the ocean, such as at Guanabara Bay, where Rio de Janeiro and Niteroi are located, and All Saints Bay, the site of Salvador; cities in these locations occupy small valleys or narrow strips of land, but many poorer neighborhoods occupy perilously steep ridges on the periphery. The coastal plain widens again in the South at the site of Patos Lagoon, one of the continents largest lagoons and Mirim Lagoon, along the Uruguayan border.

c. Drainage

“Brazil is drained by the Amazon River, which is the centrepiece of the most extensive river system in the world, and by other systems that are notable in their own right – the Tocantins-Araguaia in the north, the Paraguay-Paraná-Plata in the south, and the São Francisco in the east and northeast. Numerous smaller rivers and streams drain

directly eastward to the Atlantic from the Brazilian interior, but most are short, have steep gradients, and are not impounded for hydroelectric developments or suitable for waterborne traffic. The more navigable rivers of this group are the Paranaíba, between the states of Piauí and Maranhão, and the Jacuí in Rio Grande do Sul.

The Amazon River rises from a point in the Peruvian Andes within 100 miles (160 km) of the Pacific Ocean, whence its course meanders some 4,000 miles (6,400 km) to the Atlantic. There it contributes as much as one-fifth of all of the Earth's surface runoff from the continents to the sea. The river's great tributaries include the Juruá, Purus, Madeira, Tapajós, and Xingu rivers on the southern side and the Negro River on the northern side. Six tributaries exceed 1,000 miles (1,600 km) in length, and some carry more water individually than does North America's Mississippi River, so that the Amazon's annual discharge to the Atlantic is more than 10 times that of the Mississippi."⁴

“The Paraguay-Paraná-Plata is the second of the great river systems of Brazil; it also drains large parts of Bolivia, Paraguay, Argentina, and Uruguay. In Brazil the system rises in the highlands of Mato Grosso, Goiás, and Minas Gerais states and flows southward in two sections – the Paraguay and Paraná (or Alto Paraná, as it is sometimes called before the two rivers join). The upper reaches of the Paraguay flow through the Pantanal and form part of the border between Brazil and Paraguay. The Alto Paraná collects numerous tributaries from southeastern Brazil, including the Paranaíba (not to be confused with the Paranaíba of the Northeast),

Grande, Tietê, and Paranapanema. The Alto Paraná and Paraguay rivers unite southwest of Brazil, on the Argentina-Paraguay border, to form the Paraná proper, which eventually reaches the sea through the Río de la Plata estuary. Brazil's two southernmost states are drained through the Uruguay River, which also flows into the Río de la Plata. In Brazil these rivers were navigable only for short stretches until they were dredged in the 1990s. Brazilians have built hydroelectric complexes and reservoirs on many tributaries of the system, including the Iguaçu, Paranapanema, Tietê, and Grande.

The Tocantins-Araguaia river system rises in the highlands of Goiás and Mato Grosso states and discharges into the Pará River just south of the Amazon delta. The Tocantins, though popularly regarded as a tributary of the Amazon, is technically a separate system draining some 314,200 square miles (813,700 square km) – nearly one-tenth of Brazil's national territory. The middle course of the Araguaia River, in a marshland some 220 miles (350 km) northwest of Brasília, temporarily divides into western and eastern branches to form the vast Bananal Island. The Araguaia joins the Tocantins after flowing northward another 600 miles (1,000 km). In the mid-1980s the Tucuruí Dam was built on the lower Tocantins, some 120 miles (200 km) southwest of Belém, in order to generate hydroelectric power for much of Pará and Maranhão as well as for the nearby Carajás mining complex.

The São Francisco River basin covers more than 249,000 square miles (645,000 square km) in eastern Brazil. The river rises in the highlands of western Minas Gerais

and southern Goiás and flows more than 1,000 miles (1,600 km) northward before it turns eastward to the Atlantic. Shallow-draft riverboats ply the waters between Pirapora in Minas Gerais and Juazeiro in Bahia, at the eastern end of the Sobradinho Reservoir. Hydroelectric installations harness the river's energy near Paulo Afonso Falls.”²⁵

d. Climate and Soil

Brazil has a humid tropical and sub-tropical climate except for a drier area in the Northeast, sometimes called the drought quadrilateral or drought polygon, that extends from northern Bahia to the coast between Natal and Sao Luis; that zone receives about 15-30 inches of precipitation a year. Much of Brazil receives 40-70 inches annually, but precipitation often is much heavier in parts of the Amazon basin and the sea facing rim of the Serra do Mar.

The Central parts of Brazilian Highlands receive most of their precipitation during the summer months (November to April), often in the form of torrential downpours. Storms and floods may strike the Northeast at that time, depending on the weather patterns, but the region may also experience prolonged drought. Summer temperatures are largely uniform. In January most of the lowlands average roughly 32^o C, whereas the Northeast backland's drought quadrilateral, the hottest region of the country, averages some 29^o C, with daytime temperatures exceeding 38^o C.

In the winter (May to October), the Brazilian Highlands are generally dry, and snow falls in only a few of the southern most states. Winter temperatures in the Amazon lowlands remain virtually unchanged from those of the summer

months, but temperature in the drought quadrilateral drop to about 26^o C. Temperatures in the Brazilian Highlands average about 20^oC in the central and northern regions and are cooler towards the south: Curitiba, at an elevation of some 3,000 feet, averages 14^o C in June and July. During those months the mean temperature at Porto Alegre is the same, but Rio de Janeiro averages 23^o C, partly owing to warm ocean currents.

“Brazil’s soils form a vast and intermixed pattern. A large band of nutrient-rich, deep reddish purple soil (terra roxa) lies in the Southeast and South between central Rio Grande do Sul and southern Minas Gerais, including large areas of Paraná and São Paulo states. That region contains Brazil’s most heavily farmed lands; however, terra roxa is not necessarily more productive than soils in other regions of the country. Soils in the Northeast also contain many nutrients, but agriculture is limited there because few fields are irrigated. Heavy rainfall has intensely leached many soils, leaving them with few nutrients but with an overabundance of insoluble iron and aluminum silicates. Laterites (soils dominated by iron oxides) and other infertile soils are especially prevalent in the Brazilian Highlands, where they can reach depths of as much as 90 feet (27 meters).

Amazonian soils are also leached but not as deeply. In the terra firme of the rainforest, dead organic matter quickly decays and is recycled. However, once the overlying forest canopy is destroyed – e.g., by clear-cutting or burning – that regenerative cycle is interrupted, and many nutrients and organic matter is lost. More fertile Amazonian soils, interspersed between the zones of leached soil, include

várzea alluvial deposits and terra preta dos indios (“black earth of the Indians”), which has developed throughout Amazonia on the sites of prehistoric settlements.”⁶

e. Plant and Animal Life

“Most of the original ecosystems of the eastern highlands have been destroyed, including the once luxuriant hardwood forests that dominated the eastern seaboard and the formerly magnificent Paraná pine (*Araucaria*) forests that covered the southern plateaus. Monkeys, parrots, and other formerly common wildlife are now found only in zoos, private menageries, or small patches of forest that still support the original flora. Saltworks, marinas, and condominiums have replaced the former coastal waterways and swamps that once teemed with waterfowl and alligators.

The Brazilian savannas in the semiarid Northeast have no massive herds of wild animals like their African counterparts. Jaguars and ocelots once inhabited the forest edges, but they have been extensively hunted by ranchers and are now endangered. The plant life varies considerably from coarse bunchgrasses to thorny, gnarled woods known as caatinga, the name derived from an Indian term meaning “white forest”; most caatinga are stunted, widely spaced, and intermingled with cacti. Woodlands known as agreste are found in slightly more humid areas. Most areas of agreste are located near the São Francisco River and on elevated slopes, where some remaining moisture in the air is wrung from the trade winds. Thorny trees in those regions may attain heights of up to 30 feet (9 meters) and form barriers with their interlocking branches that even leather-clad vaqueiros (“cowboys”) cannot penetrate. Artificial pastures

and grain fields have largely replaced the native grasslands of Rio Grande do Sul.

The Pantanal's vast sloughs and watercourses support an abundance of flora and fauna, including the giant pirarucu, a fish that is herded into enclosures like underwater cattle pens until needed for food. Aquatic birds include ibis, herons, ducks, and migratory geese. There are numerous lizards and snakes, including deadly fer-de-lance (jararacas) and rattlesnakes. Among the larger mammals are armadillos and anteaters, which prey on ants and termites, whose nests may stand more than 6 feet (2 meters) high. Rheas (the South American relative of the ostrich), roadrunners (siriemas), and a variety of game birds, notably quail and partridge, are ubiquitous to the Pantanal's higher ground and to the savannas of central Brazil."⁷

The Amazon basin has the greatest variety of plant species on Earth and abundance of animal life, in contrast to the scrublands that border it to the south and east. The Amazonian region includes vast areas of rainforest, widely dispersed grasslands, and mangrove swamps. A typical acre (0.4 hectare) of Amazonian forest may contain 250 or more tree species, in contrast an acre of woods in western Europe or the north-eastern United States might have only a dozen species.

“The crowns of giant Amazonian trees form a virtually closed canopy above several lower canopy layers, all of which combine to allow no more than 10 percent of the sun's rays to reach the ground below. As a result, more plant and animal life is found in the canopy layers than on the ground. The tallest trees may rise to 150–200 feet (45–60 meters) and are

festooned with a wide variety of epiphytes, bromeliads, and lianas, while their branches teem with animal life, including insects, snakes, tree frogs, numerous types of monkeys, and a bewildering variety of birds. Several hundred bird species nest in the immediate vicinity of the main Amazon channel, and alligators, anacondas, boa constrictors, capybaras, and several smaller reptiles and mammals are found along the riverbanks. In the waters are manatees, freshwater dolphins, and some 1,500 identified species of fish, including many types of piranhas (not all of them flesh-eating), electric eels, and some 450 species of catfish. There may also be hundreds of unidentified species.

The Amazon is also home to the world's largest freshwater turtle, the yellow-headed sideneck (*Podocnemis*), which weighs an average of 150 pounds (70 kg) and is extinct everywhere else except on the island of Madagascar. The turtles, once a mainstay of local Indians' diets, are now endangered, but they continue to be hunted illegally for their meat.²⁸

3. The People

a. Settlement Patterns

Frontier settlement and domestic migration have been features of Brazilian society since pre-historic times. The settlement what is now Brazil began many thousands of years ago with the arrival of hunters and gatherers. At the time of European contact (1500), skilled farmers occupied the best lands of the Amazon and Paraguay river systems and most of the costal plains.

i. The Northeast Coast: “The first European occupants of Brazil settled in the early 16th century among the coastal Indian villages or at the trading posts that they established at Salvador and at Cabo Frio (now in Rio de Janeiro state). They exchanged hardware and trinkets with the Indians for brazilwood, which was used for making a valuable, fire-coloured dye (brasa is Portuguese for “live coals”). Sugarcane began to dominate the colonial economy in the second half of the 16th century, giving rise to a scattering of urban centers, among which Olinda and Salvador were the most important. By that time the coastal Indian populations had been decimated, and slaves from Africa were being imported to work on the rapidly expanding plantations, which flourished particularly during the early and mid-17th century.”⁹

ii. The Southeast: “During the first two centuries of Brazilian colonization, little attention was paid to the nearly inaccessible and seemingly unproductive highlands, although parties of explorers, known as bandeirantes, traversed them from time to time, capturing Indians for slaves and searching for precious metals and stones. Some of the bandeirantes settled in the interior and introduced small groups of cattle that eventually expanded into large herds; cattle raising came to dominate Brazil’s economy from the caatinga to the Pantanal.”¹⁰

In 1763, Brazil’s economic and political center shifted from the Northeast to the South east after settlers built roads over the Serra do Mar to the coast and the royal government transferred the colonial capital from Salvador to Rio de Janeiro. During the 19th century, great coffee plantations brought additional wealth to region. By the 1860s, thousands of European immigrants, chiefly Italians, were flowing into

the region, and two decades later their influx increased to some 40,000 per year.

iii. The backland and Amazonia: “During the same period, the Northeast’s large population struggled to advance economically in the face of drought, high rates of unemployment, and an archaic landholding system that concentrated all of the best coastal lands in the hands of a few powerful landowners. The Northeast remained economically depressed throughout much of the 19th and early 20th centuries, and economic booms elsewhere drew people out of the region. Among the first groups to migrate outward were large numbers of farmers who had settled in the sertão, or backlands, of the Northeast; they abandoned their lands in the 1870s and ’80s because of severe drought but found employment by resettling in the Amazon region to the north and west, where they tapped rubber trees. Northeasterners took part in another mass migration in the mid-20th century, primarily to the central interior of the country to help construct Brasília. Others began moving to the sparsely populated forests in the northern part of the Brazilian Highlands and to the frontier Amazonian zones of Rondônia and Acre. There they were joined by migrants from southern Brazil who had lost their livelihoods to the spread of mechanized agriculture.

The entire Amazon region had an estimated population of merely 40,000 in the mid-19th century, but the population exploded after Northeasterners and other Brazilians poured into the area during the rubber boom, which reached its apex between 1879 and 1912. As a result, Belém and Manaus grew from somnolent villages into modest cities, and by the end of World War I the region’s population rose to some

1.4 million. In the late 1950s Japanese settlers began raising jute and black pepper along the lower Amazon, and in the process they created a temporary economic boom. Brazilians also developed manganese deposits in Amapá from the mid-20th century, and a pioneer zone appeared along a newly constructed highway between Belém and Brasília.”¹¹

The entire Amazon region had an estimated population of merely 40,000 in the mid-ninth century, but the population exploded during the rubber boom and by the end of World War I the region's population rose to some 104 million. In the late 1950s Japanese settlers began raising jute and black pepper along the lower Amazon, and in the process they created a temporary economic boom.

iv. Urbanization: “Brazil’s rural settlement patterns were largely defined by the mid-20th century, after which the nation began a headlong drive toward industrialization: this transformed Brazil from essentially rural to urban, led by the cities of the Southeast and South. By the turn of the 21st century, government statistics described four-fifths of the population as urban and one-fifth as rural; however, according to an alternative set of definitions, about three-fifths of the population could be described as urban, nearly one-third as rural, and about one-tenth as partly urban and partly rural. In 1940 less than one-third of a total population of 42 million lived in urban areas; by the end of the 20th century about 18 million lived in the São Paulo metropolitan area alone, which ranked as one of the world’s most populous cities. In addition, by that time the highly urbanized state of São Paulo had about one-third of Brazilian industry, a gross domestic product greater than that of many nations, and a population rivaling that of Argentina.

Rio de Janeiro has Brazil's second largest metropolitan population. Other major urban areas include Belo Horizonte, Salvador, Pôrto Alegre, Fortaleza, Curitiba, and Recife – each with millions of residents. Slightly smaller are Brasília, Belém, Manaus, Goiânia, and Campinas. Rapid urban growth has produced a series of physical and social problems, while the demand for housing has raised urban land values to staggering heights. As a result, members of the middle class have been increasingly forced to live in minuscule apartments in densely packed high-rises, while the poor are confined in nearby favelas (“shantytowns”) or in residential areas that may be several hours away from their workplaces. Brasília and Curitiba, unlike most Brazilian cities, have benefited from large-scale urban planning.”¹²

b. Ethnic groups

“Skin colour and ethnic background influence social interactions in Brazil. Brazilians with darker skin account for a disproportionately large number of the nation's poor; nevertheless, racially motivated violence and intolerance are less common in Brazil than in the United States and some parts of Europe. Blatant discrimination is illegal but pervasive, especially in predominantly white middle-class and upper-class areas, and racism often takes subtle forms. Interethnic marriages are rare, partly because there is little social interaction between people of different social classes and geographic regions – two factors that are closely tied to ethnicity in Brazil. The nation is not a “racial democracy” as some observers have claimed; however, its social barriers are somewhat flexible and even permeable: members of the light-skinned majority seldom discriminate against Afro-

Brazilians who have achieved high levels of education or socioeconomic status. As a consequence, most Afro-Brazilians pursue social advancement through individual rather than collective actions, such as civil rights movements.”¹³

(i) Indians:

“The tropical forest peoples of Brazil adapted superbly to their environment prior to European contact, although they did not develop empires such as those of the Andes and Mesoamerica. They built dugout canoes and sailing rafts called *jangadas* (still used along the northeastern coast), slept in hammocks (which many people in Amazonia now use instead of beds), produced pottery and works of art, and cultivated tropical crops, corn (maize), and cassava. The indigenous peoples and the first Portuguese settlers generally benefited from trade and peaceful relations, but Europeans unwittingly introduced influenza, measles, smallpox, and other diseases that drastically reduced the Indian population. In addition, the colonizers began to enslave Indians and force them to live on plantations. Many Indians fled the coastal areas and took refuge in the most distant and inaccessible areas – in the forested regions of the Tocantins and Amazon basins or in the savannas of Mato Grosso. However, they were not completely sheltered in the interior: from the 16th to the 18th century, the Portuguese launched devastating, Indian-hunting *bandeiras* (slave raids or expeditions) from São Paulo and some northeastern towns. Over subsequent generations many Indian populations on the coast blended with their European or African counterparts, whereas native peoples in the interior carried on a protracted struggle against further encroachments.”¹⁴

Although Brazil's Indians constitute a statistically marginal part of the national population, they form some 230 different cultural groups. Indians reside in each of the country's five principle regions, but their numbers are greatest in the North and roughly half now live in urban areas. The principle Indian peoples include the Yanomami in Roraima state, near the border with Venezuela, the Munduruku in Para and Amazons, the Kayapo Kayabi in Mato Grosso, the Guajajara and Fulnio in the Northeast, and the Kaingang in the South and Southeast.

(ii) Africans:

“There are more people of mainly African descent in Brazil than in any other nation outside of Africa, and African music, dance, food, and religious practices have become an integral part of Brazilian culture. Between the 16th and 19th centuries, the slave trade brought to Brazil some four million Africans, mainly peoples from West Africa and Angola. Most were taken to the sugarcane plantations of the Northeast during the 16th and 17th centuries. From the 18th century onward, when the mining of gold and diamonds began, more slaves were sent to Minas Gerais. The majority worked as labourers and domestic servants, but some escaped and fled into the interior, where they established independent farming communities or mixed with Indian groups. After the abolition of slavery in 1888, a large proportion of blacks left the areas where they had been held captive and settled in other agricultural regions or in towns; however, the Northeast retained the heaviest concentration of blacks and mulattoes. From the 1860s to the 1920s, Brazilian manufacturers hired millions of European immigrants but

largely avoided employing the descendants of slaves, who remained at the margin of Brazil's economy. By the turn of the 21st century, an increasing number of individuals used education to attain upward mobility.”¹⁵

(iii) Europeans and other immigrants:

People of European ancestry constitute the largest segment of the Brazilian population owing to an influx of Portuguese immigrants as well as some four million other Europeans (mainly Italians) who migrated there in the late 19th and early 20th century; their arrivals during that relatively short period were equal to the total population of African slaves brought to Brazil during the previous three centuries.

“Until the late 1800s, Lusitanian (i.e., Portuguese) immigrants were practically the only Europeans to enter Brazil. They were found in all classes of society and were anxious to obtain wealth quickly as plantation owners or as merchants. Immigrants of diverse origins joined the Portuguese only following the proclamation of independence in 1822. Italians, the most numerous of the non-Portuguese European groups, settled primarily in São Paulo and northern Rio Grande do Sul states. The Italians were culturally similar to the Portuguese and were easily assimilated. Less numerous Mediterranean immigrant groups, including those from Spain and Middle Eastern countries such as Syria and Lebanon, mainly arrived during the first quarter of the 20th century. Like the Italians, they adapted rapidly to their new homeland and began to contribute to Brazilian industry, finance, politics, and the arts.

German immigrants in the 19th and early 20th centuries

and Japanese shortly before World War I further diversified the ethnic mix; however, those two groups remained culturally distinct for much longer than had earlier immigrants. This occurred largely for two reasons: first, the Germans and Japanese settled mainly in isolated rural areas and, second, they received teachers, textbooks in their native languages, and other assistance from their home governments. However, after World War II they were largely integrated into mainstream society. As a whole, Brazilians of Japanese descent now have a markedly higher level of education than the norm. Other immigrant groups have included Slavic peoples from eastern Europe and small but vital Jewish communities concentrated in major urban centers. Immigration had dwindled by the late 20th century, and less than 1 percent of Brazil's population was foreign-born."¹⁶

“Poverty and inequality are to Brazil what wars of independence are to other countries. Brazil is not unique in its history of slavery and the obliteration of its indigenous peoples. But there is no Brazilian Bolivar to distract attention from these injustices, and no founding ideology of equality to set against them. Brazil's bloodiest conflicts, with the exception of the ruinous Paraguayan war of 1865-1870, have been internal affairs, pitting classes, regions and races against each other. The country's thinkers have dwelt on the paradox of a nation where power is a man's luxury and vitality flows from below. Its politics are a quest to narrow the awkward gap between the Brazil of closed condominiums and the other Brazil of untreated sewage.

Income distribution in Brazil is more skewed than in

any other big country. Violence and pollution are spread even more unequally. The road that separates Gavea, a rich neighborhood of Rio de Janeiro, from Rocinha, a slum dominated by gangs of drug dealers, marks a nine fold difference in unemployment, a 17-fold difference in income and a 13-year variation in life expectancy, says Andre Urani of ITES, a think-tank. Such indicators are correlated with race, but Brazilians argue over whether racial inequality is a cause or a consequence of economic inequality.

Narrowing these gulfs has become the main business of government since the restoration of democracy. Lula, who revels in his image as “the father of the poor”, annoyingly claims copyright on the idea, but the recent progress builds on initiatives taken by his predecessor, Mr Cardoso, himself a scholar of Brazil’s race relations. Between them they have produced a startling reduction in poverty and inequality.”¹⁷

c. Religion

“Almost three-fourths of the Brazilian people are Roman Catholics, making it the most populous country of that faith in the world. Roman Catholicism ceased to be the official religion after the proclamation of the republic in 1889, which loosed the formerly close links between church and state; however, the predominance of Catholics among the immigrants of the 19th and 20th centuries contributed to the lasting predominance of that religion. Nearly all the rest of the population is Protestant, dominated by fundamentalist and Pentecostal groups. Evangelical groups gathered rapid support from the 1990s by taking some

members from the Catholic ranks; in response, Catholic groups initiated a series of charismatic masses and rallies.

Brazil has smaller numbers of adherents to Eastern Orthodoxy, Buddhism, Shintoism, Islam, and other religions, all of which together are about numerically equal to those practicing a form of spiritualism, or spiritism, that is based on the 19th-century teachings of the French medium Allan Kardec. Many Brazilians also practice syncretic religions, such as Macumba, Candomblé, Xangô, and Umbanda, that blend Christian beliefs with rites imported from Africa or with spiritualistic practices. Candomblé predominates in Bahia. The Nagô Candomblé sect, derived from the religion of Yoruba slaves, is particularly widespread and influences the rites of other sects. Macumba and Umbanda have many adherents in Rio de Janeiro state, whereas Xangô is most influential in Pernambuco. Practitioners generally identify their deities with Roman Catholic saints and believe that these deities intercede for them with a supreme being. Priests and priestesses are mostly of African ancestry, but adherents are drawn from every ethnic group and social class, especially in urban centres. Perhaps tens of millions of Brazilian Catholics occasionally participate in syncretic or spiritualist feasts and ceremonies.”¹⁸

4. History

a. Pre-European and Early European Periods

“Archaeological sites near the Amazonian towns of Santarém and Monte Alegre and elsewhere in Brazil show that the region has been inhabited since at least 9000 BC. Mixed communities of farmers, fishers, hunters and

gatherers developed in the Amazon lowlands, whereas hunters and gatherers predominated in the drier savannas and highlands. Between two million and six million indigenous Indians lived in the region at the time of European contact in 1500.

Tupian-speaking Indians inhabited the coastal areas and were among the more significant of the tropical forest groups. Portuguese explorers of the region first encountered Tupians and principally dealt with them for many years. Indeed, Tupians may have been the most important Indian influence in Brazil's early colonial period and in the culture that subsequently developed; however, European diseases decimated the indigenous population, and many surviving Indians endured harsh treatment under Portuguese domination.”¹⁹

(i) European exploration and settlement

“Europeans explored the Brazilian coastline only after mapping parts of the Caribbean Sea and the northeastern coast of South America; moreover, intensive exploration of Brazil resulted indirectly from Portugal's efforts to expand its colonies in Africa and Asia. In 1498 the Portuguese navigator Vasco da Gama discovered an all-water route to the Indies and the Spice Islands via Africa's Cape of Good Hope. The Portuguese king, hoping to capitalize on this discovery, dispatched an imposing armada to India under Pedro Álvares Cabral, whose sailing directions had been drawn up by da Gama himself. To avoid the calms off the Gulf of Guinea, Cabral bore so far to the west that on April 22, 1500, he sighted the mainland of South America. The Treaty of Tordesillas (1494) between Spain and Portugal

had established a line at about longitude 46° 30' W that divided Spanish (west) and Portuguese (east) claims in the New World. The region sighted by Cabral lay well within the Portuguese zone, and the crown promptly claimed it. Portugal's new possession was initially called Vera Cruz ("True Cross"), but it was soon renamed Brazil because of the copious amounts of brazilwood (pau-brasil) found there that yielded a valuable red dye."²⁰

"Interest in Brazil waned over the subsequent two decades. The Portuguese began a desultory trade with the Indians for brazilwood, but they failed to discover precious metals in Brazil and thus focused their attention on the lucrative trade with Asia. Brazil became a sort of no-man's-land over which the Portuguese crown wielded only a shadowy control, and European rivals quickly took advantage of that neglect. The French, in particular, trespassed on Portuguese claims in South America and shipped the dyewood to Europe. Portugal's apathy ended, however, during the reign (1521–57) of John III, who gradually shifted the focus in colonial affairs from Asia to America.

The Portuguese crown made the first systematic effort to establish a government in Brazil in 1533. It divided the colony into 15 hereditary captaincies, or fiefs, each extending 50 leagues – i.e., about 160 miles (260 km) – along the coast and an indefinite distance inland."²¹

"King John III resolved to strengthen his authority in Brazil by unifying the inefficient donatários under a central administration. He appointed as Governor-general Tomé de Sousa, a Portuguese noble with impressive experience in Africa and India. Sousa landed in Brazil in 1549 and founded

Salvador (Bahia), a capital from which Brazil was governed for 214 years. Sousa also placed local officials over the captaincies and fortified strategic points along the coast. In the cities, he established municipal organizations similar to those in Portugal. Brazil then began to attract settlers in increasing numbers. By 1600 Bahia and Pernambuco each had a population of roughly 2,000 Europeans and more than twice as many African slaves and Indians.

Jesuit brethren provided labour and expertise that were central to the progress of the colony. At the request of John III, Manuel da Nóbrega and several other Jesuits had accompanied Tomé de Sousa to Salvador and became the first of a long line of missionaries devoted to protecting and converting the Indians and raising the moral level of the colonists. As soon as they converted Indians to Christianity, the Jesuits settled them in aldeias (“villages”) that were akin to the missions in Spanish America. Most other Portuguese colonists owned Indian slaves, however, and resented the Jesuits’ control over such a valuable labour supply. A conflict arose between the two groups and reverberated throughout the colony, and both parties appealed to the crown. The Jesuits won a partial victory in a royal decree of 1574 that granted them full control over the Indians in the aldeias while permitting the colonists to enslave Indians captured in “legitimate warfare.” In the Amazon River basin, Father António Vieira became the centre of a somewhat similar conflict in the 17th century, when he established a chain of missions there. Though the missions helped protect Indians from slavery, they greatly contributed to the spread of deadly European diseases. Brazilian colonists, facing a compounding labour shortage

in the mid-16th century, imported increasing numbers of African slaves.”²²

(ii) Dutch and French incursions

“Brazil had hardly been brought under royal Portuguese authority before the French made a determined effort to establish a permanent colony there. In 1555 French troops took possession of the beautiful harbour of Rio de Janeiro, which, inexplicably, the Portuguese had neglected to occupy. A large Portuguese force under Mem de Sá, the governor-general, blockaded the entrance to the harbour, eventually forced the French garrison to surrender, and founded (in 1567) the city of Rio de Janeiro to ward off future attacks.

Portugal was united with Spain from 1580 to 1640, and Brazil was consequently exposed to attacks by Spain’s enemies, including the newly independent Netherlands. The Dutch seized and briefly held Salvador in 1624–25, and in 1630 the Dutch West India Company dispatched a fleet that captured Pernambuco, which remained under Dutch control for a quarter-century. The company chose as governor of its new possession John Maurice, count of Nassau-Siegen, a prince of the house of Orange and perhaps the ablest administrator in the Netherlands.”²³

The Brazilians, acting without Portuguese aid, defeated and expelled the Dutch in 1654. Brazil’s westward expansion was one of the most significant events of the colonial period. The Treaty of Torclesillas (1494) forbade the Portuguese from crossing longitude 46° 30’ W, but Brazilian colonists soon expanded far beyond that line in three groups: missionaries, cattlemen and bandeirants (explorers and slave hunters). Missionaries continued to extend their reach along

the Amazon and in the South and Southeast. In the northeast, cattlemen searching for new pastures pushed inland from the sugar-producing zones of Pernambuco and Bahia to the present state of Piauí, Maranhão and Goiás. Paulistas, as settlers from São Paulo were called, were the most active in the movement westward, organizing major expeditions into the interior, known as Bandeiras, in order to capture Indian slaves and search for gold and precious stones.

“Shared cultural traits and economic factors also helped integrate the region. The Portuguese language formed a common bond between plantation residents, cattlemen, miners, slaves (both Indian and African), slave hunters, and city dwellers and distinguished them from their Spanish-speaking counterparts elsewhere in South America. Brazilians almost uniformly derived from Portugal an expanded, patriarchal family structure, and the heads of a few powerful families controlled nearly all of the land, slaves, cattle, and, later, mines that produced the wealth of the colony. Only four important cities developed in Brazil during the colonial period: Salvador, Rio de Janeiro, Recife, and Ouro Preto. Moreover, Portugal maintained contact with all parts of Brazil – albeit intermittently – and little trade or other regular contact existed between Brazil and neighbouring Spanish colonies. These common factors held Brazil together in spite of strong regional variations.”²⁴

(iii) Colonial reforms and Independence

“The treaties of Madrid (1750), Pardo (1761), and Ildefonso (1777) with Spain recognized many Portuguese claims, including the conquests of the bandeiras.

Meanwhile, King Joseph's prime minister, Sebastião José de Carvalho e Mello marquês de Pombal, introduced into Brazil a number of reforms that profoundly affected the social, administrative, and religious life of the colony. He abolished the donatário system, granted legal rights to the Indians, encouraged immigration from the Azores and Madeira, created two privileged companies to oversee Brazilian trade, and established a monopoly over the diamond fields. Pombal expelled the Jesuits from Brazil and Portugal in 1759; many Brazilian elites endorsed the expulsion because the Jesuits had seemingly profited at their expense by resisting the enslavement of Indians and engaging in commercial ventures. Pombal progressively centralized the Brazilian government during the final decades of Portuguese rule.

Brazil entered nationhood with considerably less strife and bloodshed than did the Spanish-speaking nations of the New World; however, the transition was not entirely peaceful. José Joaquim da Silva Xavier, popularly known as Tiradentes ("Tooth Puller"), instigated in 1789 the first rebellion against the Portuguese, who defeated his forces, executed him, and unwittingly made him a national hero in his martyrdom.

The French revolutionary and Napoleonic wars deeply affected Brazil, although the main events of those conflicts unfolded across the Atlantic. In 1807 Napoleon I invaded Portugal, a British ally, largely to tighten the European blockade of Great Britain. The Portuguese prince regent Dom João (later King John VI [João VI]) decided to take refuge in Brazil, making it the only colony to serve as the

seat of government for its mother country. The prince, the royal family, and a horde of nobles and functionaries left Portugal on November 29, 1807, under the protection of the British fleet. After several delays, they arrived at Rio de Janeiro on March 7, 1808.

The colonists, convinced that a new era had dawned for Brazil, warmly welcomed Dom João, who promptly decreed a number of reforms. He abolished the Portuguese commercial monopoly on Brazilian trade, opened all harbours to the commerce of friendly nations (mainly Great Britain), and repealed laws that had prohibited Brazilian manufacturing.

Dom João installed in Rio de Janeiro his ministry and Council of State, Supreme Court, exchequer and royal treasury, Royal Mint, royal printing office, and the Bank of Brazil. He also founded a royal library, a military academy, and medical and law schools. His decree of December 16, 1815, designated the Portuguese dominions the United Kingdom of Portugal, Brazil, and the Algarves, thus making Brazil coequal with Portugal. Dom João's mother died in 1816, whereupon he ascended to the throne.

Most Portuguese desired John VI's return after the French withdrawal, but he remained away as Iberian troubles mounted. The king finally became preoccupied with the situation when radical revolts erupted in Lisbon and Oporto in 1820. On April 22, 1821, he appointed his son Dom Pedro regent and two days later sailed for Lisbon.

Dom Pedro faced a difficult political situation: antagonism was growing between the Portuguese and Brazilians, republican propagandists were gaining greater

influence, and the Cortes (parliament) of Lisbon instituted a series of shortsighted policies. The majority in the Cortes favoured restoring Brazil to its formerly dependent colonial status, and the parliament began repealing most of the reforms introduced by John VI. The Cortes then ordered Dom Pedro to return to Europe, fearing that he might head an independence movement.

These acts aroused great indignation in Brazil. Dom Pedro responded by defying the Cortes with a speech known as the “Fiço” (“I am Staying”), and most Brazilians supported his decision. In January 1822 he formed a ministry headed by José Bonifácio de Andrada e Silva, a distinguished Paulista scholar later known as the Patriarch of Independence because he proved a tower of strength to the young regent during the first uncertain months of independence. On June 3 Dom Pedro convoked a legislative and constituent assembly, and on September 7, on the plain of Ipiranga, near the city of São Paulo, he proclaimed the independence of Brazil; he was crowned emperor on December 1. The United States officially recognized the new nation in 1824, and the Portuguese acknowledged Brazilian independence the following year, whereupon other European monarchies established diplomatic relations.”²⁵

(b) The Brazilian Empire

(i) Pedro I and the regency

“The first decades of independence were difficult though not as chaotic as in Latin America’s Spanish-speaking republics. Brazil underwent a series of regional revolts, some of which resulted in thousands of deaths, but the national

economy remained strong and the central government largely intact. The emperor was impulsive, however, and made generally despotic and arbitrary decisions. In 1823 he dissolved the constituent assembly, which he regarded as unruly and radical, and sent Andrada e Silva and his two brothers into exile. However, the emperor and his Council of State subsequently wrote a constitution that was liberal and advanced for its time, although it strengthened the hand of emperor. The municipal councils debated and approved the document; Pedro promulgated it in 1824, and it proved versatile enough to last throughout the imperial period. The constitution helped centralize the government by granting the emperor power to dissolve the Chamber of Deputies, select members of the Senate, and appoint and dismiss ministers of state. Pedro I's popularity declined thereafter because he lost Brazil's Cisplatine province (now the republic of Uruguay) following a costly war with Argentina (1825–28), appointed few mazombos (Brazilian Creoles) to high office, overly preoccupied himself with Portuguese affairs, failed to get along with the legislature, and signed treaties with Great Britain that kept import duties low and exacted a promise to abolish the slave trade. As a result, Pedro formally abdicated on April 7, 1831, in favour of his five-year-old son, Dom Pedro de Alcântara (later Pedro II).

The next decade proved to be the most agitated period in Brazilian history. From 1831 to 1835 triple regency tried in vain to end civil warfare in the provinces and to control lawless and insubordinate soldiers. In 1834 it amended the constitution to provide for the election of a sole regent to a four-year term; the document also partly decentralized the government by creating provincial assemblies with

considerable local power. The priest Diogo Antônio Feijó, who was chosen as regent in 1835, struggled for two years to hold the nation together, but he was forced to resign. Pedro de Araújo Lima succeeded him. Many Brazilians were impatient with the regency and believed that the entire nation would rally behind the young ruler once he was crowned. On July 23, 1840, both houses of parliament agreed that he had attained his majority, though he was only 14.”²⁶

(ii) Pedro II

The reign of Pedro II lasted nearly half a century and constituted perhaps the most varied and fruitful epoch in the Brazilian history, he possessed an insatiable curiosity and was always simple, modest, generous and democratic.

“Pedro II’s government took a keen interest in the affairs of its southern neighbours, especially of Uruguay, which it sought to control through indirect measures. Brazil helped overthrow the Argentine dictator Juan Manuel de Rosas in 1852. In 1864 Brazil invaded Uruguay to help decide the outcome of a civil war there; believing that Brazil was dangerously expanding its power in the region, the Paraguayan dictator Francisco Solano López declared war, first on Brazil and subsequently on Argentina. The resultant costly and bloody conflict became known as the War of the Triple Alliance, or Paraguayan War (1864–70). Brazil, allied with Argentina and Uruguay, eventually destroyed the Paraguayan army and navy and overthrew López. The war was the bloodiest in South American history; it devastated the Paraguayan population and also had profound consequences in Brazil. It provided an opportunity to free a significant number of Brazilian slaves,

led to the army's unwillingness to hunt down runaway slaves an opportunity to free a large number of slaves, and greatly weakened each state's ability to recapture them. It also caused young officers to question Brazil's economic backwardness and to consider whether the country needed a drastic change of regime – that is, a change led by a military rebellion. , and greatly limited each state's ability to recapture them. The war also caused young officers to question Brazil's economic backwardness and to consider whether a drastic change of regime might be needed – a change that could be instigated by a military rebellion. The empire's relations with the United States and with Europe were generally cordial, and Pedro II personally visited Europe in 1871, 1876, and 1888 and the United States in 1876.

The empire's major social and economic problems during the period sprang from slave-based plantation agriculture. That system mainly produced sugar, which was the nation's leading export, although cotton and coffee were becoming increasingly important. Real political power remained with large rural landholders, who controlled sugar production, formed the Brazilian elite class, and stood unrivaled economically because gold mining had declined; they were also largely insulated from the global antislavery sentiment of the times. Although manumission was common, and the number of freedmen and their descendants far surpassed the number of slaves in Brazil, the slave owners as a group resisted pressures for the complete abolition of the institution. The Brazilian emperor had agreed in 1831 to phase out the slave trade, but that promise was made under pressure from Great Britain, and

transatlantic slave traffic did not completely cease for another 20 years. Antislavery agitation began in the 1860s. Pedro II was opposed to slavery, but he did not want to risk antagonizing slave owners; accordingly, he felt that the nation should abolish it by degrees. In 1871 Brazil enacted the Law of the Free Womb, which granted freedom to all children born to slaves and effectively condemned slavery to eventual extinction. However, this concession did not satisfy abolitionists for long, and the young lawyer and writer Joaquim Nabuco de Araújo led them in demanding immediate and complete abolition. Nabuco's book *O Abolicionismo* (1883; *Abolitionism*) argued that slavery was poisoning the very life of the nation. The movement succeeded. In 1884 the governments of Ceará and Amazonas freed slaves in those regions, and the following year the national government liberated all slaves over 60 years of age. Finally, the princess regent (in the absence of the emperor) decreed complete emancipation without compensation to the owners on May 13, 1888. About 700,000 slaves were freed.²⁷

“Brazil has progressed considerably under Pedro II’s wise guidance, yet most of the people were generally dissatisfied. Many historians have ascribed the fall of the monarchy to a restive military, a brooding landed aristocracy, and a resentful clergy. Indeed, those three powerful groups were increasingly critical of the emperor. Perhaps more pertinent, however, was the stress placed on the traditional social structure in the late 19th century, owing to a widening gulf between the elites in the neo-feudal countryside and the more progressive urban residents and coffee planters. Members of the urban middle class, the military, and the coffee planters believed that the

monarchy represented the past and was too closely tied to the landed elite. They reasoned that a republic better suited the goals of Brazil's emerging capitalist system, which increasingly was based on coffee and industrial production. A civil-military conspiracy formed, and military officers carried out a coup on November 15, 1889. Pedro II abdicated and went into exile in Europe. The abolition of slavery in 1888 and the overthrow of the monarchy in 1889 terminated the two major institutions that had shaped Brazil's past; in so doing they initiated a period of social, economic, and political change that accelerated modernization. Accordingly, the period between 1888 and 1922 has been described as the emergence of a "new Brazil".²⁸

(c) The Republic to 1960

(i) Transition to civil rule

"Manuel Deodoro da Fonseca, who had led the coup, became provisional president of the military-led government with the support of the nascent middle class and the prosperous coffee planters. He established a republic, separated the powers of church and state, and on February 24, 1891, promulgated a new constitution that combined elements of presidential, federal, democratic, and republican forms of government. The new states of the republic exercised more power than had the empire's provinces.

Congress elected Fonseca president later that year, but he proved unable to govern under the new constitution. When he attempted to dissolve the dissenting Congress and rule by decree, the public raised such an outcry that he was forced to resign. Floriano Peixoto, the equally militaristic

vice president, ascended to office on November 23, defeated several monarchist and military revolts, and restored a measure of tranquility and order to the nation.

In 1894, amid peaceful conditions in all but the extreme South, Peixoto reluctantly turned over the presidency to the first civilian president, Prudente de Morais, who had served as the first republican governor of coffee-rich São Paulo. Brazil's successive "coffee presidents," who were primarily from the states of São Paulo and Minas Gerais, helped ensure peace, reform financial institutions, and increase coffee exports. However, they gave Brazil little real democracy, because only a select landowning minority was allowed to vote, fraudulent elections were widespread, and regional political bosses had virtual impunity as long as they supported the president in power."²⁹

During the 18th and 19th centuries the economic and political centres of the nation shifted even further from the old sugar regions of the Northeast to the new coffee regions of the Southeast. Coffee dominated the economy, accounting for more than half of the export earnings by the turn of the 20th century. During the same period Brazil received increasing number immigrants and its rate of urbanization accelerated. Santos, a port in Sao Paulo, became one of the world's busiest ports, sending vast quantities of coffee to the cities of Europe and North America.

Meanwhile Jose Maria da Silva Paranhos, a diplomat who served as a foreign minister during 1902-1912 expanded the territorial boundaries of Brazil. On his recommendation, the Brazilian military closed off thousands of miles of inland borders and assumed control of vast

disputed territories; consequently, other South American nations yielded Brazil some 342,000 sq miles – an area larger than France. Brazil which was generally sympathetic to the Allied cause in World War I, declared war on Germany on October 26, 1917, and it subsequently held a temporary seat on the council of the League of Nations.

“Members of the growing urban middle class resented the government’s political and economic assistance to coffee planters, and some junior military officers shared their feelings. An urban and military coalition challenged the coffee elite in the 1922 presidential election, but, amid charges of fraud, the government declared victory. In response, a handful of disgruntled officers staged a poorly planned and unsuccessful coup in Rio de Janeiro in July. Their revolt initiated an eight-year period of unrest aimed at toppling the old republic.

Groups of junior officers, known as *tenentes* (“lieutenants”), staged more threatening uprisings in the mid-1920s. The survivors of a 1924 rebellion marched thousands of miles through the interior in an attempt to stir up revolt; however, local landowners retained control over the rural workers and effectively resisted the insurrection. Brazil’s urban areas, in contrast, nourished growing demands for social and political progress. Public gatherings and civic events, such as the Modern Art Week in São Paulo in 1922, promoted nationalistic sentiments. Nationalists increasingly criticized the politics of the “coffee governments,” including their selfish tendencies to monopolize power along regional lines, manipulate elections, and resist economic diversification.”³⁰

By 1926 the movement of the tenants adopted a somewhat imprecise nationalistic ideology that championed political and economic development. The tenants fervently believed that the military could alter the habits of the country and propel it into the modern age. Their primary concern was not democracy but reform and development, which included plans to oust entrenched politicians, expand the base of government, and modernize the economy. They hoped to eradicate regionalism by favouring a strong, centralized government. The tenants also revealed social democratic tendencies by proposing that the government recognize trade unions and cooperatives, carry out agrarian reform, nationalize natural resources, and establish a minimum wage, maximum working hours, child labor laws, and new educational opportunities. After carrying out reforms, they would consent to return the nation to constitutional rule. Much of the program advocated by the tenants favored the goals of the urban middle class, but the two groups failed to coordinate their actions, and the military rebellions did not gain effective urban support. Two related events finally ended the political monopoly of the coffee elites. First, coffee prices declined precipitously because of the international financial crisis of 1929–30, and, second, the elite politicians attempted to install yet another national president.

(ii) The Vargas Era

“Getúlio Vargas, the losing candidate in the 1930 presidential election, led a revolt that placed him in power. Vargas, formerly the governor of the state of Rio Grande do Sul, remained central to Brazilian national life for the

next 24 years, holding office as chief executive on two occasions, 1930–45 and 1951–54.

The Great Depression of the 1930s, which occurred during Vargas's first presidency, caused considerable economic difficulties for Brazil. In addition, the states vied with the national government for political control, and the people of São Paulo staged a bloody, though unsuccessful, revolt. In 1934 a new constitution granted the central government greater authority and provided for universal suffrage. Three years later, following another uprising, President Vargas seized virtually absolute powers and set up still another constitution, under which he continued as president. The new administration, known as the *Estado Novo* ("New State"), so heightened Vargas's control that he was able to suppress all manifestations of popular will and strip Brazil of most of the trappings through which it might eventually hope to become a democracy. Vargas increasingly shifted the states' political, economic, and social functions to the aegis of the national government. However, he also diversified the agricultural sector, enacted social legislation that benefited the working class, and urged further industrialization through import-substitution (using protective tariffs and other policies to limit imports while encouraging domestic manufacturing).

After the outbreak of World War II in 1939, the Vargas government supported the U.S. policy of inter-American solidarity, and on August 22, 1942, it declared war against Germany and Italy. Brazil's air force helped defend the South Atlantic by flying antisubmarine patrols, and the United States used some Brazilian naval and air bases, including a

major air field at Natal that provided the closest link between the Americas and Africa. Brazil sent an expeditionary force to Italy in July 1944 that distinguished itself in several battles. The Brazilian armed forces significantly upgraded their equipment through the U.S. lend-lease program, and the two governments agreed to increase Brazil's exports of raw materials. As the war drew to a close, some military officers believed that President Vargas might attempt to retain power, and on October 29, 1945, they staged a coup that forced him to resign. Brazil then experimented with democracy.

General Eurico Gaspar Dutra, Vargas's own choice, won the presidential election in December 1945; Vargas himself was elected to the Senate. The following year Brazil promulgated a new constitution – the nation's fifth and the fourth of the republican era – which included safeguards intended to prevent the rise of another overpowering president or dictator. It limited the presidential term to five years, separated the three branches of government, and restricted federal intervention in the affairs of the states.

The general elections of 1950 returned Vargas to power by a substantial margin. Although he failed to win a clear majority in the four-way race, he secured 1,500,000 more votes than the runner-up and nearly as many as the combined total for the three rival candidates. Accordingly, he was again installed in the presidency on January 31, 1951, in spite of the serious apprehensions of the military leaders who had deposed him in 1945. Vargas, however, was unable to dominate the political forces of the country or to exploit social and economic trends to his advantage, and, because he endeavoured to abide by the constitution of 1946, some

Brazilians criticized him for weak leadership. Lacking a firm majority in the Congress, he could neither enact his own programs nor resist the contradictory pressures of his supporters and opponents. Brazil faced grave economic problems, including inflation and a growing national debt, as government expenditures consistently outran revenues.”³¹

“For three years Vargas’s popularity largely protected him from attack by political adversaries, who directed their criticism against members of his administration. João Goulart, Vargas’s young protégé and vice president of the Brazilian Labour Party (Partido Trabalhista Brasileiro; PTB), was accused of using his office to transform organized labour into a political machine loyal to Vargas. He was dismissed as labour minister in 1954 because of his role (with the president’s acquiescence) in radically doubling the minimum wage, an action that contributed greatly to the inflationary spiral. A series of crises followed, reaching a climax on August 5, 1954, when assassins murdered an air force officer and attempted to kill Carlos Lacerda, the editor of an opposition newspaper. Subsequent investigations revealed that the president’s personal guard had hired the assassins and that corruption was widespread within the administration. The former dictator was engulfed in a wave of antipathy. In response, a group of army officers demanded Vargas’s resignation, and on August 24, 1954, he committed suicide in an apparent attempt to engender sympathy for his policies and his followers.”³²

(iii) Kubitschek’s administration

“Vice President João Café Filho served out most of the remainder of Vargas’s term and carried out preparations

for the presidential election of October 1955. The major political parties did not unite behind a single candidate; rather, three strong contenders emerged: former Minas Gerais state governor Juscelino Kubitschek de Oliveira, popularly regarded as Vargas's political heir; former São Paulo state governor Ademar de Barros, who had broad backing from financial and commercial groups; and Marshal Juárez Távora, considered to be the representative of conservative military and civilian groups. Kubitschek won the election with slightly more than one-third of the total vote. Brazilians widely interpreted the elections as a popular vindication of the Vargas position. However, civil unrest loomed on the horizon: the conservative press regarded Kubitschek as a dangerous radical, and the illegal but active Communist Party, which had thrown its unsolicited support to Kubitschek, claimed to have provided his margin of victory. In addition, following a heart attack that incapacitated Café Filho, rumours circulated of a coup that would prevent Kubitschek's inauguration. However, Teixeira Lott, the war minister, and Marshal Odílio Denys, who commanded army troops in Rio de Janeiro, staged a "countercoup" on November 11, 1955, in order to guarantee the president elect's inauguration, and Kubitschek took office as scheduled on January 31, 1956."³³

Kubitschek encouraged a widespread nationalistic spirit by appealing to the popular demand for economic development and to the belief that Brazil was destined to become a great power among the nations of the world. During his administration, he shifted the capital from Rio de Janeiro to Brasilia on April 21, 1960. Brazil achieved great material progress during his period but at a high price: the

cost of living and the volume of currency in circulation tripled between 1951 and 1961, while Brazil's large foreign debt nearly doubled. The gross national product rose to unprecedented levels, but living standards mainly remained unchanged or even declined. At the same time, evidence emerged of large-scale graft and favoritism among those holding public offices.

(d) Brazil since 1960

The presidential and vice-presidential elections of 1960 were hotly contested. Janio Quadros, the governor of Sao Paulo won the presidential election and Jao Goulart, the vice president under Kubitschek won the vice-presidential elections. The two politicians took office on January 31, 1961. But due to opposition from congress and many other factors, president Janio Quadros, resigned as president on August 25, 1961, and in his place congress promptly installed Pascoal Raneri Mazzilli, speaker of the Chamber of Deputies, as a temporary president, because the vice-president was on a state visit to China. After this Brazil stood at the brink of civil war because military commanders and many conservatives regarded Goulart as too radical to be entrusted with the nations highest office. When Goulart came back to Brazil he insisted that he had already become the president. He faced opposition from congress and military commanders, but they soon agreed that Goulart could take office, but only as figurehead. On September 2, 1961, Brazil adopted a parliamentary form of government and transferred most presidential powers to the newly created post of Prime Minister. Soon after this Goulart identified himself increasingly with the ultra nationalistic left and

surrounded himself with left wing sympathizing with the moderate and conservative opposition. The bitterness between Goulart and the military commanders came so close that on April 2, 1964, Goulart fled into exile, and congress declared his office vacant and Ranieri Mazzilli was again designated interim president.

With the fall of Goulart, the military commanders again came back to the power. On April 9, 1964, they brought up the First Institutional Act, which greatly amended the 1946 constitution. This amendment gave a great power to the executive branch. Congress then followed the senior military commanders in awarding the presidency to Castelo Branco on April 11, 1964. The military regarded Castelo Branco term as a transitional period during which the quasi-military administration would enact sweeping political and economic reforms before it again entrusted the nation to a popularly elected government.

On October 27, 1965, Castelo Branco signed the Second Institution Act, which suspended all existing political parties, restored the president's emergency powers for the remainder of his terms and set October 3, 1966, as the date of the new president's election. The regime then created two government sponsored parties, National Renewal Alliance (ARENA) and the Brazilian Democratic Party (MDB). However, MDB boycotted the election and the ARENA candidate Costa e Silva, won the election.

Costa e Silva promised to humanize the military government. However, the government faced little serious political opposition in part because its economic achievements mollified the populace. The political situation

detoriated in 1968 and Costa e Silva, facing resurgence from the public, seized emergency power. The Fifth Institutional Act, issued on December, 13, 1968, suspended all legislative bodies and authorized the executive to rule by decree. In August 1964, Costa e Silva, suffered a stroke and the government was again run by the military commanders and on October 1965 General Emilio Medici was selected as a new president. In 1971, Medici brought up the First National Development Plan. An electoral college was created in 1973, and in January 1974, it elected ARENA party's General Ernesto Geisel as president.

In April 1977, President Geisel dismissed congress when it failed to pass judicial reforms that he has requested. In October 1978, Geisel promoted a constitutional amendment that replaced the Fifth Constitutional Act. The following month, his handpicked successor, General Joao Baptista won the indirect election for president. In another indirect election in January 1985, the broadened electoral college repudiated the military by selecting the candidate of Democratic Alliance coalition – Almeida Neves for president and Jose Sarney for vice president – over the ARENA candidates. Neves died before he could assume office in mid-March, and Sarney was inaugurated as Brazil's first civilian president since 1964. In 1988, Brazil's eighth constitution was promulgated. It lowered the voting age to 16, set presidential terms of five years and prohibited the president from enacting laws by decree.

(i) Domestic and global controversies

“Brazil's old-regime elites and military continued to inhibit reform of the political system in the early 1990s,

while the nation's voters became disaffected and cynical, and the political parties remained superficial, depending on personality cults rather than platforms that addressed specific problems. In the final round of the 1989 elections, Fernando Collor de Mello of the small National Reconstruction Party faced Luís Ignácio da Silva of the Workers' Party, which presented an uncommonly well-articulated platform and a clearly socialist ideology. Collor nevertheless gained the support of most of the parties of the Sarney government and campaigned for economic growth, modernization, and eliminating government corruption and inefficiency. Although roughly one-fifth of the votes cast were abstentions or were nullified, Collor was declared the clear winner, and he took office in March 1990.

Collor's government failed to improve the economy and was consumed by a corruption scandal in mid-1992. Millions of dollars from influence peddling had flowed into the president's secret bank accounts. On September 29 the House of Representatives overwhelmingly voted to suspend and impeach Collor, and on December 29, minutes after the Senate opened the impeachment trial, he resigned. Vice President Itamar Franco assumed the presidency, marking the first time that the republic resolved a major political crisis without military intervention or arbitration. Investigations subsequently gained momentum and revealed further corruption at the state and federal level, including influence peddling, electoral fraud, and irregular banking procedures.

Itamar had taken office with the support of both civil and military leaders, but he represented a political party whose ideology was markedly different from that of Collor

and thus failed to inspire great confidence in the Brazilian people. Industrial production and the incomes of the overwhelming majority of Brazilians continued to decline, while the annual inflation rate accelerated drastically to nearly 2,700 percent; meanwhile, the nation paid massive amounts of interest to service its foreign debt. Some proposed reorganizing Brazil's political system as a way to emerge from the crisis, but a special plebiscite in April 1993 decisively rejected either a parliamentary or monarchical system; however, the following year Brazil adopted six constitutional amendments, including one that reduced the presidential term from five to four years in anticipation of permitting reelections (a question that was left to future legislative action).

Itamar appointed Fernando Henrique Cardoso as finance minister, who put forth the Real Plan, a financial program partly inspired by a successful Argentine plan. The program stopped the government from periodically raising prices (a practice known as indexing inflation), introduced a new currency (the real) and an exchange rate that was partially linked to that of the U.S. dollar, and called for curbs on government spending. The Real Plan succeeded without severely limiting economic growth, and Cardoso's resulting popularity encouraged him to run for president; many regarded him as a dynamic, modernizing leader in the mold of Kubitschek or Vargas who would guide the nation through shifts in the global economy while simultaneously resolving domestic crises. Cardoso won the election by a wide margin over Silva, the recurring leftist candidate. Policies enacted during his first term (1995–99) permitted strong economic growth while lowering the annual inflation

rate even more dramatically – from nearly 1,000 percent in 1994 to less than 20 percent within a year and nearly zero by 1998. The political parties backing Cardoso’s policies won a majority of the 1996 municipal elections.

Cardoso pushed through a law in 1997 that permitted presidents and governors to be reelected. His Brazilian Social Democratic Party formed a coalition with the Liberal Front Party, the Party of the Brazilian Democratic Movement, the Progressive Renewal Party, and several smaller entities to enact major fiscal and administrative reforms, notably the decision to privatize such government-owned enterprises as the Rio Doce Valley Company. Brazil’s economy slowed as a result of financial crises in Asia and Russia in 1998, but Cardoso retained his popularity, won reelection to the presidency (again over Silva), and saw his coalition retain a decisive congressional majority.

The government subsequently attained support from the International Monetary Fund, carried out additional fiscal and administrative reforms, and devalued Brazil’s currency by allowing its exchange rate to float rather than continue its near parity with the U.S. dollar. Inflation remained under control, in spite of fears to the contrary, and the military seemed unlikely to intervene in civil affairs in the near future. Cardoso appointed a civilian-led minister of defense, whose duties replaced those of the separate military service ministers. The governing coalition fragmented, however, as parties and politicians maneuvered for advantage in the October 2000 municipal elections. Still, a record harvest and robust economic growth allowed Cardoso to move forward with his priority programs.”³⁴

5. The Economy

Brazil is one of the world's giants of mining, agriculture and manufacturing and it has a strong and rapidly growing service sector. It is a leading producer of a host of minerals, including iron ore, tin, bauxite, gold and gems, and it exports vast quantities of steel, automobiles, electronics and consumer goods. Brazil is the primary source of coffee, oranges and cassava and a major producer of sugar, soy and beef. However, the relative importance of the Brazilian agriculture has been declining since the mid-20th century when the nation began to rapidly urbanize and exploit its mineral and industrial potential. From the 16th to mid 20th century, the country depended heavily on one or two major agricultural products whose prices fluctuated widely on international markets. The Brazilian government in the 20th century attempted to diversify nation's production and reduce its dependence on agricultural exports by strongly encouraging manufacturing.

The government, hoping to ensure domestic control of key industries, spearheaded a host of nationalistic policies following the Great Depression of the 1930's. It took ownership of some of the country's largest companies, usually in partnership with one or more local or foreign corporations and subsequently sold stock to private investors. Almost continuously high rates of inflation in the late 20th century affected every aspect of Brazil's economic life.

“Fecundity and frustration sum up the state of Brazil these days. It is bursting with the commodities coveted by the rising economies of Asia, from soya to iron ore. No

other country is better placed to cash in on the global craze for biofuels. Yet Brazil refuses to grow in line with the expectations of its 188m people. Since the end of the “miracle years” of the 1960s and 70s, when it was the world’s second-fastest-growing large economy, Brazil has lagged. In the past four years, whereas developing countries as a whole have grown at an average of 7.3%, Brazil has loped along at 3.3%. In 2003 Goldman Sachs, an investment bank, selected Brazil, along with Russia, India and China, as one of the four “BRICs” – the developing countries that would share dominance of the world economy by 2050. It has been the slowest-growing by far, leading some Brazilians to wonder whether the “B” would be dropped. South Korea’s income per person overtook Brazil’s in the 1980s; it may not be so long before China’s and India’s do the same. Brazilians have non-economic grounds to fret, too. In its first crack at national power the Workers’ Party (PT) of President Luiz Inácio Lula da Silva – which used to crusade against corruption – orchestrated a baroque scheme involving bribes to Congressmen in exchange for votes, known as the *mensalão* (monthly allowance). The Congress that ended its four-year mandate in December is widely reviled as “the worst in history”. Within the past year Brazil’s two biggest cities, São Paulo and Rio de Janeiro, have been terrorised by gangs operating from inside the prison system. Education, perhaps Brazil’s biggest failing, seems to be getting worse rather than better. Air travel has been crippled following the mid-air collision last year between a passenger plane and an executive jet. Brazil is “falling to pieces”, lamented Lya Luft, a columnist for *Veja*, the biggest news magazine, last year.

If so, many Brazilians appear not to have noticed. President Lula resoundingly won re-election last October, largely on the strength of support from the poor. Their living standards have been soaring, thanks in part to handouts from the federal government. Income inequality, from which Brazil suffers more than most other countries, has at last begun to shrink.

The same is true of inflation and its lingering symptom, high real interest rates. The introduction of the *real* as Brazil's currency in 1994 ended decades of high inflation. Many observers feared that Lula would rekindle it when he was first elected president in 2002. His PT had opposed the Real Plan. The risk premium on Brazil's bonds soared. But Lula realised that inflation hit the poor most. Defying his *companheiros*, he has entrenched stability, faithfully sticking to the policy "tripod" put in place by his predecessor and political foe, Fernando Henrique Cardoso: a primary surplus (ie, before interest payments) high enough to reduce debt as a share of GDP, a floating exchange rate and inflation targets.

Helped by global enthusiasm for Brazil's goods and financial securities, the Cardoso-Lula tandem has wrought an economic miracle of a different sort. Inflation in 2003 was only 3%, below the target of 4.5% set by the central bank. The markets expect it to remain below target this year. Real interest rates are at their lowest level since 2001. The risk of a panic abroad triggering a crisis at home, which often happened during the 1990s, has diminished. Exports and the trade surplus have soared, pushing foreign-exchange reserves above \$100 billion. When Brazil became independent in 1822 Britain insisted that it assume the debts

of the Portuguese crown. Now Brazil's government is an international creditor.

In some ways Brazil is the steadiest of the BRICs. Unlike China and Russia it is a full-blooded democracy; unlike India it has no serious disputes with its neighbours. It is the only BRIC without a nuclear bomb. The Heritage Foundation's "Economic Freedom Index", which measures such factors as protection of property rights and free trade, ranks Brazil ("moderately free") above the other BRICs ("mostly unfree"). One of the main reasons why Brazil's growth has been slower than China's and India's is that Brazil is richer and more urbanized."³⁶

"Brazil is thus in the midst of a slow metamorphosis in its economy, society and polity. "Contemporary Brazil is a hybrid between two moralities: one unequal and hierarchical, the other universal and egalitarian," argues Jacqueline Muniz, an anthropologist in Rio de Janeiro. Rigid legalism sits alongside rampant illegality, and a vibrant private sector coexists with a sclerotic state. President Lula, who presented himself as the scourge of old-style oligarchs, now governs with their help. Few modernisers are untainted by the past.

Although progress is slow, Brazil's institutions are now strong enough to make it reasonably sure. Goldman Sachs recently reaffirmed the country's BRIC status. Economic growth may top 4% this year. When GDP figures were revised in March, Brazil discovered that it was richer and less indebted than it had thought. It could do better still. But that would require another insight from Lula, as important as his conversion to low inflation: that the main obstacle to progress is the state itself."³⁷

a. Resources

Brazil has some of the world's most abundant renewable and non-renewable resources. Brazil contains extremely rich mineral reserves that are only partly exploited, including iron ore, tin, copper and bauxite. There are also significant amount of granite, manganese, asbestos, gold, gemstone, quartz and kaolin (clay). Most industrial minerals are concentrated in Minas Gerais and Para, which includes iron ore, bauxite and gold. Other important places where the industrial minerals are found are Mato Grosso, Amapa, Rio Grande do Sul and Santa Catarina. Brazil has huge offshore reserves of petroleum and natural gas, notably in the Southeast.

Forests cover about three-fifths of Brazil's land area, representing between one-sixth and one-seventh of the worlds forest coverage. Hardwoods predominate in the Amazon and Atlantic coastal zone. Only a small portion of Brazil's annual timber harvest comes from the Amazon basin, but loggers are increasingly exploiting the regions forests as additional roads are built and settlement grows.

Brazil has one of the largest hydroelectric potentials in the world. Most of its hydroelectric dams are concentrated in the Southeast and the South. The rivers in these areas are Iguacu, Tiete, Paranapanema, Paranaiba, Grande and the upper reaches if the Sao Francisco. The Tocantins River (North) and the lower Sao Francisco (Northeast) are also dammed. Several other rivers hold enormous hydroelectric potential but are distant from major industrial and urban complexes.

b. Agriculture, fishing and forestry**(i) Agriculture**

Brazil is essentially self-sufficient in basic foodstuffs and is a leading exporter of a wide range of crops, including oranges, soyabeans, coffee and cassava, which are mainly grown in the South and Southeast. Brazil, unlike most Latin American countries, has increased agricultural production by greatly enlarging its cultivated areas since World War II, but this expansion has come at grave environmental cost in frontier areas.

Brazil is the world's leading producer of coffee, this was the nation's most important single export in the early and the mid-20th century. Minas Gerias and Espirito Snato are the principle coffee-producing states, followed by Sao Paulo and Parana. Since the 1990's soyabeans have become a more valuable source of revenue than coffee. Most of the soyabeans are grown in Parana, Rio Grande do Sul and Mato Grosso do Sul.

About one-third of the worlds oranges are grown in Brazil – more than twice the amount produced in the United States, which is the world's second major supplier. Brazil is also world's major producer of cassava, beans, corn, cacao, bananas and rice. The main producing areas are the Northeast coast, Minas Gerias, Sao Paulo and Santa Catairna. Brazil has one of the world's largest livestock populations and slaughters more cattle annually than the United States. The most extensive grazing lands are concentrated in the South and Southeast. Brazil also produces great quantities of poultry; both poultry and meat are important exports. Brazilian technological advances and scientific efforts have

benefited the agricultural sector. A government initiative in the 1970's began to replace costly, imported gasoline with ethanol produced mainly from sugarcane, as well as rice and wood shavings. Brazil's gasoline-substitution program became the most successful effort of its own kind in the world. Many Brazilians engines now burn fuel that is one-fifth to one-fourth ethanol, and some use a larger proportion of ethanol than gasoline.

“Ethanol got started after the oil-price shocks of the 1970s, when dictators induced the car industry to convert from petrol that Brazil could no longer afford. The Proálcool programme ended with a hangover around 1990 as oil prices fell and cane growers switched back from ethanol to sugar, infuriating drivers of ethanol-only cars.

But it left behind a system for distributing ethanol to petrol stations which suddenly looks like a national treasure, thanks to two recent developments. One is the Brazilian invention of flex-fuel cars which can run happily on any combination of ethanol and gasoline. Introduced in 2003, these cars, which enjoy a small government subsidy, cost no more than single-fuel models and now account for 83% of all new cars sold in Brazil.

The second is the belated realisation the world over that fossil fuels overheat the planet, are controlled by dodgy regimes and cost too much. In January President George Bush announced an American version of Proálcool – he wants to cut petrol consumption by one-fifth – and has since signed an agreement with President Lula to spread production and consumption of ethanol worldwide.

It will take a while for any other country to copy Brazil,

where ethanol already accounts for 40% of the fuel used by cars. The United States insists on producing most of its ethanol from home-grown maize, which is more expensive than Brazil's cane-based version and burns up about seven times more fossil fuel per unit of energy produced. No other country can match Brazil's distribution network, so in the short term ethanol will be mostly an additive to fuel, not the main ingredient.

Even that is enough to cause a fever. Brazil currently produces 18 billion litres of ethanol a year of which it exports 4 billion litres, just over half of worldwide exports. By 2013 consumption in Brazil is expected to double. Global ethanol trade could rise 25-fold by 2020.

If these calculations are correct, Brazil will need \$90 billion of investment in new mills, plus \$2 billion for pipelines, railways and storage. It already has 357 mills and is planning another 136 at a cost of \$14.5 billion, according to Datagro, an industry consultancy. The investors are mostly Brazilian, but also include Louis Dreyfus and Tereos of France and Cargill of the United States. If anything there is an excess of enthusiasm. "A lot of money is chasing too few opportunities," worries David Bunce of KPMG.

To become a staple in the world's energy diet ethanol needs to be commoditised, with global standards of purity and a vibrant futures market. But the industry rejects the stigma of commodity status. Workers in the new mills wear white coats, and laboratories are springing up beside them. Biocell is one of several biotech companies looking for a way to convert the currently unused two-thirds of the cane plant into ethanol."³⁸

(ii) Fishing

Brazil catches significantly less fish than does Argentina or Mexico, although most of Brazil's population lives on or near the country's extensive Atlantic coastline. Brazil's commercial fishing fleets account for roughly two-thirds of the saltwater catch. Roughly one-fourth of Brazil's total catch is freshwater fish, of which a major portion comes from the Amazon River system. In Fortaleza, manufacturers use the skins of tilapia and cambulu, as salt water fish to make fashionable shoes, clothing and accessories – products formerly made from the hides of alligators, which are now endangered.

(iii) Forestry

The South and Southeast account for the majority of Brazil's timber production, about half of its comes from plantations of eucalyptus trees introduced from Australia. Honduras pine and several other exotic species are also harvested. The timber from plantation is mainly used to manufacture cellulose and paper products. The forest of eastern Minas Gerais produce the largest share of Brazil's charcoal, followed by those of western Maranhao, southern Bahia and Tocantins.

c. Industry

“Corporate Brazil is coming of age in other ways too. A new personage, the Brazilian multinational, has appeared. Companhia Vale do Rio Doce (CVRD), privatised in 1997, last year became the world's second-largest mining company when it acquired Inco, a Canadian nickel producer. Gerdau

has become the biggest producer of long steel products in the Americas (and has vaulted trade barriers) by buying operations in nine countries, including the United States. Embraer is the Boeing of the regional-jet market. Last year, boosted by the CVRD acquisition, Brazil for the first time invested more abroad than foreign companies did in Brazil.

Brazilian bosses reckon they have outsmarted a difficult economy by cutting costs, consolidating their business and professionalising their management. If a recent book, “Sucesso Made in Brasil”, by Donald Sull and Martin Escobari, is to be believed, they have evolved special skills for surviving chaos and seizing opportunities. Between 2003 and 2005 sales of publicly quoted companies grew three times faster than the economy as a whole. Many of these companies are a long way from mining or farming. Last year’s merger of Submarino and Americanas created one of the world’s biggest e-commerce operations. Some businesses can be found nestling close to Brazilian multinationals, in the way that growing companies cosy up to American universities. Cordoaria São Leopoldo started out making shoelaces and now produces cables to anchor Petrobras’s deep-water drilling platforms. Graúna makes aircraft parts for Embraer and is beginning to export.

Sometimes outsmarting Brazil means getting away from it altogether. Part of what drove Gerdaud abroad was Brazil’s low growth and its high cost of capital. Manufacturers now realise that the cheap dollar is here to stay and that the exchange rate is less volatile than it used to be, says José Roberto Mendonça de Barros of MB Associados, a consultancy. So they are outsourcing

production, especially to China. Gradiente, which produced almost its entire output in Brazil three years ago, now outsources 40% of it, mainly to China. In 2005 Brazil's largest shoe manufacturer, Azaléia, shut a factory employing 800 people in the southern state of Rio Grande do Sul and started producing in China.

But for most companies there is no escape. Of the 72,000 industrial enterprises with more than ten employees, only 1,200 compete by differentiating their products, according to IPEA. They account for a quarter of turnover in the corporate sector but just 13% of jobs. A middle group of 15,000 firms making standardised products that compete mainly on price accounts for 63% of sales and nearly half of employment. The remaining firms have "serious problems of productivity and invest very little", says João Alberto De Negri of IPEA.

In addition to economic growth, Brazil's industrial health depends on three things. The first is whether innovation will spread beyond a tiny minority of firms. Spending on research and development amounts to only 1% of GDP, of which well over half is done by universities. The OECD average is more like 2% of GDP, and two-thirds of that is done by industry.

The second is the outcome of the Doha round of multilateral trade talks. Brazil's agriculture would be the biggest gainer from an ambitious settlement, but its manufacturing would be less protected.

The third and most important is what happens to *custo Brasil*. As technology changes, even Brazilian ethanol may start to be weighed down by it."³⁹

(i) Mining

Brazil's industries absorb most of its mineral production, including iron ore, magnesium, quartz, copper, lead, asbestos, bauxite and zinc. The major mining centres of Brazil are Minas Gerias, Bahia, Rio Grande do Sul, Para and Mato Grosso.

Brazil is a major gold and diamond producer, but quantities fluctuate widely from year to year and place to place as deposits are located and exhausted. Most gold and diamond are mined in Minas Gerais and Para. Brazil also have has enormous range of gems like topazes, amethysts, opals, emeralds and others; which makes the nation a world leader in precious and semi-precious stones.

(ii) Petroleum, natural gas and power

Brazil produces most of its petroleum and some of its natural gas mainly from offshore fields along the continental shelf. Drilling was confined to Northeast, in the Bahia basin just north of Salvador, from 1940 to 1960s, after which the area of exploration expanded. Brazil extracts more than two-thirds of its petroleum from the Campos basin on the continental shelf off Rio de Janeiro state. Most of the country's natural gas comes from Bahia and Seripe states. There are petroleum and natural gas reserves throughout the Amazon basin, but oil refineries near Manaus have a limited capacity. Brazil's total power output has expanded rapidly since 1950, mainly through hydro-electricity, which now accounts for nine-tenths of the countries electric power. The government has given lower priority to thermal power generation because of the poor quantity of Brazilian coal.

(iii) Manufacturing

Manufacturing now accounts for about one-fourth of the GDP and roughly one-tenth of the labour force. With few exceptions, the Southeast contains the largest, most varied, and most efficient establishments in every sector of industry. It also employ three-fifths of the country's industrial workers, who earn most of the Brazil's wages and produce the largest value of it's good. The South employs more than one-fifth of the nation's industrial workers. Generally speaking, Brazil's factories are not large; only a limited number employ a hundred or more workers. Since the mid-20th century Brazil has been a major world supplier of automobiles, producing nearly two million vehicles per year. Other major manufactures include electrical machinery, paints, soaps, medicines, chemical, aircraft, steel, food products and paper. Brazil has also been a major producer of textiles, clothing and footwear since the early 19th century.

“Brazil has more than its fair share of the world's sun, soil and water, and in many of the products based on those ingredients, including soya, sugar and beef, it may become pre-eminent.

This natural advantage revives an old anxiety. For much of the 20th century countries at the periphery of the rich world lamented their dependence on commodities (for Brazil it was sugar, coffee and rubber) and yearned to become modern industrial economies. Beginning with Getúlio Vargas, a succession of strong presidents frogmarched Brazil into the industrial age, often with little regard for cost or competitive advantage. The partial opening of the economy in 1990 by the debonair Fernando Collor, who was later

impeached for corruption, shocked industry into modernisation.

Now Brazilians worry about slipping back into their commodity-dependent role. Brazil's success in selling raw materials and other basic products pushes up the *real*, which makes other Brazilian exports less competitive and exposes industry to cheap imports, especially from China. This is leading to talk of "deindustrialisation" and "Dutch disease". "We're competitive where nature has helped," says Eugênio Staub, head of Gradiente. He does not count his company's televisions and mobile phones among the beneficiaries.

So far there is little evidence of wholesale deindustrialisation. The share of exports based on natural resources did rise sharply between 1989 and 2005, but half the gain came from petroleum, and manufacturers of medium- and high-technology goods also increased their shares slightly. A study by BNDES, the national development bank, concluded that there was no general shift in production to natural-resource-based industries.

But the *real* has stayed strong, and worries have grown. In 2002 the trade surplus in manufactures fell for the first time since 2000, notes Edgard Pereira, chief economist of IEDI, an industry association. The March revision of GDP figures showed that services had a bigger share and industry a smaller one than previously thought. Domestic consumption and investment are growing at a healthy pace but manufacturing is not keeping up, in part because demand is being filled by imports. Labour-intensive products such as shoes and clothing are under the most pressure. The (protected) car industry is booming, thanks to easier credit.

But this year the strong *real* forced Volkswagen to scrap its plan to use Brazil as the export base for Europe of its compact Fox model. The country is in little danger of becoming an open-air greenhouse. But its economy may be starting to specialise, which is both painful and exhilarating.”⁴⁰

(iv) Trade

Foreign trade has been critical to the Brazilian economy throughout the nation’s history. Exports account for a small but vital part of the national income. The United is Brazil’s principle trading partner. However, regional trade has been increasing, notably with Argentina, since the South Cone Common Market, was established in 1991. Other major trading partners include Germany, Japan, Italy, France and the United Kingdom.

d. Transportation

Brazil’s transportation infrastructure changes dramatically after World War II, first with the growth of air transport and, subsequently, with the extension of the road network. By the 1970s Brazil had the world’s third largest commercial air fleet, and it’s roads were developing rapidly. In the 1990s the nation’s road system was the third longest in the world (after the United States and India), and Brazil was among the top 10 nations in the number of automobiles registered.

(i) Roads and Railways

Roads account for the vast majority of passenger traffic and roughly two-thirds of the freight tonnage hauled. The country has few good paved roads at the time Brasilia was

constructed in the late 1950s. The construction of Brasilia, altered the country to the poor states of its roads, and when the military assumed power in 1964 it made the upgrading of the road system a primary objective. As a result, a comprehensive system of paved highways now connects all of the major points in Brazil, including several cities in the Amazon region.

Railroads are of little importance to Brazil's transportation network except for certain bulk ore carriers and the commuter lines to the suburbs of Rio de Janeiro, Sao Paulo and Brasilia. In contrast to Brazil's dynamic highway construction program, few new railways of any significant have been built in the country since World War II, when Rio de Janeiro was linked by rail to Salvador because of attacks by German submarines on coastal shipping.

(ii) Shipping and Aerospace

Brazilian coastal shipping was, for many years, in no better condition than its railways. After the federal government launched a ship building program in the 1960s, however, cargo tonnage increased markedly, and, more significantly, ships began to carry a larger percentage of high-value goods as the frequency and reliability of services improved. Three-fourth of Brazil's ships are involved in coastal trade, with the largest proportion of ocean going vessels owned by Petrobras. The major ports of Brazil are Santos, Rio de Janeiro, Paranagua, Salvador and Recife. The extensive Brazilian river system has a total navigability of some 31,000 miles. Navigable waterways are the principle means of transportation in the North, where the principle ports are Belem, and the Amazon port of Manaus, some

1,000 mile inland. The Paraguai-Parana-Plata river system is little suitable for long distance navigation, although certain stretches were used for local transport in the early days of settlement. In the late 1990's the government began to improve navigation on the Tocantins, Araguaia and Tiete rivers.

Brazilians were among the pioneers in flying, and they have claimed that their countrymen Alberto Santos-Dumont, not the Wright brothers, flew the first successful airplane. Numerous airlines flourished in Brazil at one time but there are now only three major airlines: The Varig, the Vasp and the Transbrazil. Every capital and major city in Brazil has an airport, and some 1,500 small cities and towns have airstrips. Sao Paulo, Rio de Janeiro and Brasilia, are all connected by air shuttle services, although the overall frequency of flights and the size of terminals are much smaller than those of comparable centers in Western Europe and North America. This is due to the relatively high cost of air forces and competition from inexpensive intercity bus services.

6. Government and administration

a. Government and political parties

“Brazil is a federal republic divided into 26 states and the Federal District (Distrito Federal), the latter including the capital city, Brasília. Since 1934 the nation has had universal suffrage. In 1988 Brazil promulgated a new constitution – the eighth since the country's independence in 1822 – that abolished many traces of the military regime (1964–85), defined civil rights, and outlined the functions

of the executive, legislative, and judicial branches. It restricted the president's power to legislate, proscribed government censorship of the arts, condemned the use of torture, prohibited extradition for political crimes, set the minimum voting age at 16 years, and allowed the federal government to intervene in state and local affairs. The constitution has been amended several times since its promulgation, but some of the changes have been temporary, with specifically designated timespans."⁴¹

(i) The legislature

“Legislative power is exercised by the bicameral National Congress (Congresso Nacional), comprising the Chamber of Deputies (Câmara dos Deputados) and the Federal Senate (Senado Federal). Congress meets every year in two sessions of four and a half months each. The constitution gives Congress the power to rule in matters involving the federal government, particularly those related to fiscal policies and to the administration of the union. Congress also ratifies international treaties negotiated by the executive, authorizes the president to declare war, and decides whether or not the federal government may intervene in the affairs of the states. If the president vetoes a congressional bill or any of its provisions, Congress has 30 days to overrule the veto by an absolute majority vote.

The Chamber of Deputies consists of representatives of the states elected every four years by direct universal suffrage. The number of deputies is in rough proportion to the population of each state, but no state can be represented in the chamber by more than 70 or by fewer than eight deputies. This system grants a disproportionate share of

political power to the states of the Northeast and North and severely underrepresents the heavily populated state of São Paulo.

The 81-seat Federal Senate is composed of three representatives from each state and the Federal District who serve eight-year terms. Senatorial elections are held every four years, alternating between one-third (27) and the remaining two-thirds (54) of the seats. Senators are directly elected by the residents of each state.”⁴²

(ii) The executive

“Executive power is exercised by the president, who is head of state and government, is directly elected to a four-year term (and is eligible for one reelection), and appoints a cabinet of various ministers of state and several other heads of ministerial-level departments. The executive has wide powers, particularly in economic and foreign policy, finances, and internal security. The president can submit bills to Congress and request legislative approval within 30 days; if Congress does not comply within this period, the bill is considered approved. The president can partly or totally veto any bill submitted by Congress in addition to issuing provisional measures that remain in effect for 30-day periods. The president is also commander in chief of the armed forces; in practice, however, civil-military relations in Brazil have never been taken for granted.”⁴³

(iii) Justice

“The Federal Supreme Court (Supremo Tribunal Federal) is Brazil’s highest court. It is composed of 11 members nominated by the president with approval of the

Federal Senate. The court hears cases involving the president, Congress, the judiciary, government ministers, foreign powers, and the political or administrative divisions of the union.

The Federal Superior Court (Superior Tribunal de Justiça) consists of 33 judges appointed by the president with the approval of the Senate. It hears cases involving governors of the states and the Federal District, members of the judiciary, and ministers of state. The Court of Appeals is the court of last resort for common pleas. Each state, as well as the Federal District, constitutes a judicial district. The federal judges there preside over cases related to labour unions, public organizations, and some political crimes. Electoral courts are responsible for the registration of political parties and the control of their finances. They also select the date of elections and hear cases involving electoral crimes. Labour courts mediate in conflicts between management and workers, and military courts have jurisdiction in cases involving members of the armed forces.

The Brazilian judicial system has long been criticized for inefficiency, incidents of political favouritism, and widespread corruption; however, proposals for reform have been mired in controversy. Within the nation's prisons, harsh and overcrowded conditions have often incited mass escape attempts and riots, during which many prisoners have been killed.”⁴⁴

(iv) Regional, state, and local administration

“The federal government does not provide for separate regional administrations, although it promotes economic

growth in the poorer regions through agencies known as the superintendencies for the development of the Northeast, or SUDENE (founded 1959), and of the Amazon region, SUDAM (1966). SUDENE and SUDAM grant federal funds to development projects and oversee tax incentives that are intended to stimulate local and regional investment; however, the policies of the agencies have varied significantly under different federal administrations, and agency functions frequently overlap, especially at the local level.

The states are semi-autonomous with their own constitutions, justice systems, and directly elected governors and legislative assemblies. The Federal District has been administered by a directly elected governor since the 1990s; previously, the president had appointed a mayor (prefeito) to oversee the district.

Brazil is also subdivided into more than 5,000 municipalities (municípios) that are created by the states according to federal guidelines. The municipalities, which are similar to counties and may cover urban or rural zones, have their own fiscal resources and autonomous governments, including directly elected mayors and municipal councillors. Major cities are generally state capitals, and relations between governors and mayors are often pervaded by bureaucratic rivalries.

The current political party system began to emerge in the 1940s under President Getulio Dorneles Vargas, who established the Social Democratic Party and the Brazilian Labour Party to buffer his weakening administration. A number of other parties were organized and entered elections through the 1950s and early 1960s but few of them

gained much influence. In 1965 the military government, which had taken power the previous year, abolished all political parties and replaced them with a single government party. After civilian government was restored in 1985, Brazil again legalized all political parties, and a fragmented multiparty system emerged, anchored by the Liberal Front Party, the Brazilian Social Democratic Party, and the Worker's Party.²⁴⁵

b. Military

Brazil has the largest army, air force and navy in South America, accounting for roughly one-third of the region's total military personnel. Much of its weaponry is made in Brazil, including diesel powered submarines, jet fighters and fire arms. Although the Brazilian president is commander-in-chief, the nation does not have long-standing tradition of civil control over the military. Many senior officers, whose careers were rooted in the 1964-85 period of military rule, still considered their moderator and the most dedicated guardian of national interests; however, younger officers appear more willing to accept constitutional limitations. Since 1985, Brazil's democratically elected and peaceful conditions have gradually limited the military's political influence.

The military partly refocused its efforts on the sparsely populated northern and western borders, which have been threatened by Colombian guerrillas and international drug traffickers (notably those smuggling cocaine from Bolivia and Peru to Colombia). Since 1994, Brazil has invested heavily in monitoring and controlling air traffic and other movement in Amazon region. Most of Brazil's law enforcement officers are members of the Military Police,

whose units are commanded at the state level; the Military Police have operated independently of the armed forces since 1988. Violence and corruption among police are serious concerns in Brazil.

c. Education

Education is a means of economic success in Brazil. The government estimates that roughly one-sixth of the adult population is illiterate, but the actual rate may be much higher. School is free and compulsory for students at the primary and secondary levels, but roughly three-fifths of Brazilians have four years of school or less. Several states markedly increased educational spending in the mid-1990s, notably Minas Gerais and Sao Paulo, and overall an increasing number of primary students in Brazil have been continuing on to the secondary level.

Less than three-fifths of students aged 15 to 17 attend school. Some students complete only a short term vocational program than a full three to four year curriculum. Universities enroll roughly one-ninth of Brazilians aged 18 to 24. Higher education remains largely the prerogative of the wealthy and of the more ambitious members of the middle class. The Federal District and each of the states has at least one university. The largest of the national institutions in the Federal University is of Rio de Janeiro. Other Universities are at Minas Gerias, Rio Grande de Sul and Sao Paulo. The Roman Catholic church administered universities and other schools are throughout Brazil.

“From the inside the Unidade de Educação Básica Cidade Olímpica feels more like a dungeon than a school.

Slits wide enough to admit trays of food pierce the walls between the classrooms and a cavernous hallway. The pre-class clamour of children does not stop with the bell because some teachers have not turned up yet. Paula Souza, the school's director, says that 40% of the teachers are absent at least one day a week. Some resent being assigned to this primary school on the poor periphery of São Luís. Its performance shows it: in a national exam administered in 2005 Cidade Olímpica's scores in Portuguese and maths were below average for city, state and country.

The real problem is those averages for the country as a whole. Brazil came dead last in maths and fourth from the bottom in reading in tests administered in 40 countries by the OECD. Half of ten-year-olds are functionally illiterate and there is little sign of improvement. Working-age Brazilians have an average of 4.1 years of schooling, compared with six in China. This is the biggest obstacle to Brazil's ambitions. If educational standards were as good as those in the United States, the difference in income per head would fall by 30-40%, calculates Samuel Pessôa, an economist at the Fundação Getulio Vargas. To diminish that gap, all three levels of government, which share responsibility for education, must raise their game.

To be fair, Herculean progress has already been made. Little more than a decade ago some 17% of children aged 7-14 did not go to school. That changed in the 1990s when the federal government started distributing money to states and municipalities on the basis of enrolment in primary school. The extra pupils then thronged the high schools, which tripled their output of graduates during the 1990s,

according to Claudio de Moura Castro of Pitágoras, a chain of private schools. Quality deteriorated in part because quantity expanded so fast.

Upgrading is harder than expanding. Brazil spends 4.3% of GDP on public education, less than it should, given the relative youth of its population. Much of that money is wasted. Brazil is among the world champions in grade repetition, with 30% more children in primary school than the total in the 7-14 age group. Undertrained, overstretched teachers know no other way of controlling their classrooms. The practice costs 13 billion reais a year, nearly a fifth of basic-education spending. “It’s a vicious circle. You can’t invest in quality because of repetition,” says Alberto Rodríguez of the World Bank.”⁴⁶

d. Welfare

The social gap between Brazil’s small privileged upper class and the masses at the bottom of the earnings scale is vast. Sandwiched between them is a substantial and diverse middle class. Because of inflation, salaries are expressed as multiples of the social minimum wage. Nearly two-thirds of the working population earn two minimum salaries or less.

“...the federal government spends its money mainly on three things: pensions, transfers to lower levels of government and its own bureaucracy. In none of these areas is spending efficient or equitable. Take pensions. Brazil is a young country with the pension costs of an old one. With 6% of its population over the age of 65, Brazil spends 11% of its GDP on publicly financed pensions. A big chunk of

this goes to workers in the formal sector, who can retire after contributing to the system for 35 years (30 for women) regardless of their age. More than 60% of workers who benefit from this scheme retire by the age of 54. Besides Brazil, only a few big oil-exporting countries have such an indulgent system, says Fabio Giambiagi of IPEA, a think-tank with links to the government. In his second term as president Mr Cardoso tweaked the rules to discourage early retirement, but that provoked an explosion of claims for disability benefits, which trebled between 2001 and 2005.

Two-thirds of all pensions pay out the equivalent of the minimum salary (now 380 reais a month), which has doubled in real value since 1994. Many of these go to beneficiaries who have not paid into the system. This encourages people to work in the informal sector, because if they will get that pension anyway they have no incentive to contribute. Demographers have noticed an unusual upsurge in marriages between pensioners and much younger partners in the countryside, probably provoked by this benefit. Spending on pensions in the private sector has risen from below 6% of GDP in 1996 to 8% now.

On top of that comes the cost of public servants' pensions, which is about half that of the private-sector scheme but benefits a group of people only one-eighth the size. One of the Lula government's first – and bravest – acts was to raise the minimum retirement age for public servants and to tax people on high earnings who had previously retired with a pay rise.

The federal government's second big task is to transfer revenue raised primarily in the rich states of the south-east

to state and municipal governments mainly in poorer states. These transfers more than doubled in real terms between 1995 and 2004. Such redistribution is justified by Brazil's regional inequalities, which persist despite the spread of industry beyond its São Paulo heartland. Average income in the north-east is only two-fifths that in the south-east.

Transfers play an important part in holding the country together; they are “why we don't have separatism”, says José Roberto Afonso, a specialist in public finance. But the money, spent mainly on health, education and administration, rains down on 27 states and 5,564 districts that differ vastly in their capacity to spend it well. Despite the redistributive intent, some of the criteria applied militate against justice and efficiency. Brazil's federal system makes no distinction between forested provinces and the metropolis of São Paulo with its population of 10.8m. “Every municipality has competence to do everything, which is absurd,” says Raquel Rolnik, the national urban secretary. “Most don't have capacity.” More than half rely for most of their revenue on transfers from federal and state government.

Revenue without responsibility is a bad idea. The more that municipalities depend on transfers, the more they spend on administration and the less they invest in infrastructure and social programmes. States that get a lot of their revenue from the central government pay bureaucrats more relative to private-sector workers. A minimum grant for municipalities was supposed to help the poorer ones, but also encouraged hundreds of them to break themselves up into smaller and less efficient units. It also disproportionately

benefited the rich south and south-east, which has most of the smaller districts. The constitution stipulates that health spending must rise with GDP, guaranteeing that much of it will be wasted.”⁴⁷

7. Environment Concerns

a. The Amazon Forest and its future

“The market forces of globalization are invading the Amazon, hastening the demise of the forest and thwarting its most committed stewards. In the past three decades, hundreds of people have died in land wars; countless others endure fear and uncertainty, their lives threatened by those who profit from the theft of timber and land. In this Wild West frontier of guns, chain saws, and bulldozers, government agents are often corrupt and ineffective – or ill-equipped and outmatched. Now, industrial-scale soybean producers are joining loggers and cattle ranchers in the land grab, speeding up destruction and further fragmenting the great Brazilian wilderness.

During the past 40 years, close to 20 percent of the Amazon rain forest has been cut down – more than in all the previous 450 years since European colonization began. The percentage could well be far higher; the figure fails to account for selective logging, which causes significant damage but is less easily observable than clear-cuts. Scientists fear that an additional 20 percent of the trees will be lost over the next two decades. If that happens, the forest’s ecology will begin to unravel. Intact, the Amazon produces half its own rainfall through the moisture it releases into the atmosphere. Eliminate enough of that rain through

clearing, and the remaining trees dry out and die. When desiccation is worsened by global warming, severe droughts raise the specter of wildfires that could ravage the forest. Such a drought afflicted the Amazon in 2005, reducing river levels as much as 40 feet and stranding hundreds of communities. Meanwhile, because trees are being wantonly burned to create open land in the frontier states of Pará, Mato Grosso, Acre, and Rondônia, Brazil has become one of the world's largest emitters of greenhouse gases. The danger signs are undeniable."⁴⁸

"The Amazon land rush has its roots in the 1970s, when Brazil's military dictatorship pursued a policy of "*integrar para não entregar*," meaning "occupy it or risk losing it." Destitute settlers followed the central axes of penetration, the Trans-Amazon and BR-163, into the jungle, escaping poverty in Brazil's overcrowded south and northeast. Many perished or gave up, but others survived and adapted to the harsh life, practicing slash-and-burn farming.

The poorest settlers were rarely given title to the land they worked, but the government awarded concessions to the well connected – blocks of up to 7,400 acres – to encourage logging, ranching, and other development. If grantees (usually absentee landlords) failed to put the land to productive use within five years, they would forfeit the right to permanent ownership, and control was to revert to the federal government. Most grantees did nothing but still considered themselves the rightful owners. Meanwhile, landless squatters moved in from adjacent lots, working plots whose ownership the government failed to resolve. That has fueled a bloody showdown pitting the powerful absentee elites who raze forest for agribusiness against family farmers

who clear small patches for crops but still depend on intact forest around them for survival.”⁴⁹

“If Brazil disappeared from the face of the earth, the rest of humanity would probably miss the Amazon rainforest most. It is one of the world’s biggest reservoirs of carbon dioxide, the principal greenhouse gas, as well as a rain factory for all of South America and, possibly, a vital regulator of the world’s weather. If Brazil’s contribution to global warming came only from its fleet of vehicles and power plants, it would be a model environmental citizen, thanks to its use of renewable resources. But three-quarters of its carbon emissions come from the destruction of the Amazon, turning the country into one of the top ten polluters. Will Brazil save the world or destroy it?

That depends on how Brazil manages its 8.5m sq km (3.3m square miles) of territory. “Brazil is a sea of empty unoccupied land without need for irrigation,” says Plinio Nastari of Datagro. There should be plenty of room for all the beef, sugar cane, soya, eucalyptus trees and other commodities that Brazil wants to produce. But Brazil sometimes feels like a continent-sized planning dispute. Every commodity seems to provoke a purpose-built protest movement. During President Bush’s recent visit to Brazil he was treated to slogans against the sugar-cane “monoculture”. Corporate landowners often find themselves embroiled in disputes with indigenous peoples or landless movements. In Brazil “everyone loves the land,” says Carlos Aguiar, chief executive of Aracruz, a pulp and paper manufacturer that has been repeatedly invaded by both groups.

Brazil is still in the process of discovering itself. Agriculture, having conquered much of the savannah of the centre-west, is opening new fronts in the north-east. The old mining centre of Minas Gerais now has a rival in Carajás, in the Amazonian state of Pará. Industry, having converged on the city of São Paulo for much of the 20th century, has been dispersing for decades. Oil has come to the rescue in parts of declining Rio de Janeiro. Brazilians associate space with opportunity, which lures them to their frontiers.

This restlessness has devastated the Amazon. Since the 1960s, when military rulers promoted settlement to rid themselves of troublesome social groups and lay claim to a vulnerable part of the country, about 18% of the forest has disappeared. Sometimes the cycle of destruction starts with illegal logging, which etches the first trails into the forest. Land grabbers often follow, or stake their claim to virgin forest by razing and burning the trees and turning the land into pasture. Then come the planters, who replace pasture with more profitable soya, driving the ranchers deeper into the forest. The pioneers outrace the state's capacity to enforce the law and to exercise its own property rights.

This may be changing. Deforestation has fallen by more than half over the past two years, to its lowest level since 1991. Part of the explanation is the appreciation of the *real*, which has put off ranchers from opening new tracts of forest. But it helps that the state is beginning to make its presence felt. The government has created 40m hectares of conservation areas in the past four years, many of them across the arc of deforestation, a band along the southern

and eastern fringes of the forest. A new law declares that no public forest can be privatised, which should discourage land-grabbers, and provides for concessions for “sustainable” logging and other tree-friendly uses. Federal police have arrested dozens of officials for trafficking in fraudulent logging licences. Consumer pressure, transmitted from rich countries to the Amazon via green NGOs, is beginning to have an effect. Last July processors announced a two-year moratorium on buying soya from deforested land.

The government’s goal, says the federal secretary of biodiversity, João Paulo Capobianco, is “zero illegal deforestation” (practically the only kind these days). Amazonian governors are more committed to this than ever before, he reckons, and now Brazil wants the rest of the world’s help.

This is new. Brazil has always resisted the idea of allowing outsiders any say in the fate of the Amazon. But last year it formally proposed an international fund to pay Brazil for the forest’s environmental services to the planet. Under the scheme, Brazil would be compensated for reducing deforestation below a certain baseline according to the market value of the carbon sequestered in the intact forest. This would give it a value to compete with the profits to be gained from its destruction and finance the cost of proper policing. There are other possible methods, for example the use of carbon-credit markets. But Brazil’s new willingness to put forest preservation on the market is “an extremely important step”, says Paulo Moutinho of IPAM, a research institute.

With the revival of soya and the government’s new

“growth acceleration package”, which proposes to pepper the Amazon with infrastructure, Brazil is about to put its new model to the test. More than two-thirds of Brazil’s unexploited hydro-power potential is in the Amazon. The government is warring with environmentalists over proposed dams on the Madeira and Xingu rivers. The package calls for paving several Amazonian roads, traditionally the main vectors of destruction. If the state does not use them to police crime better, they will be a blessing to environmental criminals.

Brazil need not chop down the Amazon or destroy the remaining savannahs to expand its agriculture. Most of Brazil’s farmland is pasture, running to some 175m hectares and occupied by around half a cow per hectare. Crops take up just 63m hectares. If ranching were made more intensive, crops could expand into empty pasture. Embrapa, the government’s agricultural-research arm, is promoting integration of crops and cattle, which could multiply the density of the cattle population by five. “The big problem is to change the mentality of the rancher,” says Embrapa’s Eduardo Assad. Brazil may be huge, but it is not as inexhaustible as Brazilians think.”⁵⁰

“From the Amazon last month (May 2008), Brazil’s Indian agency released aerial pictures of painted men with bows and arrows who have had little or no contact with modern civilisation. To judge from their hostile stance, they want to keep things that way. But the Amazon is the responsibility of Carlos Minc, Brazil’s hyperactive new environment minister. In his first few days on the job he flew to Germany to talk about the Amazon, from there to

the northern city of Belém to meet the governors of the states that contain the forest, and then on to Brasília where on June 3rd he explained to a crowd of journalists why the rate of deforestation is increasing again. “I haven’t changed my shirt in three days,” he complained.

Since taking office in 2003, President Luiz Inácio Lula da Silva has balanced the wishes of those who would like the Amazon to be a giant park and Indian reserve against those who want to turn it into a giant farm. He appointed an icon of the conservationists, Marina Silva, as his first environment minister. He has sometimes been willing to enforce the law against loggers: in February he sent troops to Tailândia, a town in Pará state where illegal logging is the main industry, after inspectors from the environment ministry were thrown out by sawmill workers.

But Lula has also encouraged infrastructure projects in the Amazon that trouble conservationists, including two new hydroelectric dams. Instead of giving the job to Ms Silva, he asked Roberto Mangabeira Unger, a Harvard philosopher turned minister, to produce a development plan for the Amazon. And he is touchy when he feels Brazil is being lectured by foreigners: Europeans, Lula said recently, should take a look at a map of their own continent and see how much forest is left before telling Brazil what it should do with the Amazon.”⁵¹

“It needs to if Brazil is to halt a recent rise in deforestation. On June 2nd the National Institute for Space Research, which monitors deforestation, announced that the forest retreated substantially in April compared with the month before. The change may be explained in part by the

fact that April was less cloudy than March, so a greater area was visible to satellites. But the trend is clear. The environment ministry began to get alarmed in January: in the previous two, usually wet, months nearly 2,000 square kms (770 square miles) of forest were cut down. There may be worse to come, as the next four months – the dry season – are normally peak ones for deforestation.

This increase has several causes, and picking out one or two tends to distort the picture. However it does seem that there is a link between high commodity prices and deforestation, with a lag of about a year. Brazil became the world's largest exporter of beef in 2004. Meat from the Amazon is eaten in Brazil but not exported because the cattle there have not been declared free of foot-and-mouth disease. So the link between a hamburger eaten in Paris and a tree felled in Brazil is indirect.

As for soya, the relationship is even more indirect. The vast majority of the crop is grown nowhere near the Amazon. But its expansion has pushed cattle ranches further into the jungle, and started itself to encroach on the forest. Big trading houses have imposed a ban on buying soya from recently deforested parts of the Amazon. It is too soon to judge the effects of this. Even so, Mr Minc has already picked a fight with Blairo Maggi, the governor of Mato Grosso and one of the world's largest soya farmers. Mr Maggi in turn has cast doubt on the reliability of the numbers on deforestation.

Yet high commodity prices are only part of the story. Illegal deforestation happens when ranchers and loggers conspire to clear swathes of land. A rancher typically claims

a part of forest and then sells the timber rights to a logger. This helps to finance the next stage of the rancher's operation. The logger then takes what he wants and afterwards clears the area. The rancher tidies it up with the help of a bulldozer, burns what is left, sows grass and raises cattle. When the land is exhausted, as it quickly is, the ranchers move on.

That is the most common way to stake a claim to ownership of land in the Amazon. Of the 36% of the forest that is supposedly privately owned, only 4% is covered by a solid title deed, according to Imazon, an NGO. Since the government does not know who owns what, enforcing any rules is impossible.

As of July, says the new minister, ranchers and other farmers who fail to present any kind of documents backing up their claims to ownership of land will have lines of subsidised credit suspended. If they have not co-operated after four years, their land will be confiscated. But in practice it is close to impossible for the government to impose its will on the edges of its empire, even if it wanted to. Members of that newly photographed tribe are not the only people who do not recognise Brazil's sovereignty in the Amazon.

Manus, Para and Mato Grosso are part of the Amazon rainforest, an area one-and-a-half times the size of India, or nearly eight times the size of Texas. Most of it lies within Brazil. It is home to 20m Brazilians, or 10% of the country's population. Many of them live a hardscrabble existence in places that are hot, wet, often disease-ridden and sometimes dangerous. These people have gone from being heroes who answered the government's call to populate and subdue an

empty region, to environmental criminals who are wrecking the planet, all the while standing on the same spot and doing what they have done for decades.

No government would think of condemning so many voters to persistent poverty in the name of saving trees. Moving them is impractical and would be unjust, since the state moved them in the first place, under a policy that began in the 1960s and lasted for 20 years. (Other institutions helped too; the World Bank provided a loan that financed a large migration from the south of the country to Rondônia state in the days before it cared about greenery.) A vast migration was accomplished with promises of free land, subsidies and a slightly menacing marketing campaign that exhorted people to *ocupar para não entregar* (“occupy it or lose it”). Parts of Brazil’s government still fret that covetous foreign powers may try to annexe the Amazon forest unless the country can find something useful to do with it.”⁵²

“President Luiz Inácio Lula da Silva’s government has often seemed to sympathise more with these voters than with environmentalists, who are anyway politically weak in Brazil. His first environment minister, Marina Silva, resigned in frustration last year. This pleased the *bancada ruralista*, an informal block of representatives who defend agricultural interests. They were glad to see the back of Ms Silva, the daughter of rubber-tappers who grew up in the forest and became the most eloquent spokesman for the need to preserve it. This agricultural lobby makes up 20-25% of Congress, according to João Augusto de Castro Neves, a political consultant.

To improve the lives of Brazilians living in the Amazon,

the government has devised a set of policies known as Plano Amazônia. They envisage an expansion of road-building in the forest, as well as some big hydroelectric projects. Both are loathed by people who want to preserve the trees. Plano Amazônia also contains measures to slow deforestation, but these will be hard to enforce. Money is short, the area to be policed is vast, and the folk who make money when the trees are cut down are endlessly ingenious.

Many people derive their income from deforestation. In Tailândia, a town in Pará surrounded by sawmills, some 70% of the population depends on logging in some way, according to local officials in the state's finance ministry. The loggers work in tandem with cattle farmers: once the loggers take the best trees from an area, the rest is cleared and burnt. The farmers then sow grass and raise cattle. The land is quickly exhausted as pasture, but it then passes to another type of farming, while the loggers and cattle move farther into the forest and begin all over again.

This pattern helps to explain why the rate of deforestation tends to move with prices for beef and soya, with a lag of about a year. Yet it is a wasteful way of using land. A recent study of some 300 municipalities in the Brazilian Amazon, published in the latest edition of *Science*, shows that deforested areas enjoy a short economic boom, then quickly fall back to previous levels of development and productivity as the frontier moves on. Deforestation also, of course, reduces the rainfall on which Brazil's agriculture depends.

Consumers in America and western Europe who mind about deforestation may think they have some influence

over all this. A recent study by Greenpeace encouraged them, by trying to show that bits of Amazonian cow were finding their way on to supermarket shelves in the rich world. They are wrong, however. The five leading markets for Brazil's enormous beef exports (the country ships more of it than the total of the three next-largest exporters, Australia, Argentina and Uruguay) are Russia, Iran, China, Venezuela and Egypt, according to Roberto Giannetti da Fonseca of the Association of Brazilian Meat Exporters. And in any case the beef produced in the Amazon is mostly eaten by Brazilians in neighbouring states.

Even so, Mr da Fonseca says his association would like to see cattle-ranching removed from the Amazon, because of the damage it does to the reputation of exporters. The big soyabean exporters have already pledged not to buy from growers in the Amazon. Greenpeace, which helped to design the agreement, counts it as a success. This just leaves an internal market for cheap soyabeans and beef, which supports 30m head of cattle in the Amazon out of a total of 200m in the country.

Given the hardships that farmers in the Amazon face, it may seem surprising that they do not just give up. One reason is that clearance and cattle bring in extra money from other sources. The farmers are also property developers of a kind. Jungle land can be grabbed for nothing, avoiding what is normally a huge outlay in farming. And ranchers often sell the land they have deforested to another user, even though they do not legally own it. Most people who study deforestation reckon this creates an incentive for farmers to push farther into the forest, rather than staying

where they are, spending money on improving their land and raising productivity.

Ending this cycle is one aim of a land-reform bill that was recently approved in Congress, though not without controversy. This law is now with the president, who has the power to veto some of it. The government claims that the legislation will at last enable it to discover which farmers are operating on illegal land and in the informal economy, and in the future will make it possible to work out who is committing environmental crimes. Many environmentalists, however, think the law merely rewards criminal behaviour. Ms Silva has appealed to Lula to use his veto.”⁵³

“The new law will interpose the Brazilian state into this mess, judging between competing claims, handing smaller plots of land to their apparent owners and reclaiming very large ones (in excess of 1,500 hectares or 3,700 acres) for the state. This will undoubtedly entrench some old injustices. “It’s very hard to know who killed someone 20 years ago to get a piece of land and who just arrived recently,” says Denis Minev, the planning secretary for Amazonas state (which has a good record on deforestation). Even so, in the long run the measure may prove useful. “Land regularisation is of fundamental importance for halting deforestation,” says Carlos Minc, Brazil’s environment minister.”⁵⁴

8. Brazil from 2001 to the Present and its future prospects

In October 27, 2002 Luiz Inacio Lula da Silva, a former trade union leader and factory worker widely known by the name Lula, became Brazil’s first working-class president. As

leader of Brazil's only Socialist party, the Workers' Party, Lula pledged to increase social services and improve the lot of the poor. But he also recognized that a distinctly nonsocialist program of fiscal austerity was needed to rescue the economy. The president's first major legislative success was a plan to reform the country's debt-ridden pension system, which operated under an annual \$20 billion deficit. Civil servants staged massive strikes opposing this and other reforms. Although public debt and inflation remained a problem in 2004, Brazil's economy showed signs of growth and unemployment was down. Polls in August, 2004 demonstrated that the majority of Brazilians supported Lula's tough economic reform efforts. He combined his conservative fiscal policies with ambitious antipoverty programs, raising the country's minimum wage by 25% and introducing an ambitious social welfare program, Bolsa Familia, which has pulled 36 million people (20% of the population) out of deep poverty.

Silva and his cabinet followed in part with the ideals of the previous government, by renewing all agreements with the International Monetary Fund, which were signed by the time Argentina defaulted on its own deals in 2001. His government achieved a satisfactory primary budget surplus in the first two years, as required by the IMF agreement, exceeding the target for the third year. In late 2005, the government paid off its debt to the IMF in full, two years ahead of schedule. By following the macroeconomic agenda of the previous government, three years after the election, Lula had slowly but firmly gained the market's confidence and sovereign risk indexes fell to around 250 points. The government's choice of inflation targeting kept the economy

stable, and was complimented during the 2005 World Economic Forum in Davos.

In 2005, an unfolding bribery scandal weakened Lula's administration and led to the resignation of several high government officials. Lula issued a televised apology in August, promising "drastic measures" to reform the political system. By the following year, his popularity had rebounded as he continued a successful balancing act between fiscal responsibility and a strong social welfare system. But after another corruption scandal surfaced right before the October, 2006 election, Lula won only 48.6% of the vote, forcing a runoff election on October, 29 in which Lula garnered 60.8% of the vote, retaining his office.

In early 2006, however, Palocci had to resign as finance minister due to his involvement in an abuse of power scandal. Lula then appointed Guido Mantega, a member of the PT and an economist by profession, as finance minister. Mantega, a former Marxist who had written a Ph.D. thesis (in Sociology) on the history of economic ideas in Brazil from a left-wing viewpoint, is presently known for his criticism of high interest rates, which satisfy banking interests. Besides being unable to do so in practice, he been supportive of a higher employment by the state, what has been appointed by experts as being the main cause of the banks high interest, the state being the main captor of circulating money to keep its own expenses, i.e., non productive expenses, rolling. Banks have had record profit ever, in • Lula's government and this very fact has been denounced as incompatible with the self proclaimed social orientation in Lula's government economic policy.

Not long after the start of his second term, Lula, alongside his cabinet, announced the Growth Acceleration Program, a vast series of measures created with the intention of solving many of the problems that prevent the Brazilian economy from expanding more rapidly. The measures include investment in the, creation and repair of roads and railways, simplification and reduction of taxation, and modernization of the country's energy production to avoid further shortages. The money promised to be spent in this Program is considered to be around RS500 billion (more than 250 billion UA dollars) over four years. Part of the measures still depend on approval by Congress, some have already generated negative reactions from organizations that consider them unfair, and Governors of some states claim the share allocated to their regions is insufficient. Although a long-time critic of privatization policies, Lula and his government created public-private partnership concessions for seven federal roadways.

Brazil suffered its worst aviation accident in its history in July 2007, when an Airbus 320 skidded off a runway in Sao Paulo and crashed into an office building, killing 176 people. The accident sparked a crisis in Brazil and led to the cancellation or delay of hundreds of flights and the firing of the defense minister, who oversaw civil aviation.

A new oil field, called Tupi, was discovered 16,000 feet below the ocean's floor on November 8, 2007. Tupi will yield five to eight billion barrels of crude oil and natural gas, making it the largest oil field discovered since Kashagan Field in Kazakhstan in 2000. Rio de Janeiro experienced a dengue fever outbreak in 2008 that killed more than 80

people and infected at least 75,399. After a three-year decline, the National Institute for Space Research reported that the deforestation rate in Brazil during 2008 increased 228% over 2007. Brazil signed a defense agreement worth more than \$12 billion with France in December 2008 as part of an expanding military strategy to protect the Amazon and recently-discovered deep-water oil fields.

After decades as the largest emerging market debtor, Brazil became a net foreign creditor for the first time in January 2008. By mid-2008, both Fitch ratings and S&P had elevated the classification of Brazilian debt from speculative to investment grade.”⁵⁵

As in economy and in investment, Brazil is prospering very rapidly and is attracting global players from all around the world. It is also the member of the BRIC (Brazil, Russia, India, China) nations and plays a very important role in the world economy.

We have seen in going through the history of Brazil, it has suffered from its political turmoil. Repeatedly the national constitution has been amended and suspended by the dictators. Although, the revival of the Brazilian economy had started since the coming of Fernando Henrique Cardoso in 1995 but after the coming of Lula in 2003, Brazil has somewhat gained political stability and economic prosperity. Since 2002, Brazil has paced up its economic activities and totally transformed it. But after seven years of stability, it now seems that Brazil may again have to go through a political turmoil. The problem starts mainly from Lula using his power to appoint and back Dilma Rousseff, his chief of staff, for the presidential election in October 2010. As,

per the constitution, the president can be in office only for two consecutive terms and Lula's two presidential terms ends in October 2010. The reason Lula is appointing Dilma Rousseff as his heir-apparent is that, if she becomes president, then Lula has a very good chance to become president again in 2014.

This move of Lula has dejected many senior and prominent leaders of his party. The war for the President's seat has created a kind of turbulence within Lula's Working Party. The candidate which are going to give Dilma Rousseff a tough fight are Marina Silva, Green Party's President, Heloisa Helena, who leads an earlier leftist split from the PT and Ciro Gomes, a populist former minister in Lula's government.

If Lula soon doesn't find a solution for this, Brazil may again have to go through the dark ages of its political turbulence, which it had experienced for many decades. So, the end to this problem apparently seems to depend on the skill and dexterity of Lula to lead the country out of this prospect of political turmoil.

Apart from this intra-governmental conflict, the Brazilian economy is growing very rapidly. It seems that in the near future it will play a very vital and decisive role in the world economy. Being the member of the BRIC nation, it now competes in trade and production, with the emerging markets of Asia and with the European markets. In some way, Brazil is the steadiest of the BRIC nations. Unlike China and Russia, it is a fully democratic country and unlike India it has no serious disputes with its neighbors. It is also the

only BRIC nation without a nuclear bomb.

Since the last nine or ten years, Brazil has progressed very fast. Its economy has expanded very much and its foreign exchange reserves have increased many folded. Today Brazil is positioned much better in the world than it used to be a decade ago. Since the coming of Lula, Brazilian economy has revived very much. Being a former trade union leader and factory worker, Lula has made many changes in economic sector appealing to the masses. He has also improved the educational system and imitated many welfare programmes.

All these reforms and changes, has still not radically improved the condition of Brazil. Many sectors of Brazilian people still have a very low living standard and are living below the established poverty line. The corruption among the government officials is very high and the criminal activities in the country have shown no sign of abatement. The other major problem – a problem which has serious implication on the future of the humanity – which the Brazilian government has failed to tackle is the deforestation of the Amazon forest. This thing has not only worried the Brazilians but most of the other countries are also worried about it. The rate of deforestation has increased very much in the last few years. Although Lula has now implemented certain tough laws but they have shown no sign of improvement. If the deforestation will continue at the present rate, then it will be only a matter of time, before the Amazon forest will be wiped out from the globe and will only appear in the pages of history.

But despite these vast number of problems, Brazil has

still improved and progressed in almost every sector. If Brazil continues to prosper and grow in the same manner like it is growing now, then in the near future it can emerge as a leading player in the world economy. But, if the intra-government conflict, which Brazil is going through, turns into a political turmoil, then this can have adverse effect in the overall growth of the country. So, now it depends on the Brazilian government that how peacefully and harmoniously it tackles this problem and runs Brazil on the track of prosperity.

Political Map





Source: The Economist April 14th – 20th 2007. Page 11.

Physical Map



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