Will Brazil become the next candidate to join the OECD club? In contrast to many currently prevailing academic and public opinions, Brazil in Transition, by Alston, Melo, Mueller, and Pereira, offers a thought-provoking ‘yes’ in answer to this question.

The book is a further addition to the prestigious Princeton Economic History of the Western World series, which has already offered many genuine contributions to the never-abating scholarly debate about the Great Divergence. It is firmly rooted in the standard New Institutional Economics and New Political Economy literature, with acknowledgements to the who’s who of these fields in the preface. Although its 280 pages can be accessed by casual readers in a day, it is not a stand-alone work. The book rather is an extended case study that supplements North, Wallis, and Weingast’s Violence and Social Order (2009) and adds to the pile of existing follow-up research and competing ideas.

Alston et al.’s case is structured into eight chapters, which are divided into three parts. In Part I, they present the main elements of their analytical framework, namely beliefs, leadership, dominant networks, and windows of opportunity, and provide a bird’s-eye view of Brazil’s three distinctive socioeconomic development epochs since the 1960s. In Part II, they offer more detailed analyses, with focus on the situation during the pre-1980s period, the constitution of 1988, and the long-running positive effects of President Fernando Cardoso’s social policy programs. In Part III, they use their earlier results to develop a detailed version of their framework, which they then validate by applying it to Argentina’s condensed history of the last 100 years.

The concept of transition is central to Alston et al.’s arguments and distinguishes their contributions. They do not refer to the period of Brazil’s change from dictatorship to democracy in the 1980s, which has been extensively analysed by numerous publications from domestic and international scholars. Instead, they wish to offer a fresh example of a long-term gradual shift from being a locked-in limited access order (LAO) to a thriving open access order (OAO) à la North et al. Using an analytical narrative, Alston et al. sketch out a perceived decades-long process starting in the mid-1980s, which has been complex and has required profound changes in the local elites’ beliefs of how economic and political markets should operate. A further key to initiating this process has been rising and more egalitarian welfare spending, with an emphasis on education and reducing extreme poverty, during the period of ‘wise’ leadership by Cardoso, who successfully exploited this window of opportunity. This process, which will require several more years, might be bumpy, and its completion is by no means certain; nevertheless, once completed, it promises to lead Brazilians to the kind of shared economic prosperity and personal freedoms that are already enjoyed by their Western counterparts. This storyline and the methodology followed by the authors offer both merits and flaws.
The reader benefits from Alston et al.’s focus on fundamental social changes, instead of following the well-trodden paths of other scholars and their often pointless, mere formal dictatorship/democracy dichotomies regarding economic development potentials. The authors provide a detailed comparison of the similarities and differences of national policies under changing institutional regimes, as well as their proposed macro-economic impact over the last 50 years. The increasing electoral base and the integration of new powers, such as Lula’s Workers’ Party in 2003, into the existing system without tremendous political turmoil are just two of their many examples, which boldly illustrate Brazil’s increased institutional maturity. Alston et al. also try to set their evidence within the wider socioeconomic context to explain multi-dimensional dynamics.

Even for readers amenable to institutional analysis, however, their partial and undifferentiated use of North et al.’s concepts leave room for further discussion. Many scholars have argued against this school’s neo-liberal depiction of mostly Anglo-American OAO ‘success stories’ from a century or more ago, challenging their relevance in explaining other nations’ history and their prospects for development, but the authors do not sufficiently address these reservations. Alston et al. also do not clearly explain how they distinguish between beliefs, ideology, and culture, with the latter so often being held responsible for Latin America’s mediocre past and, supposedly, also its future. Windows of opportunity are also not a new concept, but their power to change a society’s path is explicitly diminished by North et al. precisely because of the inertial nature of beliefs and culture. The element of leadership is indeed a novel addition, but its explanatory power needs to be investigated in more detail. To identify differences in the characteristics of single personalities, such as between President Cardoso (1995–2002) in Brazil and President Carlos Menem in Argentina (1989–1999), as prime cause for decades-long socioeconomic transformations appears at least curious. There is also surprisingly little analysis of expectable structural changes in the economic sphere, and of that sphere’s interplay with its political counterpart. These are cornerstones in North et al.’s original framework with its allegedly holistic view of society. Sole reliance on political openness and rising social welfare spending, primarily on transfers and (primary) education, does not necessarily make a compelling case for sustained economic development in a fast-changing, ever-more-demanding world. The reader, hence, might wish for additional information about changes of public and private investment levels, the tax basis and tax honesty, the kind of jobs and private organizations created, productivity levels, export compositions, and so forth. Finally, this study would have clearly benefited from the employment of a more comparative perspective. As an example, there is hardly any empirical juxtaposition to developments in other Latin American countries, despite the availability of further case studies by North et al. or other researchers. On the one hand, these nations’ historical similarities in political and economic terms point to some significant omitted factors by Alston et al. On the other hand, more evidence of Brazil’s differences from these nations would have bolstered their argument.

To summarise, Brazil in Transition offers stimulating insights and, simultaneously, ample opportunities for further research. The evaluation of more empirical data and an extensive discussion of these results in the context of the broad existing literature will be highly beneficial for academia. For Brazil’s citizens, the future will hopefully prove Alston et al.’s argument valid.


REFERENCES


Brazil in Transition: Beliefs, Leadership, and Institutional Change

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The book develops a theory of 'beliefs' and 'leadership', idiosyncratically defined here, as only academics can, and how these can foster or impede institutional changes. In short, the authors argue that seizing on windows of opportunity, Brazilian leadership (coordination involving getting dominant networks to buy into institutional changes) helped implement institutional changes that have set the country on a growth trajectory. The evidence to date is that inflation has been put in check (falling from an average of almost 400% per year to less than 10% per year), while in Read "Brazil in Transition Beliefs, Leadership, and Institutional Change" by Bernardo Mueller available from Rakuten Kobo.

Brazil is the world's sixth-largest economy, and for the first three-quarters of the twentieth century was one of the fastest-growing countries in the world. While the country underwent two decades of unrelenting decline from 1975 to 1994, the economy has rebounded dramatically. How did this nation become an emerging power? Brazil in Transition looks at the factors behind why this particular country has successfully progressed up the economic development ladder.