

## **Ideas in Motion: Angst and Hope in the Theory of Dependence**

Theotonio dos Santos, *Political scientist and economist*  
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Born in the city of Carangola in the Brazilian countryside, in 1936, Theotonio dos Santos is an internationally renowned scholar for his seminal contribution to the Theory of Dependence, one of the pillars of Latin America's political and economic thought. Presently he is among the main intellectuals involved in the Theory of World Systems. A political scientist and economist, dos Santos taught at several universities in Brazil and abroad. He is an emeritus professor at the Universidade Federal Fluminense (Rio de Janeiro, Brazil) and currently is professor and researcher on Global Economics and Sustainable Development at the United Nations University. He is the author of 38 books, published in different languages, and of almost 100 academic articles. Theotonio dos Santos and his family live in Rio de Janeiro.



Source: Videos at the website of Theotonio Dos Santos:  
<http://theotoniiodossantos.blogspot.com.br/>

### **What is your original disciplinary training and what was the dominant intellectual debate in your time as a student?**

I did my undergraduate studies in the faculty of economic sciences, where we took courses in sociology, public policy and administration, so that I had a very broad training in the social sciences in the areas of sociology, anthropology, history and political economy. The study of these areas is linked to the problems of development because in that moment, in the decade of the 1950s, development was the central topic of discussion in the social sciences in Latin America. At the same time, I also was involved in a very intense political activity; I ran a political organization that [was] called *Política Obreira* (Workers' Policy). The essence of our position was that the Brazilian economy was already a capitalist economy and not a feudal economy as was said at that time.

Therefore, a bourgeois revolution in Brazil, as anticipated by the Communist Party and other leftist forces at the time, could not occur. The country already had a very important manufacturing sector, and there was no possibility of a bourgeois revolution because it had already happened. This policy position was reinforced by the scientific and theoretical debate that we conducted in the Federal University of *Minas Gerais*. We had a very bright group of students who participated, not only from our university, but also from the University of São Paulo, including Fernando Henrique Cardoso,<sup>1</sup> Octavio Ianni,<sup>2</sup> Florestan Fernandes,<sup>3</sup> among others.

**What was the political life in Brazil in the 1950s and what was the political context of the coup d'etat of 1964... How was your life after the *coup d'etat*?**

In the 1950s the ideology and the national aspiration of democratic Brazil reached a very high level with the formation of *Instituto Superior de Estudos Brasileiros* – the Higher Institute for Brazilian Studies (ISEB), in 1955. There was a group of thinkers on the Brazilian social system, which included Alberto Guerreiro Ramos, Hélio Jaguaribe<sup>4</sup> and Álvaro Vieira Pinto. There was a big debate around key issues of political life in the Brazilian government programs of Juscelino Kubitschek,<sup>5</sup> Jânio Quadros,<sup>6</sup> and João

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<sup>1</sup> Fernando Henrique Cardoso (1931), a distinguished Brazilian sociologist, political scientist, university professor and one of the proponents of the Dependence Theory. Former president of Brazil (1994-2002). During the military regime in Brazil (1964-1985), he lived in exile in Chile, France and in the United States. After returning to Brazil, he initiated a political career and is currently a member of the Brazilian Social Democracy Party (PSDB).

<sup>2</sup> Octavio Ianni (1926–2004), Brazilian sociologist. Octavio Ianni had his political rights suspended in 1969 by the Brazilian military government, which made him unable to continue lecturing in Brazil. He resumed his teaching activities in 1977 at the *Pontifícia Universidade Católica de São Paulo* (PUC-SP). He concentrated his studies on populism and imperialism.

<sup>3</sup> Florestan Fernandes (1920–1995) was a Brazilian sociologist and politician. He was also elected federal deputy twice. In 1969, during the military regime, he fled to Canada for political reasons and began to teach at the University of Toronto. In 1973 he returned to Brazil and became involved in the *Partido dos Trabalhadores*, the Workers' Party.

<sup>4</sup> Helio Jaguaribe (1923), a Brazilian sociologist, political scientist and writer. Critical of the military regime, Jaguaribe left Brazil in the 1960s and then lived and worked in the United States for a number of years.

<sup>5</sup> Juscelino Kubitschek de Oliveira (b. September 12, 1902, Diamantina, Brazil- d. August 22, 1976, near Resende). Brazil's President during 1956-61. Notorious for his ambitious public works, especially the construction of the new capital, Brasilia. The economic problems of his government (inflation, overwhelming dependency on external capital, and the current account deficit in the balance of payments) led the UDN (National Democratic Union) to gain strength and elect its candidate Jânio Quadros in the following elections.

<sup>6</sup> Jânio Quadros (b. January 25, 1917, Campo Grande, Mato Grosso, Brazil- d. February 16, 1992, São Paulo). Brazilian politician who resigned unexpectedly from the presidency after occupying the post for only seven months (January 31-August 25, 1961).

Goulart.<sup>7</sup> Let us remember that the crisis of the Quadros government culminated in his resignation and his Vice President, Goulart, becoming president. With the opposition of the military, Goulart took possession thanks to the support of a great popular movement in the country. At that time, there was much discussion on the issue of popular governments. Although that government was born from a mass movement, it would not have the necessary conditions to perform the national and democratic transformations that were planned with the support of all the forces from the left. There was no basis for a national bourgeoisie able to make the necessary changes. The workers' movement, the peasant movement, and other popular forces did not have the leadership for the necessary transformations. The military coup of 1964 confirmed our point of view. The popular forces did not have the conditions to face the right; they lacked the leadership required to confront the situation.

In this environment the military coup happened in 1964; as a teacher, I was expelled from the university in the first week of the coup and went to the underground; two years later, I went to Chile. There were Fernando Henrique Cardoso, Francisco Weffort<sup>8</sup> and a large group of exiles from Argentina, Peru and several other countries. It was in the atmosphere of Chile where our thesis came together to create a perception that it was not a Brazilian problem, from one country or another but that there was really a Latin American problem. There, we realized that our ideas, initially motivated by local experiences, could in fact be more than the dissemination of isolated experiences. We realized that the approach that we took to study Brazil might arise at a broader level—at the Latin American level. At the same time, it was necessary to have a more systematic study of the changes that were operating in the global economy; the emergence of multinational corporations gave a new content to the struggles within the nation's capital markets and this with international capital. Thus, a large part of our studies in that era led us to formulate what was latter called the dependency theory. The idea was that we could not study the phenomenon of underdevelopment in Latin America without a vision of the

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<sup>7</sup> João Belchior Marques Goulart (b. March, 1, 1918, São Borja, Brazil – d. December 6, 1976, Corrientes, Argentina). A reformist president between 1961 and 1964. Goulart was deposed by a military coup (March 31, 1964), thus inaugurating a military regime that would last until 1985.

<sup>8</sup> Francisco Weffort, born in 1937, a Brazilian political scientist, and former Minister of Culture.

world economic system. This is the point of departure for my writings of that time, and was the central focus of two books: *Socialism or Fascism: The Latin American Dilemma and the New Character of Dependency* (Santiago de Chile, Ed. PLA, 1972) and *Imperialism and Dependence* (Mexico City, Ed. Era, 1978). These two books synthesize much of our debates which were published in smaller books.

**The Theory of Dependence – one of the pillars of Latin America’s economic thought was born from an intellectual effort in the region, especially from your study group that included the sociologist and later president of Brazil, Fernando Henrique Cardoso.<sup>9</sup> Exactly when and how did you begin to diverge?**

Our contacts began in Chile where I arrived in the middle of the 1960s where I met Fernando Henrique. Little by little we created a group to develop a theoretical discussion on Latin American underdevelopment. At that point we agreed that our underdevelopment was intrinsically part of the global economy, that our internal structures were generated in the period of capitalist expansion. The group began to discuss the question of dependence, but from there our differences with Fernando started to emerge. At that time he published a book in which he makes reference to the issue of productive structures in Latin America, but he also abandoned the importance of some fundamental analysis by separating political aspects from important economic aspects. The idea developed by Fernando Henrique was about dependent development, i.e., for him dependence does not preclude development, and dependence does not prevent democratization. The dependent development, because yes we are subordinated by the world economy, according to him should not be rejected.<sup>10</sup>

I published a book in 2000 with an evaluation of the Theory of Dependence where I explain our differences.<sup>11</sup> Already in the 1980s, Fernando Henrique and José Serra<sup>12</sup>

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<sup>9</sup> Two mandates: 1994-1998; 1999-2003.

<sup>10</sup> Fernando Henrique Cardoso, with Enzo Falleto. *Dependency and Development in Latin America*. Zahar Publishers, 1970.

<sup>11</sup> *The Theory of Dependence: Assessment and Prospects*, Ed Civilização Brasileira, 2000.

<sup>12</sup> José Serra (March 19, 1942) is a Brazilian economist and politician who served as a Congressman, Senator, Minister of Planning and Minister of Health, Mayor of São Paulo and Governor of São Paulo state. He and former president Fernando Henrique Cardoso are members of PSDB (Brazilian Social Democracy Party). He lived in exile from 1964 to 1968 in Chile, Bolivia, France and United States.

distanced themselves from us, Ruy Mauro Marini<sup>13</sup> and me. This break made clear the hegemony of the Fernando Henrique group through the creation of CEBRAP, the Brazilian Center for Analysis and Planning which has a liberal approach. They, in this group, identified the dictatorship with statism, and, therefore for them democratization was linked to the process of economic liberalization, and until today this vision or hegemony remains.

**The work of Peter Evans,<sup>14</sup> Fernando H. Cardoso, and Guillermo O'Donnell,<sup>15</sup> in the early 1970s shows that there was a rupture or major disagreements among the dependency theorists. What happened?**

Yes, Evans's work is from 1974-75; in my work of 1970, I already had presented the idea of *The Triple Alliance* (MNCs-State-National Bourgeoisie), only that I called them "social forces" because they promoted transformations in the region; in that sense, Evans simply relied on the thought that already existed in the region. Regarding Fernando Henrique Cardoso, his work until 1973 is quite good, including one he did on Lenin. But starting in 1974, Cardoso initiated a political venture in Brazil linked to the MDB, the Brazilian Democratic Movement, which was the opposition party in Brazil and under the hegemony of liberal sectors. Much of the left refused to participate in this party, which was the only opposition that could exist in the country during that period of the military regime; only two parties were allowed: the government and the opposition. Cardoso starts to win the support of the left-wing forces allowing him to participate in this game, and with his book on the State and authoritarianism, he begins to rethink the question of the State and development. Fernando Henrique suggested that the development problem in our countries was not itself due to their location in the international system, but rather because of the authoritarian and conservative forces, especially the corporations, and proposed that the basis of the Brazilian State should actually be democratic. This is the beginning. Later, Guillermo O'Donnell reinforced this argument with a new line of

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<sup>13</sup> Ruy M. Marini (1932-1997), a Brazilian social scientist and best known for his intellectual contributions to the Dependence Theory.

<sup>14</sup> Peter B. Evans (born 1944), Professor of Sociology and International Studies at the University of California – Berkeley. He is the author of *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil* (1979) Translated into Portuguese, 1980.

<sup>15</sup> Guillermo A. O'Donnell (1936-2011). Argentine political scientist, who spent most of his career working in Argentina and the United States, and who made lasting contributions to the study of Latin American politics.

interpretation, increasingly distancing himself, Cardoso, and their followers from the Dependency approach, especially in its immediate political effects. From that moment on, the democratic and popular forces were not called on to fight against the great influence of international capital and against the forces that supported the institutionalization of the *coup d'etat* in Brazil (as well as in the rest of Latin America); they were against the authoritarian or corporate elements in our societies, even within the labor movement. Suddenly we began to discover that the enemies and those responsible for the authoritarian regimes were not right-wing forces but the workers themselves. This approach obviously led to right-wing policies and politics. It was in that context when in 1979 Fernando Henrique Cardoso wrote an article against Ruy Mauro Marini, to pave the way to this approach; he was also critical of me, but in the background, and expressed his views on the crisis. He also criticized the idea of socialism-fascism as an alternative, yet I did not present that as an absolute alternative; on the contrary, I presented it as a historical horizon, not as a matter of a socialism-fascism in the immediate future. At that stage, which was also the phase of the political opening, of the amnesty allowing return to Brazil, there was also a very large movement to prevent our positions from getting a fair hearing within the climate of the country at that time.

**For you, the thesis of Fernando Henrique on dependent development is wrong?**

Yes, dependent development of course, but what is the dependent development? It is an exclusionary development and therefore it is also a development very difficult to reconcile with democratic life. Cardoso insisted on the thesis that the most important thing is democracy. He believed that the dependent status cannot be overcome, while I think that it is possible politically. But it requires a very strong popular movement, assumes a very advanced democracy in order to change the social and economic conditions, and thus, to have a development that is not linked to world trade, to the world economy, but one that is commanded by domestic social forces. This is the central issue that arises. Not that there is no development; we all know that there is and we show that there is, but the only possible development within that dependent capitalism is a development that is exclusionary and dependent.

### **How do you assess the development of the Theory of Dependence in Latin America?**

To me, the relationship has to do more with what was done outside Brazil. In Uruguay, for instance, as Uruguayans were very closely linked to our work. Gustavo Gutierrez, in Peru, the main liberation theologian, was also inspired directly by my work and in Chile there was also a socialist group. Later I also had quite important discussions in Mexico City, where Méndez Arceo always had a lot of sympathy for what we were doing.<sup>16</sup> So I had more links with those forces than I had with the behavior of Brazilians. Don Álvaro (*Vieira Pinto*) was always a slightly complicated figure because in the period prior to 1964 he had ties with the right-wing groups in Brazil. Thus, he had his own characteristics; however, we were able to work together in Brazil, but there never was a very close relationship.

### **What is the relationship between your work and the Theory of the Global System?**

Well, we had a lot to do with the Theory of the Global System. Immanuel Wallerstein<sup>17</sup> recognizes in his early work on the Theory of the Global System that he was inspired by the work of Andre Gunder Frank,<sup>18</sup> mine, and others. The Theory of the Global System would appear as a sort of evolution of the Theory of Dependence. I think the Theory of the Global System is a step ahead of the Theory of Dependence with a clearer, more comprehensive approach, a more holistic framework than what we started with in the 1970s.

### **Does the Theory of the Global System replace the Theory of Dependence?**

It does not completely replace the Theory of Dependence. The Theory of the Global System does not rely so heavily on the internal problems of each country, which was an issue that we put much emphasis on in the Theory of Dependence, and therefore it was necessary to investigate specific responses, possibilities, and potential of each national economy. Particularly we had to focus on the situation in each country. It is necessary to look at the interaction between the world system and the internal forces that are operating

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<sup>16</sup> Sergio Méndez Arceo (1907-1992) was a Mexican Bishop, and human rights supporter.

<sup>17</sup> Immanuel M. Wallerstein (1930), born in New York City; sociologist, and world-systems analyst.

<sup>18</sup> Andre Gunder Frank (1929–2005) was a German-American economic historian and sociologist who promoted both the dependency theory and the world-systems theory.

in each country. It is clear that these internal forces depend on these more general frameworks, and that is why there is a need to study very well these frameworks and to place the analysis of the internal forces in this overall context, but there is no need to abandon the analysis of the internal forces. In this sense, what was discussed by the Theory of Dependence has much value regarding the issue of marginality, on the agrarian question, and on the question of the national bourgeoisie. In fact it has value in terms of a number of issues that require a more specific treatment in these economies; the Theory of the Global System often cannot capture all these differences and disparities. Then I think that there is a combination, there is an evolution; it goes to its highest level of analysis but cannot totally replace certain elements of the previous analysis.

### **When did you and the group of exiles return to Brazil?**

I returned in 1980 with Vania Bambirra,<sup>19</sup> who was my wife; Ruy Mauro Marini returned in 1983. At the beginning of the 1980s, with the political amnesty, the leaders of the left such as Leonel Brizola,<sup>20</sup> with whom we were directly linked, Francisco Goulart, Miguel Arraes,<sup>21</sup> Luis Carlos Prestes,<sup>22</sup> and several others returned to participate in the political life of the country. Those positioned favorably within the government felt that they had

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<sup>19</sup> A Brazilian political scientist who was active in the struggles against the Brazilian military dictatorship.

<sup>20</sup> Leonel de Moura Brizola (January 22, 1922 – June 21, 2004) was a Brazilian politician. In 1959 he was elected governor of Rio Grande do Sul, and in 1982 and 1990 he was elected governor of Rio de Janeiro. He was also vice-president of the Socialist International, as well as Honorary President of that organization from October 2003 until his death in June 2004. Brizola and his party (Democratic Labor Party) practiced a kind of social democratic left-wing policy. In April 1964, when a *coup d'état* overthrew President Goulart, Brizola was the only political leader to offer active support for the president. After a month of no success, Brizola eventually fled in early May 1964 to Uruguay, where Goulart had previously gone into exile. Later Brizola was deported from Uruguay, and was given immediate asylum in the United States. He moved then to Portugal. It was only in 1979, after a Brazilian general amnesty, that his exile came to an end.

<sup>21</sup> Miguel Arraes de Alencar (December 15, 1916 – August 13, 2005) was a Brazilian lawyer and politician. He was mayor of Recife, State Deputy, Federal Deputy and three times Governor of Pernambuco. During the 1964 military coup, he was imprisoned and upon release went into exile in Algeria. Arraes resumed his political career in Brazil after the political amnesty.

<sup>22</sup> Luís Carlos Prestes (January 3, 1898 – March 7, 1990) was one of the organizers of the 1920s revolts and the Communist opposition to the dictatorship of Getúlio Vargas (1931-1945) in Brazil. Prestes, also known as the "Knight of Hope," had a long political trajectory as leader of the Brazilian Communist Party and spent several years in prison for his political leanings. In 1970, Prestes went to Moscow with his second wife and children, and only returned to Brazil after amnesty for political offenders was granted ten years later. After his return to Brazil, Prestes abandoned the PCB (Communist Party) without renouncing Marxism. He became a supporter of Brazil's Democratic Labor Party and took part in Leonel Brizola's presidential campaign in 1989.

as the main enemy "the return of the leaders." And that was a problem on which they acted with great emphasis, trying to prevent this historic leadership from taking command of the movement. This provoked many divisions, very serious problems, but all this was part of that opposition. A debate, for example, took place within the Communist Party when Prestes arrived. Prestes had to break with the Communist Party because the position of the majority in the party was no, no, we don't have to vote against monopolies, or return the capital because the central question is the issue of democracy. Prestes then said no, there is no democracy if we are not capable of destroying the power of capital. This led to the break up of Prestes with his party. This problem led to the idea that there was no need to break with the MDB because it was the great party of the opposition to the military regime. No, we are going to keep ourselves united, like the PT (Workers' Party) and the PDT (Democratic Labor Party) used to say.

**In what year did you arrive in Mexico and where did you stay?**

In 1974, I arrived at the Institute for Economic Research and Divisions of Higher Studies after the coup d'état in Chile. Upon arrival, I immediately went to work in the university. In Chile I remember Aníbal Quijano writing his memorable article on urbanization and marginality.<sup>23</sup> It is a beautiful article on the issue of marginality and how it links to the technological changes and the revolution in the technical sense and the difficulty and inability of our local bourgeoisie to incorporate the changes in its full dimension. Then, nothing more was incorporated... the impossibility of incorporation of labor. It is a very good work that held great influence on the evolution of the analysis on the question of the revolution in *the technical sense*. This was the subject that I worked on a lot in Mexico, and we had a seminar there in the UNAM (the Mexican national university) when we made quite a lot of progress in the analysis of the impact of the revolution in the technical sense. I also worked at the Center for Interdisciplinary Research in Humanism and Science at the UNAM, with Pablo González Casanova, a theorist on internal colonialism. Since then we have worked together—many years working together.<sup>24</sup>

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<sup>23</sup> Aníbal Quijano (1928) a Peruvian sociologist and political theorist.

<sup>24</sup> Pablo González Casanova (1922) a distinguished Mexican sociologist and former rector of UNAM – Autonomous National University of Mexico.

**During your presence in Mexico, was there much discussion on implementation of the Theory of Dependence?**

Exactly. There was a time when Mexico was in a very favorable position because of its oil reserves. Some of my fellow Mexicans stated that our theory of dependence was wrong because Mexico and others, especially oil-producing countries, showed that some form of interdependence was possible, and thus they had very favorable expectations regarding Mexico's prospects for transformations based on oil. That analysis was a very serious mistake by many colleagues from Mexico.

**Many schools of economics have eliminated from their curricula those courses on economic development. Why is this?**

The courses on development were closed under the perspective that there is no need to study development because there is no problem of development; rather, there is a problem of macro-economic variables imbalance, and that once the equilibrium is reached, development emerges as a natural thing. Well, there are the institutionalists who insist that we need to develop the institutions with which the economy can function well. But the problem is to know how. The neoliberal view is that when you reach the structural adjustment, there will be development, then there is no reason to consider a theory of development. The subject of development was abandoned, but it is now turning back. The World Bank itself has created annual seminars on development. And the new classics (neoclassical) have their own development models and intend now to be development theorists with a very strict view of economic growth.

**Are these models more strict? If so, how?**

Yes, more strict. There are growth variables, without explaining what factors are affecting economic growth. But they are very happy, they say that they have come a long way on this, especially because the budgets were suspended and data began to show important things. It is a theory, the most dangerous that I have heard of, an absolute pragmatism, absolute empiricism. There is no question here of devaluing theories, and one is valid when it actually works and enables you to clarify the issues involved.

**Remind us of the situation in Latin America in the 1990s.**

Latin America was in a very bad position because we had 10 years of the lost decade of the 1980s when we made a very big effort to increase exports, lower the domestic demand very strongly, and all what we got as *economic surplus* was the paying off of debts. But we did not make any progress in education, we did not address the issue of loss of income, did not do anything to create the proper conditions for a stronger development. The decade of the 1990s was the time when we adopted these policies of overvalued exchange rates that led to increasing trade deficits, which made us dependent on global financial capital. Once again, more than ten years without advancing anything. Thus, it is about 20 years of paralysis, without any great social advancement, no great cultural progress, no great economic or political advancement. We are just returning to democratic conditions which we already had in the decade of the 1960s. Now we are long overdue; still immersed in an economic, social, political and ideological situation that is extremely negative. See that we are still with neoliberal policies when the United States and Europe are moving away from neoliberalism, or even Japan, which is also strong against neoliberal policies. But we are in a situation as if we are still in the Reagan era. This is because the past years reinforced the authoritarian, elitist, oligarchic and racist nature of our ruling class. Thus, those years were very negative, years of many setbacks.

**With the Washington Consensus in the decade of the 1990s, was there a setback regarding the role of the State?**

I have many doubts as to whether the state has lost so much power in this period. I believe that the state is only invoked at all times as a great savior of the financial sector. In the decade of the 1980s, all that growth of the financial sector was generated by public debt, therefore, by state intervention. Why has the state committed itself to the interests of a sector which is a limited fraction of the dominant classes? This is very serious. I do not think that the state lost strength, but just that it has been transformed by the interests of these small, extremely localized groups, which are the people of the financial sector; the people who snatched up the state and put the state under their own interests. The victory of the neoliberal ideology is a product exactly [caused by] the hegemony of the financial sector. In truth, I think that there is a strong reaction against this and I think that the rest of the ruling class is increasingly opposed to the hegemony of the financial

sector. It is possible then to think that the state could return to having a larger role in terms of social policies, in terms of development policies. Even the G7 already had as one of its central themes the return of development and the end of unemployment, problems that were put on the back burner during the years of neoliberal hegemony.

**What is your assessment of the political and economic development of Brazil with the assumption of power by the Workers' Party (PT) in the federal government? In more concrete terms, what is your assessment of the administration of President Luiz Inacio Lula da Silva?<sup>25</sup>**

The ascension of Lula in itself represents an important political change because of the characteristics of his leadership as a union leader, and leader of a party that came to have a socialist definition, and with undercurrents that are politically very advanced. His election, in itself, was extremely important. The fact that he took power without opposition or a major attempt from the right to prevent his inauguration was also an important political breakthrough. Our oligarchy has never been very inclined to accept progressive governments. Lula's election was an important democratic advance, and Brazilian society was mobilized to sustain the situation and support his government. President Lula was very clever and pragmatic to avoid a siege by the right, so to speak. But there were some commitments that he assumed and some compromises he made that prevented a more radical transformation of the country. Lula fulfilled some commitments made by the previous government, of President Fernando Henrique, especially that a radical economic policy would not take place. And this was assured, above all, with the appointment of the president of the Central Bank, Henrique Meirelles, suggested by Fernando Henrique.<sup>26</sup> The president of the Central Bank had been earlier a chairman of the Bank of Boston, one of the major banks in the world, which ensured that the financial policy would not be radical, and, in fact, was not. At the beginning of Lula's administration there was even an increase in interest rates, which the left was against. But then he managed to reduce it, little by little. At the time the national public debt was quite high, which was built by financial mechanisms, and not the lack of spending controls. Feeding this debt is a serious problem even today in Brazil. An important portion of

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<sup>25</sup> Born in 1945. Elected in 2002: reelected in 2006.

<sup>26</sup> Henrique Campos Meirelles was president of the Brazilian Central Bank between 2003 and 2011.

public spending is used to pay the debt, thus preventing public investments in the social sectors, such as education, health, and infrastructure.

### **Can we talk then of some important advances during the Lula government?**

Yes, and we know that from the 1990s to 2000s the international context was favorable to developing countries, or the dependent countries in general because of China, which has increased the demand for commodities. Now, about ten years later, China is the largest partner of Brazil, surpassing the United States. This new trade flow produced a surplus of foreign exchange and international reserves around 340 billion dollars, recalling that the government of Fernando Henrique Cardoso ended with zero reserves, leaving the country in a critical situation. But the conditions improved and took a very positive course during Lula's government with the growth of reserves. In all these years the reserves were not used for investment; they simply stayed paralyzed. But if 10 percent of them were used properly this could have solved the problems of health and education.

Holding the reserves was an imposition coming from the political right. For example, the project of the Banco do Sul<sup>27</sup> has not advanced due to opposition of the Central Bank that has adopted a policy of holding reserves under the false argument that touching them would endanger the financial situation of Brazil, which is not true. In this framework, the Central Bank is the center of resistance to a more advanced economic policy, and in truth the Central Bank of Brazil acts to protect the financial sector, which is highly detrimental to the country.

The Central Bank of Brazil is conservative, as central banks are in other countries. And it is also important to note that the intellectual environment of Brazil is still dominated by a retrograde approach; there is even a new generation of economists, social scientists controlled by the neo-liberal thinking. Certain academic circles discuss neo-liberalism for what it says it is, and not by what liberalism is: impossible in practice, as if we could go back to the 18th century, with that era's idea of free market economies, when the reality of today's world is an economy of monopolies. In that sense I would

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<sup>27</sup> Bank of the South, created in 2009 by Venezuela, Brazil, Bolivia, Ecuador and Argentina, is a monetary fund and loan organization from Unasul – the Union of South American Nations. The bank objective is lending money to Latin American countries for social programs and infrastructure development.

emphasize here my book, *Do Terror to à Esperança* (From Terror to Hope).<sup>28</sup> In Brazil there is a sector of the left that has entered this game, i.e., it discusses the importance of an economic policy of fiscal austerity. But, see, in a decade the debt of the United States jumped from 10 trillion to 15 trillion dollars. This, of course, is not austerity, but in fact, it is more public spending to pay off the debt, generating more debt. The most common policy is to cut social spending. Understand, reducing social spending is not austerity, it is a policy of *miserificação* (destitution). Governments cut social spending, while public spending grows to maintain the survival of the financial sector and the so-called 1% of the population that controls a large proportion of the national income.

But, even so, Lula had resources available to meet the needs of the poorest population of Brazil. One of the characteristics of our underdevelopment is the mass of unemployed, without income, without means of subsistence. In the past, it has been discussed that job creation was very expensive: some international organizations, already in the 1970s, calculated that the creation of a single job could cost around 50 thousand dollars. Thus, instead of job creation to reduce poverty, the idea emerged that poverty reduction could be achieved with a policy of transfer of income. Of course, we need political will and determination for a program of this type. This has been achieved during the Lula government. The *Bolsa Família* program, with 10 or 12 billion dollars in spending, reached a population of 40 million.<sup>29</sup> Overall, this represents approximately 50 dollars per family and per number of children with the requirement to keep the children in school - thus ensuring food and education, at least. For some sectors this income transfer allowed families to acquire the basic basket of food, and beyond this, the purchase of household appliances. At the same time, the government was able to expand credit with a bit lower interest rates, to just single digits. The interest rates are still high, but as families buy and pay in monthly installments, this has ensured the access to refrigerators, televisions, and other appliances, etc. for the benefit of a large population.

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<sup>28</sup> *Do Terror à Esperança - auge e declínio do neoliberalismo*, Ed. Ideias and Letras, Brasil, 2004.

<sup>29</sup> The income transfer program, *Bolsa Família*, launched in 2003 by the government of Luiz Inacio Lula da Silva, was a consolidation of other social programs created in the previous government of Fernando Henrique Cardoso. Lula da Silva has expanded the program considerably.

In this period, perhaps 100 million people have had improvements in quality of life. The existence of *Bolsa Família*, plus the rural retirement pension, the latter created in the 1970s, contributed to an increase in demand for several goods, benefiting the small merchants. So there was a certain economic improvement for some sectors of the population with the growth of the consumer market. Then it also generated a very strong popular base for the government, above all for President Lula, and not necessarily the party, PT.<sup>30</sup> It was possible then to create a political majority. And although the political right tried to fight against this, in the end it did not have instruments to avoid the prospect of social transformation, of certain reforms, but not radical reforms since the basic compromises were respected. I see positive advances in domestic politics, with a positive impact on the low-income population.

**And the same scenario still prevails in the government of President Dilma Rousseff, who is also from the PT?<sup>31</sup>**

The government of President Dilma took on poverty reduction as a priority goal, a policy identified with the Lula government, with the left in general, but only in part with the PT. So much so that certain state and municipal governments, from other parties, have identified themselves with the same line of action – Lula’s policy, but not a PT policy. There is not a left-wing majority in congress – this is a limitation which we have today. We have, in fact, 8 or 10 years of agreements with various political groups and sectors that are not left-wing. These compromises create problems for the government because within the agreements there are powerful interests very difficult to reconcile with each other.

**And what's your view of Brazilian foreign relations during the years of President Lula's government?**

Yes, another breakthrough was in the international arena, and it is important to highlight here the work of the Minister of Foreign Relations, Celso Amorim, an excellent

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<sup>30</sup> The Workers' Party, born at the end of the 1970s with the strengthening of the trade union movement in São Paulo, in opposition to the military dictatorship.

<sup>31</sup> Dilma Rousseff. Born in 1947. A Brazilian economist and politician who was active in the popular struggles against the military dictatorship in Brazil. Ms. Rousseff was elected president in 2010. She is affiliated with the Workers' Party.

professional, a diplomat with a very progressive vision. In this sense, there was, during President Lula's administration, a closer relationship with China and Russia, India and the Asian countries in general, which has resulted in economic improvement for Brazil. These countries, and especially China, created demands for the primary sectors of the economy. However, there are risks: while we have seen growth of primary exports, the Brazilian industrial sector has faltered. We have suffered a loss of our industrial dynamism - the Brazilian case is dramatic since we came to develop an industrial structure, to some extent precarious, but now in a much more complicated situation, without a formula to solve the problem. In fact, the Brazilian government has made some effort towards promoting manufacturing with the creation of development banks that existed in all Brazilian states in the decades of 1950s and 1960s. However, as we know now, these institutions have been weakened in the period of more intense neoliberalism. There is still the National Bank for Economic and Social Development, the BNDES, a state agency with resources to lend to the private sector. However, Brazil is facing difficulties in consolidating its industrial policy. The truth is that high-interest rates, as is the case of Brazil, discourage a serious program of investments. This is something obvious and logical, but the truth is that the intellectual environment of Brazil is still dominated by groups with retrograde approaches and ideas that are at least questionable.

But in any case the important volume of Brazil's international reserves and the effort to expand markets have yielded positive results for the external sector. For example, in five years we jumped from 50 billion to more than 200 billion dollars in exports, a colossal mass of resources that was made possible thanks to a state initiative to encourage regional trade, and with the developing countries in general. At the same time, we observe the difficulties of the United States, and especially in maintaining its hegemony. In this context, it was positive for Brazil to develop closer relations with other countries. Thus, the BRIC group—Brazil, Russia, India, China— was created as a natural link amongst countries of medium economic power and increasing participation in the global economy. Of course, there is the special case of China, whose economic growth is now approaching the economic power of the United States, thus representing an important change in the correlation of forces in the world economy. We,

in Brazil, are still timid about our relationship with China, but at least we have managed to create a climate of political coordination with these countries, which could limit, in some way, not only the actions of the USA but also the Eurocentric powers. This situation is allowing us to contest models that were forced upon us by imperialism, something that we had already expressed during the development of the Theory of Dependence. It is in this new context, especially since the crisis of 2008, when Brazil took a more active role in the discussion of the world's problems. The Brazilian right-wing groups became very confused because, while they don't agree with those who reject the left-wing model, they also want to take advantage of this model, *i.e.*, they want to get the benefits of economic progress in developing countries, which in this current crisis came out much better than in the developed countries.

**In this context of the crisis of capitalism and the debate about the hegemony of the United States, what are the prospects for Latin America?**

Historically, Latin America always felt limited by the USA. However, we should note that there is a Latin American line of thinking that defends and always advocated a separate vision for the region. Of course, we suffered obstacles, including coups, but in the last decade, at least, the Latin American thinking is making progress. For example, we have MERCOSUR, with a large component of economic policy and a reasonable regional market, thus improving the relationship between Brazil and Argentina, which are the most important countries of South America.<sup>32</sup> Another important factor is the creation and the consolidation of the UNASUR—the Union of South American Nations. The UNASUR represents an important step forward, when we consider that only in 1992 it was possible to have a summit of Latin American countries, but note, it was, in fact, an Ibero-American summit. The presence of Portugal and Spain, including the King, was necessary to start a dialogue in Latin America. In other words, the meeting was held with the support of Europe, an odd situation considering the relatively low importance of

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<sup>32</sup> MERCOSUR (Spanish); MERCOSUL (Portuguese). Southern Common Market is an economic and political agreement among Argentina, Brazil, Paraguay, Uruguay, and Venezuela; with Bolivia becoming an acceding member on 7 December 2012 to be ratified by member state legislatures. Its purpose is to promote free trade and the fluid movement of goods, people, and currency. It is now a full customs union and a trading bloc. Mercosur and the Andean Community of Nations are customs unions that are components of a continuing process of South American integration connected to the Union of South American Nations.

Portugal and Spain for Latin America. Another important factor of Latin American progress takes place within the framework of the Organization of American States, where the United States is increasingly isolated.

Here, it is important to note that in the context of Latin America, there is not a climate or intention to break with the existing rules, but rather to create new institutions to strengthen the region - as is the case of UNASUR. And even if certain governments in the area display more conservative politics, they will not oppose the project of South American unity. Therefore, I feel that the regional context - South America - is progressive and that somehow it reaches the entirety of Latin America. See the case of CELAC - the Community of Latin American States and the Caribbean. It is true that Mexico has very close ties with the United States, but even so, Mexicans have already found a cost-effective alternative through new trade ties with China, which would allow Mexico be less dependent on the United States, including in terms of foreign policy. The fact that this greater autonomy has not been exercised yet is due to the existence of a right-wing, strong pro-U.S. group in Mexico, and the Mexican opposition is not very well articulated to isolate the right.

In the case of South America, this more progressive vision was facilitated by the government of President Lula, through his focus on regional unity. In fact, today we have few leaders with a genuine sense of regional unity. Lula, however, provided solidarity to regional leaders, as is the case of Evo Morales, president of Bolivia. And I wonder how Lula, with his life trajectory, could fail to support an indigenous leadership in Latin America? In the case of Hugo Chavez, president of Venezuela, a "criollo" much more indigenous than European, in fact, a popular leader, the support of Lula was given above and beyond mere policy issues. I also mention the Kirchner family of Argentina. Obviously it is not possible to compare them with Morales and Chavez, but certainly the Kirchners are not part of the oligarchy; they are leaders who do not belong to the elite.<sup>33</sup>

I see a number of new elements in Latin America that are generating a new correlation of forces. The environment is more positive. See the case of the Caribbean, considered by the US as a domestic issue. Yet no matter how close they are to the United

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<sup>33</sup> President Chavez died of cancer, while in power, on March 5, 2013. He was replaced by President Nicolás Maduro. In Argentina, Cristina Fernandez de Kirchner is the current president in her second term. She is the widow of Nestor Kirchner, a former president who died in 2010.

States, the Caribbean countries count with cultural factors and politicians that identify them with the Latin American vision. The UNASUR, the CELAC, the regional unit, all this shows that the leadership of Lula was very positive: he knew how to strengthen the unity and to be the moderator of the process, leading the US in some way to recognize Brazil as a leader in the region. Of course, right-wing groups exist in Latin America, but they also depend on the trade with China and, therefore, won't be able to fully break with the Latin American vision.

**And is president Dilma Rousseff identified with this vision?**

Yes, of course, she was formed historically in this conception. However, not everyone in her government has the same sympathy to the *latinoamericanidad*. Some sectors of President Dilma's administration are more identified with neoliberalism, especially the elites of São Paulo that still have hegemony. The European presence is very strong in São Paulo and in the rest of the south of Brazil. I allude to this point because the question of culture is very important in questioning Eurocentrism and colonialism. Even the United States is increasingly a multicultural country where the same questioning is taking place. For example, Mexico will have to be a political force in the United States considering the large presence of Mexican heritage in that country. Returning to power now, the PRI (Institutional Revolutionary Party) needs to develop the conditions for negotiating a new immigration policy with the United States. Mexico has always had a great cultural strength and intellectual boldness, and both are necessary now to demand, for example, the end of the wall constructed on the border with the USA.

**Considering the protests that are taking place in Brazil, how do you evaluate the consolidation of democracy in the country?**

These who called themselves popular movements are testing the democracy with street demonstrations. There are groups coordinating these protests, trying to promote something that we do not know, something that even they don't have much clarity about. Not all events are spontaneous, and there is a risk that some of these protests are trying to create a climate of hatred, including attempts to demoralize president Dilma. And these groups have the capacity to mobilize the population via the Internet. Before these more

recent protests, groups even tried to annihilate president Lula with the so-called scandal of "*mensaleiros*." And the scandal was nothing more than an attempt to intervene in the vote of the chamber of deputies, something that the government of Fernando Henrique Cardoso also used. They weren't able to destroy the administration of President Lula, who was reelected, and the PT remained in power. It is worth mentioning, however, that the political basis of Lula is wider than the PT itself. But, the same groups pressed ahead with the "*mensaleiros* scandal" which ended up in the Supreme Court, giving the impression that the case was the only problem that Brazil faces. These groups are engaged in a psychological war, making the public believe in anything, even nonsensical things.<sup>34</sup>

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<sup>34</sup> "*Mensaleiros*" are those accused of involvement with "*Mensalão*." The *Mensalão* was a vote-buying case of corruption that threatened to bring down the government of Luiz Inácio Lula da Silva in 2005. *Mensalão* is a neologism and variant of the word for "big monthly payment" (*salário mensal* or *mensalidade*). Many key advisers to President Lula resigned, while several deputies were faced with the choice of resignation or expulsion from Congress, though the president himself went on to be re-elected in 2006.