

# National agreement on development

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There are indications that a developmentist political coalition is forming in Brazil, composed by industrial entrepreneurs, workers and professionals of the public sector. This kind of political agreement is essential for economic development, because this latter always implies the transference of workforce to sectors with increasingly higher value-added per capita.

The key subject of my studies has always been development or progress; it was the search for the major political goals that modern societies historically defined for themselves: security, economic welfare, freedom, equality, and environmental protection. These goals are not always consistent with each other, but there is a basic synergy between them that leads the most economically developed countries – those that ensure their people greater economic welfare – to be also those that come closer to the other four goals. There are exceptions, but Northern European countries are the best confirmation of this fact. The economic development is not, therefore, the sole political objective of modern societies, but it is their most strategic one.

In those studies I also learned that the basic political issue behind all the countries that show a vigorous development and manage to catch up is a strong or cohesive nation, able to build a competent State and an efficient market: a State that acts as a primary instrument in the search for their five political goals, and a free and well-regulated market that rewards entrepreneurial innovations and the efforts of workers and professionals.

Now, a nation is strong only when it is able to weave a broad social agreement between industrial entrepreneurs, public professionals, and workers. An agreement that would informally define a national development strategy. And would create lucrative investment opportunities for the entrepreneurs, at the same time promoting a wage increase in the medium term. Because it is the increase in investments, and, consequently, in savings, that promotes growth.

For this political pact to make sense there is one assumption and two

conditions. The assumption is that investment will grow as the lucrative investment opportunities grow, and these will increase as the country succeeds in neutralizing the tendency to the cyclic overvaluation of the exchange rate and exports manufactured goods.

The first condition is an “external” one: that this political coalition politically defeats the alternative coalition formed mainly by rent-seekers and by foreign interests, so that part of their rents may be transferred to the profits of productive enterprises. The second one is “domestic”: that the workers accept a temporary reduction in their wages, because this is the consequence of the necessary initial devaluation of the exchange rate.

The news that negotiations between FIESP, two trade union federations and the two major trade unions are progressing well over a large pro-industry agreement (*Valor*, May 20, 2011) is an indication that at last a major developmentist coalition is beginning to form in Brazil. We still have to see whether this coalition will have political support in society, whether investment opportunities will consequently be created and the country will go back to the accelerated growth of the years 1930-1980, or whether we will continue to be hostage to rent-seeking and to advices coming from the North.