

Latin America's Lost Illusions

BRAZIL'S NEW DIRECTION

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On 27 October 2002, the voters of Brazil chose Luiz Inácio Lula da Silva of the Workers' Party (PT) to be their next president, giving him a wide margin of victory with 61.3 percent in a two-candidate runoff against José Serra of the Social Democratic Party (PDSB). Does the election—on his fourth try—of this lather operator turned trade union leader and the ascendance of his leftist party signal a historic shift in Brazilian politics? What are the implications of a Lula presidency for democracy in Brazil, and what is the larger situation of that democracy now?

Should 2002 be seen as marking a new era in Brazilian politics? Is it the start of a period in which a programmatic leftist party that has championed popular participation, accountability, and redistributive change supplants the political clientelism, social elitism, and technocratic policy making for which Brazil is known? Or is it wiser to focus on the pragmatic adjustments that the PT has made, the continuing sway of conservative forces, and the multitude of constraints—political and economic, domestic and international—that will hem in efforts to make major changes?

On the one hand, the election of a candidate who is a true outsider is a dramatic break with the pattern of Brazilian politics since the postauthoritarian period began in 1985. President José Sarney (1985–90), who inaugurated the civilian regime, had been a leading member of the official government party under the military regime that ruled from 1964 to 1985. His successor, the disgraced Fernando Collor de Mello (1990–92), had similar political origins. After serving as an opposition

Questions
What does
Lula mean
for Brazil
down.

Brazilian Democratic Movement (MDB) senator during the military period, Fernando Henrique Cardoso played a leading role in brokering Brazil's transition to democracy, forging an array of compromises with outgoing actors and solidifying his establishment credentials, albeit as a moderate social democrat affiliated initially with the PMDB and then the PDSB.

Samuel, Collor, and Cardoso all came from elite backgrounds in a society where class origins still mean a great deal. While the former two hailed from oligarchic families in the Northeast, Cardoso was the son and grandson of army generals and was a distinguished academic who had spent part of his career teaching social sciences at Stanford and Cambridge universities. Lula is the son of hardscrabble tenant farmers from the poverty-stricken Northeast. With his election, the exclusive club of Brazilian presidents has broadened its membership.

The PT now holds 91 of the 513 Chamber of Deputies seats and 14 of the 81 Senate seats, making it the single largest party in Congress. In 1986, it controlled 16 of 487 lower-house seats and had no Senate seats. The story behind the increase is one of steady growth in every election, not merely in the large industrial cities of the country but also in less-developed regions such as the Northeast, an oligarchic bastion. Although it is not without internal factions, the PT is the most ideologically coherent and disciplined party in a field dotted with parties whose politicians possess few principled commitments and have been known to switch allegiances in order to get ahead.

Leaving the Left Behind?

While rejecting the patronage-based politics and social elitism associated with the right, the PT has also tried to distance itself from some of the orthodoxies of the old left, including populism, corporatist labor ideology, and excessive centralization. The party's hallmark is its embrace of participation, accountability, and transparency, as exemplified in the participatory-budgeting programs for which PT-run municipal governments have become well known. Core PT supporters include members of the largest labor confederation, the Central Unica dos Trabalhadores; middle-class intellectuals; elements of the Catholic Church; and new social movements such as the one that defends the cause of Brazil's landless agricultural workers.

The relative tranquility of the 2002 campaign is noteworthy as well. In 1989, when the PT ran a strong race (it nearly beat Collor), there was severe left-right polarization and a spate of antidemocratic machinations as traditional contenders—the military, big business, and large landowners—warned that chaos would follow a PT victory. While the most recent election stimulated financial circles to express concern about the economic impact of a Lula presidency, the public conduct of other

elites suggested a basic acceptance of the outcome that eventually transpired. That their respect for the electoral process was strong enough to override their (presumed) substantive preferences suggests a significant maturing of Brazilian democracy.

All this notwithstanding, other signs suggest that the 2002 election results should be interpreted neither as a massive rejection of the Cardoso administration's market-oriented approach to development nor as a resounding endorsement of the PT's program, an impression made all the stronger when one considers that all the other PT candidates combined drew barely half the number of votes that Lula himself received.¹

The PT's dominant faction, known as the Articulação, has turned ever more pragmatic. While party moderates began to distance themselves from socialist rhetoric and symbolism even before Lula's third bid for the presidency in 1998, further edging away from radicalism took place as the 2002 race loomed. Throughout the campaign, beyond making superficial changes toward a "lighter" image, Lula strove to project moderation. He pledged to work within the political principles enshrined in the 1988 Constitution, and to be mindful of the needs of markets both at home and abroad. He expressed his commitment to fiscal responsibility, debt repayment, low inflation, and most notably the International Monetary Fund. He also promised to pursue new policies to boost employment, wages, and exports while fighting poverty and inequality. He condemned the violent tactics of the Movement of Landless Rural Laborers (MST) while acknowledging that the problem of landlessness desperately needed to be addressed. He broke with the party's previously restrictive coalition policy and forged a crucial link to the rightist Liberal Party (PL), whose leader is a business entrepreneur and whose ranks include voters from Brazil's conservative-leaning evangelical Christian churches. The words "socialist" and "socialism" were absent from the PT's official 2002 platform. In short, the Lula who ran in 2002 was not the Lula who had run in 1989, 1994, or 1998. It was this moderation—combined with an electorate exasperated by the lost promise of Cardoso's economic policies—that enabled Lula to shatter his customary 30 percent ceiling and take 46.4 percent in the first round, thereby setting up his landslide victory over Serra in the runoff.

The exigencies of electoral politics and economic globalization, coupled with the self-examination that PT leaders undertook after losing the 1998 presidential election, induced a move to the middle. At the time of this writing in late February 2003, the new government seems to be holding its course. The appointment of an economic team headed by figures such as Finance Minister Antônio Palocci and Central Bank president Henrique Meirelles, is perhaps the clearest evidence of this. Both intend to guarantee fiscal and monetary stability. Meirelles is a former

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2002 not
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In 2002
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director of the Bank of Boston and ex-federal deputy elected on the center-left PSDB ticket.

Anatomy of a Victory

A key point in Lula's favor and a big problem for Serra was simply that the latter—a man with more administrative experience and arguably more technical competence than Lula—was Cardoso's handpicked successor. The outgoing president had become widely popular after taming inflation with the 1994 Real Plan, but fell from grace in the wake of the 1999 currency devaluation and a recession that hurt real wages as well as employment. The public perception was that Cardoso preferred price stability and the approval of foreign lenders to growth and jobs for Brazilians. By 2002, sizeable shares of people polled before the runoff said that they were planning to vote for Lula as a protest against Cardoso.² Besides losing the presidency, the PSDB and its allies had to endure substantial losses in both houses of Congress as well.³ Voters did not want to risk the economic stability that Cardoso's policies had achieved, nor did they want to reject the market model altogether, yet they did want change.

A splintering of the political center and right contributed crucially to the PT's success as well. In 1989, centrist and right-leaning forces had managed to close ranks before facing Lula in a runoff, but they could not repeat the feat in 2002. Moreover, no single candidate had sufficient personal appeal to prevail among the voters of the newly fragmented coalition.

Conservatives Recognition of the continuing strength of conservative forces in the political system provides further perspective on the PT's recent advances. The Liberal Front Party (PFL) and the Party of the Brazilian Democratic Movement (PMDB) continue to have substantial weight in the Chamber of Deputies and Senate.⁴ Among their ranks (especially in the PFL) are scores of politicians known for their strongly conservative views and their control over patronage networks. For the most part, the political elite remains narrow in social terms as well. Embodying this image is former Brazilian president José Sarney (PMDB), the new president of the Senate. Cardoso resorted to using state resources to "buy" the legislative support of the political class on a number of key occasions. It is less certain that Lula will rely on such a strategy to get things done. As of this writing, he can count on 250 votes in the Chamber and 30 in the Senate, too little to guarantee the passage of ordinary legislation, much less constitutional amendments, which require 257 and 308 votes, respectively.⁵ Further weakening the PT's grip on the political system is its thin representation among Brazil's influential governors: Only 3 states out of 27 have PT chief executives, while the opposition PSDB and PMDB have a total of 12 governorships. The opposition par-

ties' control over state governments will give these parties significant leverage when it comes to various federal reform efforts and policies. Ironically, the party that in many ways would seem most ideologically open to Lula's platform, Cardoso and Serra's PSDB, is in the opposition. While PSDB politicians claim they will not be as obstructionist as the PT was when it was in opposition, it is too early to tell whether they mean those words. Legislators from the PMDB could play a significant swing role as well. Lula will need to cultivate ideologically sympathetic members of the PSDB and PMDB in order both to broaden his coalition and to provide a counterweight to the most conservative elements within his own camp. For now it appears certain that Lula will have to work with narrower congressional support than Cardoso enjoyed throughout most of his term, with all that this implies regarding the maneuvering room available to the new president.

The Question of Political Stability

Could a PT-led government—especially if the economy deteriorates or the polity becomes polarized—present a threat to the stability of democracy? Brazilian democracy has survived a number of serious crises since the 1985 return to civilian rule. These include President Collor's 1992 impeachment on corruption charges and subsequent resignation; the failure of no fewer than seven economic-reform packages between 1985 and 1993; political turmoil during the interim presidency of Fiambranco (1993–94) that threatened to result in a Fujimori-style self-coup; and the 1999 currency devaluation, which threatened the country's hard-won economic stability and undermined the broad support that Cardoso had previously enjoyed. Over the same period, political changes occurred that might have presaged unrest. Civilians eventually challenged the armed forces over numerous political prerogatives that senior military officers had inherited from the authoritarian period and had used to exercise tutelage over the new democracy in its initial years.⁶ The Collor government reduced the military's once-dominant presence in the intelligence and national-security agencies. President Cardoso abolished separate ministries for the army, navy, and air force and transferred many of their functions to a civilian-run defense ministry. Taken together, the presidents since 1985 represent a movement from right to left across the ideological spectrum. Whereas Sarney and Collor had been loyalists under the military regime, Cardoso came home from exile to spearhead the institutionalized opposition as Senate leader of the MDB. As president, he moved to the center but retained some social democratic inclinations. Lula, an "authentic" member of the working class and former leader of the "new unionism," is identified with a party of a far more radical tradition and vision than Cardoso's MDB or more recent PSDB.

In the midst of these and related developments, Brazilian democracy

Brazil's gradual shift to left since 1985

Question: Can Brazil survive PT?

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has proven remarkably resilient and sustainable. Even in the worst of times, capitalists have continued to invest in the Brazilian economy, and social tensions have rarely resulted in debilitating mass protests, and the military has kept its saber-rattling within limits. Relative to the previous democratic era, elite groups have been quiescent, never threatening to topple governments, much less the democratic regime itself. Brazil's third-wave democracy is more stable than its second-wave democracy (1945-64), and has shown surprising increases in adaptability since its inception in 1985.⁷

At first glance, this resiliency is surprising. Brazil is well known for social conditions—deep poverty, sharp inequalities, teeming urban slums, and weak social safety nets—that are not usually associated with democratic durability. The polity, moreover, features both strong presidentialism and a highly fragmented party system—a one-two punch that should, in theory, undermine coherent policy making and render conflicts tougher to solve.⁸ Moreover, opinion polls suggest that citizens feel a less than wholehearted commitment to democracy. In the 2002 Latinobarómetro survey, only 37 percent of Brazilian respondents agreed with the statement, “Democracy is preferable to any other kind of government.” This is 20 percentage points below the average for Latin America—a region with a tenuous relationship to democratic government.⁹ Moreover, it represents a steep decline from the 50 percent who expressed support for democracy in 1996 and 1997, and stands as one of the sharpest drops on this measure in Latin America.¹⁰

What then accounts for Brazil's impressive democratic stability since 1985? To begin with, the sheer complexity and heterogeneity of Brazilian society make it hard to organize for any massive change. Stark barriers divide the urban and rural poor, formal and informal workers. The growth of different branches of industry and of the service sector has created further divisions, preventing even organized workers from advancing their demands in a united fashion. Ideological fragmentation and varying degrees of militancy further limit the labor movement's potential to challenge and transform the status quo. Instead, as in the corporatist system that President Getúlio Vargas established in the 1930s (albeit to a lesser degree), workers advance their narrow interests, often to the detriment of the working class more collectively.

The persistence of conservative forces and the ongoing reliance on patronage networks, especially in poor rural and urban areas, act like an anchor, steadying democracy but also limiting it. Powerful elites including landowners, business interests, and politicians of the right continue to have substantial representation in Congress.¹¹ One estimate holds that landed elites controlled about 30 percent of the seats in the Chamber of Deputies during the Cardoso administration.¹² Family-based oligarchies persist in states such as Maranhão, Rio Grande do Norte, and Santa Catarina. Central to the national-level influence of these oli-

garchies and other conservative forces is the overrepresentation of rural areas in the heavily malapportioned Chamber of Deputies. The politics of clientelism—sometimes with a modern twist—is still alive and well in some parts of Brazil.

While Brazil's political system safeguards elite interests, it also offers channels of influence to new forces that might otherwise take a “antisystem” stand. An electoral system based on open-list proportional representation with a relatively large number of members elected, on average, from each district keeps entry barriers low and gives space to new outside forces such as parties advocating popular interests and inclusionary practices. That a party like the PT was able to integrate activists and make steady electoral headway throughout the 1980s and 1990s no doubt helped to legitimate democracy in the eyes of core PT members. Innovation and success in government—most notably at the municipal level—helped the PT to widen its coalition, which in turn gave the moderate leadership within the party a boost and eased fear about the PT's advance.

The marked prodemocratic shift in post-Cold War international norms has also shielded Brazilian democracy. The country's commitment to a market-oriented transnational economic order raises the costs of a break down in democratic rules and procedures. Should domestic factors be insufficient to secure democratic stability, external forces such as pressure from other democracies could serve as final safeguards. Indeed they may already have done so: In late 1993, when democracy's prospects were arguably at their lowest ebb of the entire post-1985 period persons close to President Itamar Franco began sounding out elite support for a Fujimori-style executive coup. They got few takers, in part perhaps because there were fresh memories of how U.S. condemnation had helped to scotch an attempted presidential putsch in Guatemala earlier that same year.

Malign Rules and Practices

While Brazil's “third wave” democracy has proven remarkably adaptive and stable, it has been less impressive in other ways, bearing out the observation that democratization is a complex process in which change unfolds unevenly.¹³ Informal practices and patterns as well as formal rules diminish the quality of Brazilian democracy.

The persistence of extreme poverty bars legions of Brazil's citizens from meaningful participation in the democratic system. Absolute levels of deprivation are stark, with about 50 out of 175 million deemed poor, an incidence that is above average for a middle-income country (estimated per-capita GDP in 2000 was US\$7,400 in purchasing-power-parity terms). The population as a whole is poorly educated, especially in relation to Brazil's overall level of development. In cities and the

How do we explain this stability?

Let's look at the scores

Open-list PR helped PT grow

post Cold War climate helps

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country-side alike, poverty renders voters vulnerable to the machinations of patronage-wielding politicians who buy votes with handouts. This perverts the participatory ideal of democracy. It also diminishes the potential for formal democratic participation to generate policies meant to advance human welfare in more systematic ways.¹⁴ While electoral rights were broadened in 1985 to include illiterates, this segment of the population (estimated at 15 percent by the World Bank) is among the most likely to be manipulated by politicians who rely on patronage networks and are indifferent or even opposed to institutionalized policies aimed at poverty reduction.

Pronounced social inequality poses its own challenges to democratic ideals. Levels of income inequality in Brazil are among the highest in the world. Roughly 63 percent of total income goes to the wealthiest 20 percent of the population, while the poorest 20 percent gets a mere 2.5 percent.¹⁵ Government policy on taxes and public benefits favors the most affluent as well. As a case in point, the World Bank estimates that "less than one percent of social security spending reaches the poorest ten percent of Brazilians, while about fifty percent is cornered by the wealthiest ten percent."¹⁶ This reflects a pension system that evolved by incorporating privileged categories of public servants and private-sector employees over time, leaving most of those in the informal sector to fend for themselves. The most outrageous example of corporatist privilege is the system of lifetime pensions paid to unmarried adult daughters of deceased military officers, numbering presently some 58,000 women, many of whom have been all but legally married for decades. The Cardoso government gave new attention and resources to the social area, but did little to narrow stark differences in people's civil status and public entitlements. Inequality on this scale effectively means that Brazilians enjoy widely varied rights as citizens.

Unequal treatment is sharply manifest in the legal sphere as well. Poor people are frequent targets of arbitrary police violence and have little recourse when they are victimized. The law often goes unenforced against private thugs or paramilitaries when they assault rural unionists and their followers. Corruption is widespread among politicians and public officials. In a recent 91-country ranking of corruption (from best to worst), Transparency International placed Brazil 46th, far below Chile, Costa Rica, and members of the OECD.¹⁷ While public authorities launch many more investigations than they did before 1985, and guilty officials sometimes lose their posts, the prospect of convicted offenders going to jail is almost nil. While the double standards of the legal system are not necessarily codified, a uniform system of rights and

obligations among Brazilians does not exist in practice. As a consequence, the institutions of law and justice lack legitimacy and the realization of democratic citizenship remains limited.¹⁸

Of the formal rules that dilute the quality of democracy, the most salient concern the electoral system. As noted above, representation in the Chamber of Deputies is lopsidedly rural due to longstanding malapportionment. There is a huge gap between the share of legislative seats allocated to urban electoral districts and the share of the population that actually lives in them. It is generally accepted that in federal systems the upper house of the national legislature will represent geographic units of varying population more or less equally. Yet Brazil has lower-house malapportionment that exceeds the Latin American average and greatly exacerbates the skewing effects that already stem from the way the Senate is apportioned.¹⁹ The city of São Paulo alone, for instance, is more than 50 seats short of its proportional share in the Chamber of Deputies. Even those not committed to the one person, one vote ethic should recognize on practical grounds that such a situation can hamper governability. By creating a rural bias, malapportionment generally strengthens the patronage-wielders and weakens more progressive forces.²⁰ It invites chronic conflict between a conservative-leaning, malapportioned legislature and a president chosen by something that closely resembles a national plebiscite. Relatedly, as Richard Snyder and David Samuels point out, malapportionment can contribute to the "proliferation of subnational authoritarian enclaves."²¹ That Brazil's Congress acts as a megaphone amplifying the voices of conservatives almost certainly contributes to stability, but it is just as clear that this exacts a price in terms of coherent governance.

Brazil's unique system of open-list proportional representation and districts of high average magnitude is similarly double-edged. While the openness and flexibility of this electoral system facilitate the entry of small parties, thus giving voters more options and bolstering stability, weighing against these advantages is the negative effect on governability. Volumes have been dedicated to analyzing and dilating upon these consequences.²² Suffice it to say here that current electoral arrangements have encouraged the proliferation of weak and undisciplined patronage-oriented parties, reinforced personalistic leadership, and obstructed the legislative process. Brazil's electoral rules also diminish accountability, raising the chances of poor legislative performance and even corruption and other forms of malfeasance. Since one top vote-getter can lay claim to additional legislative seats for his or her party, even politicians who as individuals lack the confidence of voters may end up holding office.

The deepening of democracy in Brazil therefore demands reforms in various spheres. If the poor are to become full citizens and not merely the objects of demagogues and patronage handouts, the country will

problems with electoral system
urban voters under-represented

problems with federalism

fragmented parties
problems with governability

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have to find ways of raising levels of education and material wealth. Socioeconomic inequality and distinctions in social privileges must narrow until there is a modicum of common ground among citizens. The civil component of citizenship must also be extended. Brazilians need to be able to count on state institutions to secure their civil rights, either as protections or immunities. All individuals—regardless of social status—must be equally subject to the rule of law. Finally, toward the greater goal of enhancing governability, political reforms must be undertaken to strengthen parties, enhance accountability, and correct for distortions in representation.

Addressing these and related issues will pose a series of formidable challenges for the new government. In light of the political system's capacity to absorb change, there is little doubt that it would take a crisis of unprecedented proportions to derail Brazilian democracy altogether. The big question is whether the multiple constraints at hand and Lula's commitment to pursuing a pragmatic political course will ultimately allow his government to carry out even the most basic of reforms in these areas.

Can Lula Come Through?

What prospects exist for a PT-led government to deepen democracy along these lines? Alleviating extreme poverty and enhancing social equity are top priorities. The government sent a strong public message to this effect in showcasing its Zero Hunger program, a PT-designed policy innovation aimed at eradicating malnutrition among 23 million Brazilians. It has also pledged to reform social security in equity- and efficiency-enhancing ways—a goal that eluded even the politically skillful Cardoso—although doing so risks alienating core PT supporters who benefit from the current system, especially unionized public-sector workers, schoolteachers, and university professors. As has happened time and time again, however, measures to strengthen the rule of law and reform political institutions will likely be postponed for the sake of attending to urgent economic and social demands. The political capital it would require to take on these formidable problem areas, coupled with the lack of immediately obvious benefits to voters from even successful reform efforts, render them low priorities.

At center stage are the economy and the social sphere. Lula has promised a new economic model that will raise exports, employment, wages, and government expenditures to alleviate poverty, improve social services, and enhance public security. He will need to walk a tightrope between making good on social commitments and respecting Brazil's very tight economic constraints, which include debt repayment and budgetary austerity. In advancing his progressive social agenda he will have to keep conservative antagonists at bay. In addressing the country's se-

vere economic problems, he will need to keep critics on the left in check, including trade unions, the landless movement, and perhaps most of all, the radical elements within his own party, who have already begun to demand greater decision-making influence over the government.

Expectations run high—especially in relation to employment, wages, and poverty alleviation—and failure to fulfill core promises could result in bitter disappointment. Approximately 70 percent of respondents in one recent poll expressed confidence that the government would reduce poverty and unemployment. Nearly three-quarters said that they thought Lula would make a good-to-excellent president. This compares with 66 percent for Cardoso at a similar point in his administration.²³

Such high hopes mean that Lula will have to produce results quickly in order to govern effectively. Present circumstances test Lula's leadership talents like never before. So far, he has shown imagination and creativity in this regard. The flagship Zero Hunger program, for instance, is politically unassailable since it speaks to such a basic need and can be accomplished within reasonable financial limits. It has quickly become the darling of major institutions such as the World Bank and the UN Food and Agriculture Organization. It aims to generate the kind of immediate concrete results that will be crucial to sustaining the popularity required to implement much-needed structural reforms in the economy. Will the extraordinary talent and fortitude that it took for Lula to rise from poverty to the presidency of a major country like Brazil help him defy the odds at a broader national level? Only time will tell, and yet one thing is already clear: The very fact that he is president speaks volumes about how far Brazilian democracy has come.

NOTES

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1. Reported in Anthony W. Pereira and Timothy J. Power, "Lula Ex: Implications of the 2002 Elections in Brazil," *Latin American Studies Association Forum* 33 (Winter 2003): 8–10.

2. Reported in "Latin America Opinion Alert," Office of Research, U.S. Department of State, Washington, D.C., 8 November 2002.

3. The PSDB suffered a net loss of 23 seats in the Chamber of Deputies and 3 seats in the Senate.

4. The PMDB holds 19 seats in the Senate and 74 in the Chamber of Deputies. The PFL has 19 seats in the Senate and 84 in the Chamber.

5. As of this writing in late February 2003, there appears to be a chance that the PMDB might join the government. This would bring the coalition's numbers to 319 in the Chamber and 49 in the Senate.

6. See Wendy Hunter, *Eroding Military Influence in Brazil: Politicians against Soldiers* (Chapel Hill: University of North Carolina Press, 1997).