

CHAPTER 11

Brazil

LEARNING OBJECTIVES

- Identify how the three levels of analysis interact in Brazil.
- Use theoretical propositions to understand political and economic development in Brazil.
- Explain how and why political and economic development in Brazil differs from other Latin American countries.

TIMELINE

1821	Independence from Portugal
1889	Monarchy replaced by Republic
1937–1945	Estado Novo under Getúlio Vargas
1964	Military coup
1980	Worker's Party (PT) formed
1985	End of military government
1988	New constitution passed
1992	President Collor de Mello resigns after being impeached
1994	Real Plan implemented; Fernando Henrique Cardoso elected president
2002	Lula elected president
2006	Lula reelected president
2009	Brazil becomes creditor to the IMF
2010	Dilma Rousseff elected

Born into poverty in a small town in the state of Recife, Luiz Inácio Lula da Silva, or **Lula**, became part of local workers' unions as a teenager. The injustices he saw all around him prompted him to work his way up to be president of a metalworkers' union. From there he helped create the new, and eventually very powerful, national political party, the Workers' Party. Because of his background, both inside and outside Brazil, many considered him radical. With that party as a platform, he ultimately became president of the country, where he worked to benefit Brazil's poor with a strong global economic presence combined with poverty reduction programs at home. In 2005 he spent 70 days of the year in twenty-eight other countries, always emphasizing the importance of using foreign relations as a way to increase prosperity.¹ Probably no president in the country's history had a more keen sense of how the local level could connect nationally and internationally. He left office as one of the most popular presidents in Brazilian history.

Brazilians have long joked that theirs has always been the country of the future. It is the largest country in Latin America both in terms of area (3.3 million square miles, fifth most in the world) and population (about 194 million, also fifth largest) and is abundant in natural resources. Yet it suffers tremendous economic inequality, which is tied to racial discrimination. Brazilian presidents have sought to make the country a world power, but that status has been very slow in coming. Economically, the combination of growth with inequality is a constant part of the debate over Brazilian development.

Brazilian politics is a sprawling, messy affair that involves the power of regional elites in a federal system, strong presidential powers, and a wide diversity of different political parties, but also the growing strength of civil society, which has often sprouted from the local level. After the end of a long military dictatorship in 1985, the challenge of Brazilian democracy has been to harness its incredible economic potential while also bringing more Brazilians into the political system. Although those goals are very similar to other Latin American countries, Brazil's origins were quite different.

In the recent past, though, Brazil has begun to pose a theoretical challenge. Through years of state capitalism, it has developed a thriving and diverse economy, with both heavy industrial and agricultural sectors. Once far more dependent on the developed world as an export market and source of finished goods, Brazil now has a large domestic market and exports its industrial products globally. Yet it has also retained its cultural characteristics, both good and bad. Brazilians refer to *jeito*, or the ability to get around rules, which entails an ambivalent relationship with the rule of law. Brazil is thus neither dependent nor a carbon copy of the developed world.

Historical Roots of Political and Economic Development

Brazil is distinct from its Latin American counterparts because it remained an empire until 1889. When Napoleon Bonaparte invaded Portugal, the royal family fled to Brazil (by contrast, no Spanish monarch ever visited the Spanish

The End of Empire

The issue of slavery remained a bone of contention throughout the nineteenth century, and still now the question of race in general is central to Brazilian politics in many ways. The abolition of slavery in 1888 with the so-called Golden Law was the culmination of a gradual process of emancipation and restriction of the slave trade. The end of slavery had a devastating effect on many rural elites who depended on forced labor, and set in motion a civil-military movement to overthrow the emperor.

Thus, Brazilian independence bears virtually no resemblance to the experiences of other Latin American countries. In particular, it was much less violent. Nonetheless, by the end of the century, the country faced many of the same challenges. By virtue of the War of the Triple Alliance in the late 1860s (pitting Argentina, Brazil, and Uruguay against Paraguay), which culminated in the occupation of Paraguay's capital Asunción, the military became an important political actor. Further, the Brazilian state embarked on ambitious economic development projects, which raised national expectations about the future of the country's economy. This in turn would spark calls for industrialization.

The National and Local Implications of Political Institutions

When the empire dissolved, the Brazilian liberals and military officers who controlled the transition established presidentialism with a federal system. Brazilian politics were oligarchic and stable for four decades, characterized by some elite disputes but no major armed conflict. The president worked in tandem with governors, with a quid pro quo arrangement that ensured support for the executive in exchange for noninterference in state affairs. One unfortunate long-term effect was that governors developed their own strong party bases, which fostered regionalism at the expense of national unity. The local level clashed with the national.

That became evident by the late 1920s, as discontent grew regarding the traditional elite's ability to manage the economy and the political dominance of the state of São Paulo. In particular, the national economy depended heavily on *paulista* export of coffee, the international price of which plummeted after 1929. President Washington Luís was overthrown in 1930, and the military placed Getúlio Vargas, a former governor and failed presidential candidate, into the presidency. Vargas moved quickly to consolidate his power, successfully defeating a secessionist movement in the state of São Paulo and then creating a Constituent Assembly to draft a new constitution, which went into effect in 1934. Although the constitution centralized political power, it provided broad new suffrage rights, including for women. Nonetheless, political power remained largely concentrated in the same large landowners as the pre-1930 period, as coffee and ranching received preferential treatment.

Vargas nationalized the largest natural resources (such as mining), thus increasing the size and scope of the state. Opposition to Vargas' populist and corporatist projects led in 1937 to his dissolving the legislature, abolishing political

parties, and declaring a “New State” (*Estado Novo*). He wrote yet another constitution that essentially legalized dictatorship, characterized by extensive decree power and censorship laws. Anticommunism was a thread that ran across all of his policies. He implemented a number of programs aimed at elementary education, public health, and workers, with the expectation that they would appreciate these measures without involvement in the decision-making process. Opposition once again mounted, especially within the armed forces. Vargas promised a presidential election for 1945, but concern he would renege led the military to force him from office. The election was held, and General Eurico Gaspar Dutra, his minister of war, won the presidency. Dutra and his successors were perhaps even more openly populist than Vargas, offering benefits to specific groups in return for political support and votes.

BRAZIL'S POLITICAL INSTITUTIONS

Last constitution: 1988

Federal system with twenty-six states plus the Federal District

Executive: President with four-year term, one consecutive reelection allowed (but can be elected again nonconsecutively)

Legislative: Bicameral with 81 senators (majority vote) and 513 deputies (proportional representation)

Judiciary: Superior Justice Tribunal and Supreme Federal Tribunal, with judicial review

Contemporary Politics in Brazil

In his classic work, political scientist Alfred Stepan argued that between 1945 and 1964, the Brazilian military played a “moderator” role, stepping in when civilian elites deemed it necessary or when senior officers believed civilians were not governing well. This moderating role also entailed at least one military officer running in every presidential election after 1945: “coups could be considered not merely as a unilateral response of an arbitrary and independent military institution acting on behalf of its own institutional needs and ideology, but as a dual response of both military officers and civilians to political divisions in the society.”² Civilians were too deeply divided to rule democratically.

National Factors in the Breakdown of Brazilian Democracy

In general, at the national level there was high political drama. Vargas returned as a democratically elected president, but then committed suicide in 1954 amidst a

sagging economy and charges of corruption. There was a crisis in 1955 as a faction of the military sought to prevent Juscelino Kubitschek from assuming the presidency. The political crisis deepened in 1961, when President Jânio Quadros resigned, hoping that it would prompt an outpouring of popular and military support for his return to power (and cut through the existing political Gordian knot in the country), but instead his resignation was accepted and his vice president, João Goulart, became president. A well-known leftist, Goulart was allowed to assume office only after the military created a new position of prime minister to dilute his power and called for a plebiscite to be held in 1965 about whether Brazil should utilize a presidential or parliamentary form of government. Knowing his presidency was in jeopardy, Goulart attempted to placate the military, but his strategy of appealing to different military factions only angered the leadership more. In the face of widespread strikes and disorder, the armed forces informed Goulart that he would face civil war if he did not resign. Goulart was unable to garner popular support to stay in power, and in 1964 fled to Uruguay.

Economic development, then, had most certainly not led Brazil in the direction of either modernity or democracy. As Guillermo O'Donnell points out, Brazil imported capital and intermediate goods, referring to goods that are used to produce something else (such as metals that then used for the production of cars, tractors, etc.).³ This in turn led to a foreign exchange shortage because the finished industrial exports were not garnering sufficient profit. In short, the economy was becoming much too reliant on imports, which increasingly became a drag on reserves. Because consumer demand remained high, inflation soared. This represented a problem that neither military nor civilian governments could solve for decades given the potential political costs involved.

With the 1964 coup, the military moved into direct rule. At the same time, however, the military government never considered itself permanent. So, for example, it allowed Congress to continue functioning, albeit only with members it considered acceptable and a legally mandated two-party system until 1979. Local elections were still held to provide at least the image of democratic rule, though the political system remained solidly authoritarian, with restrictions on civil liberties, free speech, and an absence of accountability, which meant it lacked even the basic characteristics of a polyarchy. Labor was strictly controlled and the main labor organization was abolished. The progovernment party was the National Renovating Alliance, while the opposition party was the centrist Brazilian Democratic Movement, founded in 1965. It would later become the Brazilian Democratic Movement Party. The institutional foundations for Brazil's future democracy were therefore in place.

The dictatorship was not as repressive as its neighbors, though a government report eleven years in the making (entitled *The Right to Memory and Truth*) published in 2007 detailed the deaths of 475 victims. An amnesty passed in 1979 has placed obstacles to bringing those responsible to justice. The most repressive years were under General Emilio Médici (1969–1974) during which the military had an active counterinsurgency program to defeat guerrilla uprisings. The question of justice is far less public and politically pressing than in Argentina or Chile.

Creating a New National Economic Policy

Despite sometimes drastic political change, the economic strategies of civilians and generals alike centered on import substitution, with heavy state involvement in the economy. Brazil's sheer size provided unique opportunities because it had a large domestic consumer market for goods as well as its own natural resources to contribute to industrialization. As the country stabilized politically under the dictatorship, foreign capital became plentiful, and the military government placed heavy emphasis on economic growth. Brazil experienced impressive growth rates. Between 1968 and 1974, gross domestic product (GDP) growth was never under 8.2 percent, and hit a high of 13.9 percent in 1973. The share of industry in GDP rose from 24.1 percent in 1950 to 40.9 percent in 1980.⁴ From the perspective of modernization theory, Brazil seemed once again to be taking off, moving forward toward developed status.

Economic policy included a “crawling peg” (meaning a system that allows for small, gradual changes in the exchange rate), tax incentives for large projects, a focus on infrastructure, and in general a strong role for the state. Between 1967 and 1973, manufacturing grew by 12.0 percent.⁵ In the same time period, GDP grew at an average rate of 11.5 percent. Exports grew rapidly, from \$1.9 billion in 1968 to \$6.2 billion in 1973. But by the 1970s that growth was increasingly financed with loans. By 1979, external debt accounted for 27 percent of gross national product.⁶ Further, by 1981 Brazil was paying \$10 billion in interest because interest rates had risen so much throughout the 1970s. That situation was made worse by the rise of oil prices, which brought inflation up to 50 percent in 1979 as firms raised prices to keep up with the costs of production. Further, there was strong geographic inequality, as the north and northeast of the country remained far behind. Yet overall growth numbers looked impressive, so that Brazil seemed always to be on the verge of emerging as a global economic power.

One particularly important initiative launched by the military government in 1975 was the National Alcohol Program, which produced ethanol fuel from sugarcane. The oil crisis of the early 1970s had been a shock for much of the world, so the government began working to reduce Brazil's dependence on petroleum. By law, gasoline in Brazil must be blended with ethanol. Ethanol also became a major export, and as oil prices once again rose in the 2000s, ethanol production skyrocketed and now constitutes a critical part of the Brazilian economy, combining both agricultural and industrial sectors.

The spending associated with all these projects, however, added to debt. As in so many other countries, the Brazilian government responded to the debt crisis by reducing internal demand. The state retreated from the economy by reducing spending and eliminating subsidies, accompanied by tax increases. Strikes then became a real political problem. To encourage exports, the government devalued the currency, but public fears of currency instability led consumers to spend while they could, which made inflation even worse. When the global recession hit in the early 1980s, Brazil required renegotiation of its debt. As elsewhere creditors no longer loaned as they had been during the boom years of the 1970s.

Brazil's Political Transition

In the context of economic troubles, Brazil once again became a polyarchy. The transition from authoritarian rule in Brazil was pacted and protracted. By the early 1970s, the original rationale for the coup, such as combating guerrilla groups and Communist influence, no longer applied. Further, the regime's economic record was decidedly mixed, thus opening the door to moderate political opposition. General Ernesto Geisel became president in 1974, and announced a policy of “distensão,” or “decompression.” His rationale was likely that liberalization would increase support for the military regime, particularly because Brazil had experienced a so-called economic miracle. He did not achieve that outcome, because the opposition made advances in the 1974 congressional elections, increasing from 87 to 160 seats in the lower house. Liberalization also included loosening electoral rules in 1979 to allow for new parties to form, which was intended to divide the opposition. By the 1980s, it expanded into “abertura,” or “opening.” The impetus for these political changes was entirely national.

The military government controlled the pace of this pacted transition. One key feature of such a transition is that the armed forces have significant leverage over the protection of their prerogatives once elected civilian governments returned. Even as they negotiated the end of military rule, senior military officials ensured that they even directly influenced the drafting of a new constitution. So, for example, the military still retains the role (through article 142) as guarantor of “law and order,” although as yet it has not chosen to exert that right, which is vague and therefore open to interpretation (and abuse). The result was a democracy constrained by military power, though it should be noted that particularly after 1990, the military was not viewed by any significant political sectors as a viable ruler. Progress on reducing military prerogatives has been slow, though steady at least in recent years. Expansive military court jurisdiction was reformed only in 2004 (meaning that if a member of the military commits a crime against a civilian, he or she must now face a civilian court). Further, civilians were finally put in charge of intelligence, which like in many other Latin American countries had been controlled by the armed forces.

The constitution stipulated an indirect presidential election, but in anticipation of the 1985 presidential election, the Brazilian Democratic Movement Party (PMDB), which originated as one of the two legal opposition parties, organized the “direitas ja” (“direct elections now”) movement that brought millions of people to the streets. A proposal to that effect reached the legislature, where the military's political allies successfully blocked it. The transition included explicit discussions between Tancredo Neves (who would win the election) and military leaders. As we would expect from a pacted transition, the process was relatively peaceful but placed important restraints on accountability and participation. Unfortunately, Neves became ill the night before he was to be sworn in, and he died soon thereafter of intestinal complications. His vice president, José Sarney, took office instead. Sarney was associated with the military government, and the negotiated transition ensured, at least for the short term, that the political

structure constructed by the military would remain. This included censorship laws, military prerogatives, laws against strikes, and a military presence in the presidential cabinet. The process of creating a new polyarchy therefore took years after the initial opening.

Sarney enjoyed early support, particular with the short-lived success of his Cruzado Plan in 1986, which fought inflation. The plan involved freezes on prices, wages, and even rent payments as a way to reduce the amount of capital in the economy. The plan enjoyed initial success, but it did not address the structural sources of inflation. By the presidential election of 1989, inflation had soared close to 1,000 percent and the political race was wide open. This would mark Luiz Inácio Lula da Silva's first attempt at the presidency, and he barely lost (53–47 percent) in a runoff with Fernando Collor de Mello, the governor of Alagoas. Collor had a difficult relationship with the legislature, and his own party had only 5 percent of the seats, so like many other Latin American presidents he felt compelled to implement policies (particularly market reforms) by decree. He issued 163 in his first year alone.

Collor was dogged by charges of corruption, and in 1991 was accused by his own brother of being paid millions of dollars in bribes through his campaign treasurer. A congressional commission took up the case, and the following year Collor was impeached, convicted, and forced from office. Although he lost his right to run for office for eight years, in 2006 he was elected senator of his home state. His removal from office showed that Brazilian presidentialism was sufficiently flexible to avoid the breakdowns that are often ascribed to presidential governments. It also demonstrated that although the Brazilian executive does enjoy broad powers, there is still a strong dose of horizontal accountability in a way that parallels Colombia. During this period, the debate over presidential and parliamentary forms of government once again arose, and what was a matter of academic discussion became a concrete political matter. In 1993, Brazilians went to the polls to decide whether they preferred to continue with a presidential system or to shift the country toward parliamentarism. They chose to retain presidentialism. In all, these events were a boon to Brazilian democracy, which endured and became stronger even within the context of executive-legislative disagreement.

The International Influence on Economic Transition

After Mexico's crash in 1982, Brazil found it difficult to access international credit, and the recession deepened. Also problematic was that the anti-inflationary measures did not work as intended, with inflation remaining persistently in triple digits. The economy stabilized under the direction of **Fernando Henrique Cardoso**, who became minister of finance in 1993, and in 1994 implemented the "Plan Real." In the 1960s he had been a proponent of dependency theory, which is highly critical of international capitalism, but by the 1990s he had revised those views and argued that the Brazilian economy could recover only if economic liberalization measures were taken. In other words, Brazil should

embrace economic globalization and open its economy to competition, while retaining a role for the state. That has been the stance of every Brazilian government since then.

In March 1990, Congress passed the National Privatization Program, which then formed a committee to oversee the process of privatizing state-owned enterprises. This included mining, public utilities, telecommunications, and even roads, bridges, sanitation, and railways.⁷ Between 1991 and 2005, the privatization of 120 companies yielded \$87.8 billion at both the state and federal levels.

The stabilization measures generated support for their main proponent, as Cardoso was elected president in 1994. As finance minister, earlier in the same year he had initiated the “Real Plan,” which was intended to stabilize the Brazilian currency as way to combat inflation. It created a nonmonetary currency, the “Real Unit of Value” (URV), which existed alongside a new currency, the *real*. As Brazil had become so integrated into the global economy, it was important to avoid drastic exchange rate swings. The new *real* was initially set one-to-one with the URV, which reduced what is known as “inertial inflation.” Inertial inflation involves a constant adjustment of prices, where the expectation of future inflation fuels ever-increasing price increases. If, for example, someone signs a contract, he or she would adjust the value according to the forecast of future inflation. The Real Plan therefore served to end the public expectation of constantly rising inflation.

However, there were limits to its success. In particular, the Russian and Asian economic crises of 1997–1998 hit Brazil hard because they prompted capital flight, a critical problem for many developing countries at the time as investors became skittish. The government had kept a fixed exchange rate with the dollar, but the *real* had become overvalued. Over time this had created a trade deficit of about \$4 billion a year. Consequently, in 1998 the government devalued approximately 30 to 40 percent. As we shall see, that devaluation was devastating for Argentina, whose currency remained pegged to the dollar. In Brazil, devaluation led to a rise of inflation, but the Real Plan still served to avoid the hyperinflation that had occurred in the past. In general, the government was successful in convincing the public and investors alike that it was working to create a budget surplus and to avoid the inflationary spirals of the past.

National Transformations of the Underrepresented

As Brazil changed economically, it also underwent change politically. Similar to the Chilean case, the Brazilian dictatorship politicized women and prompted them to organize in ways they had not in the past. As in Chile, the Catholic Church played an important role in this process, as it connected women activists to poor and working-class women’s groups.⁸ The families of lower-class women were most adversely affected by repression, so they were the first to come together in organized protest against the military government. The church did not support feminist goals that challenged traditional views of the family, but it did provide a mass base that otherwise would not have existed. By the

early 1980s, the political opposition had made a concerted effort to reach out to women's groups, which further solidified their political influence.

When the military left power, Brazilian women were left in a similar position to their counterparts in other postauthoritarian contexts. The original purpose of democratization was complete, and women's groups found it difficult to remain united and bring demands into the formal political arena. There was little agreement on which demands to make, and what priorities to set for the first legislative elections in 1982.

Nonetheless, there has been reform at the national level. In 1995, the legislature passed a law establishing quotas for mayoral races and positions for Municipal Chambers. In 1997, that was extended to state legislatures and the Chamber of Deputies. The law stipulates that 30 percent of total candidacies must be women, but not all 30 percent of candidacy vacancies must be filled. In practice, parties often leave the vacancies unfilled. As a result, quotas have had only a minimal effect on the number of women elected. In 1998, the number of women in the Chamber of Deputies dropped from 1994 (6.2 percent to 5.7 percent) and rose only slightly to 8.2 percent in 2002.⁹ Over time, however, party leaders do seem to be recruiting women they feel will be competitive. In the short term, parties chose not to fill vacancies with female candidates who were not competitive, because that requires resources for little electoral benefit. The question for the long term, then, is whether women become more prominent within the parties and the number of competitive female candidates increases.

The gradual increase of women in politics has not translated into significant policy reforms with regard to gender issues, such as maternity leave or legalized abortion. Interestingly, the attitudes of individual legislators have become more progressive over time, but the laws remain quite conservative.¹⁰ The essential problem is that party fragmentation makes any type of reform problematic, and gender issues have not been prioritized by either the party leaders or the president. The government has, however, worked to recognize the realities of domestic violence. For example, it passed the 2006 "Maria da Penha" law, named after a woman who was severely beaten over a period of years, which increased the penalties for abuse and allowed for special courts.

Workers have also enjoyed electoral success. Lula worked in factories from a very young age and eventually became involved in union organizing. He helped to found the Partido dos Trabalhadores (**Workers' Party, or PT**) in 1980 and the Central Única dos Trabalhadores (United Workers' Center, or CUT), the main labor association in Brazil. The PT itself was the result of local grassroots organization, and its constitution asserts the right of political autonomy for local actors, as opposed to the traditionally more elitist nature of Brazilian politics. Therefore it rejected the more establishment PMDB. Lula and other PT candidates explicitly noted the importance of class divisions and the need to express the demands of the poor and disenfranchised. In 1986 he won a seat in Congress for the PT, and in 1989 made his first run for the presidency, which he narrowly lost after a runoff with Fernando Collor de Mello.

The PT has had striking political success. It has successfully balanced the need to maintain central party authority for discipline while also ensuring that

local interests always have the opportunity to channel their concerns upward. In other words, its internal structure fostered vertical accountability, with dialogue going both up and down.

The party's fortunes progressively improved after Lula's first run for the presidency. The traditional political elite was disappearing, and political discourse was moving leftward. The PT's message was therefore becoming more mainstream. The PT itself had become less radical and more willing to work with its historic enemies, particularly corporations and wealthy investors. Lula did not advocate socialism, but rather a new focus on the poor within the existing market system. In that sense, he was similar to Presidents Ricardo Lagos and Michelle Bachelet in Chile. Even in his inaugural speech, he clearly stayed away from radical change: "We are going to change, yes. We are going to change with courage, but carefully. We will be humble and daring. We will change, but at the same time we know that it is a gradual and continuous process and not just a simple expression of will."

ANALYZING DOCUMENTS

Lula's inauguration was an important moment in Brazilian political history. In his inauguration speech, he outlined the type of policy strategy he planned to follow, which involved pushing for change, especially for the poor and for Afro-Brazilians. But he also emphasized that such change should not be too radical.

Lula Inauguration Speech (2003)

Change. That is the key word. That was the grand message from Brazilian society in the October elections. Hope finally defeated fear and Brazilian society decided the time had come to tread new roads...

And here I am, on this day many generations of fighters that came before us dreamed of, to reassert my deepest and most essential commitments, to reiterate to all citizens of my country the meaning of each word I said during the campaign, to imprint change with practical intensity, to say that Brazil has reached the hour to become the nation that we always dreamed of—a sovereign and dignified nation, aware of its own importance in the international arena, and at the same time capable of housing, welcoming, and treating all of its children with justice.

We are going to change, yes. We are going to change with courage, but carefully, with humility and audacity. We will change, but at the same time remain aware that it is a gradual and continuous process and not just a simple act of will...

This is a country that never ceases to be young and new, with people who know the meaning of suffering, but at the same time know the meaning of happiness, who believe in themselves and in their own strength. I believe in a great future for Brazil because our happiness is bigger than our pain, our strength is bigger than our misery, and our hope is bigger than our fears.

This is a country that has so much fertile land and so many people who want to work that there is no reason to talk about hunger. However, millions of Brazilians in the countryside and in cities, in the most remote rural and in the urban periphery, lack

food right now. They survive, miraculously, under the poverty line, if they do not die of misery while begging for a piece of bread. This is an old story.

Brazil is great. In spite of acts of cruelty and discrimination, especially against indigenous and black communities, and all the inequalities and pain we should never forget, the Brazilian people have achieved an admirable endurance and national construction ... This is a nation that speaks the same language, shares the same fundamental values and it feels Brazilian...

Today we are starting a new chapter in the history of Brazil, not as a submissive nation that gives away its sovereignty or as an unjust nation that watches passively as the poor suffer, but as a noble and proud nation that courageously affirms its role without discrimination based on class, ethnicity, sex or beliefs...

What we are living right now, my comrades, my brothers and sisters from all over Brazil, can be summarized in a few words: today is the day when Brazil finds itself again. I thank God for having arrived where I am...

I ask God for the wisdom to govern, discretion in judgment, serenity to administrate, courage to make decisions, and a heart the size of Brazil so I can feel united to each Brazilian citizen each day during the next four years. Long live the Brazilian people!

Discussion Questions

- According to Lula, what priorities should the national government have?
- For Lula, what are the national and international sources of national “dignity”?

Source: The Brazilian Presidential Web page: <http://www.biblioteca.presidencia.gov.br/ex-presidentes/luiz-inacio-lula-da-silva/discursos-de-posse/discurso-de-posse-1-o-mandato/view>

Unlike Chile, however, in Brazil there is no significant party on the right. The Democratas Party is in the center, with a platform modeled on that of the Democratic Party in the United States. To its right are only small parties with little political power. In the postauthoritarian era, it seems not to be politically advantageous to be considered conservative. Parties on the right have gradually moved toward the center (though, it should be noted, leftist parties have similarly edged toward the center). This was a phenomenon known as the “ashamed right,” as conservatives became hesitant to self-identify with the right in the years immediately after the transition. These politicians routinely portray themselves as further to the left than their own party.

Lula’s moderate political stance alienated many of his supporters on the left. He forged congressional alliances with the opposition, including José Sarney, the former president who became president of the Senate. Civil society organizations began to distance themselves in response. For example, both the CUT and MST formed a new organization, the Coordination of Social Movements, which did not include the PT. Lula’s willingness to work with more conservative members of the legislature and his vocal support for market mechanisms did not resonate with many political actors on the left, who believed that market-based solutions were not feasible or desirable.

The strength of democracy is also evident in the 2010 election of **Dilma Rousseff** of the Workers' Party for president, defeating Jose Serra in a second round runoff, 56 to 44 percent. Rousseff had once been a member of a guerrilla organization, fighting against the military government, and was imprisoned for it. She later became active in both provincial and national politics, and eventually became an important part of Lula's cabinet. She is the first female president in Brazilian history, and also underlines the strength of the Workers' Party in a fragmented party system. Despite the many obvious challenges that remain, polyarchy is alive and well in Brazil.

Many reforms initiated under Cardoso or Lula, then continued under Rousseff, have greatly benefited the disadvantaged. Some of the most prominent are Bolsa Família ("Family Grant") and Fundef (Fund for Maintenance and Support of Basic Education). Bolsa Família provides cash (through a debit card) for families who can document that their children are attending at least 85 percent of their classes. By 2011, it had reached 12 million families and benefited approximately 55 million family members, at a cost of about \$2.2 billion. It should also be noted that by no means did civil society entirely desert Lula. For example, the Brazilian Association of Non-Governmental Organizations remains a close partner of the Workers' Party, and continues to channel concerns to the government. The same is true of the National Conference of Brazilian Bishops.

Inequality remains a pressing problem. By so many measures, Brazil is industrial and economically modern. By the twenty-first century, Brazil produced millions of vehicles, cell phones, televisions, refrigerators, and even airplanes (EMBRAER is the world's fourth largest aircraft manufacturer).¹¹ By contrast, across the country, only 55.3 percent of Brazilians were connected to a sewage system, and just less than 90 percent had access to a water supply system. In poorer regions, such as in the north, these numbers are worse. Brazil has indeed been developing, but the fruits of that progress have always been concentrated within a relatively small elite. Brazil's Gini coefficient is extremely high, at 0.53 in 2010. That was up from 0.493 in 1979. Fortunately, that was down from 0.602 in 1997, but still put it around the same level as much poorer countries like Haiti, Botswana, and Paraguay.

Inequality is also reflected in racial terms. Indeed, Brazil did not abolish slavery until the very end of the empire, in 1888. Blacks and "pardos" (referring to mixed race) now constitute about 45 percent of the population. Blacks in Brazil earn only 48 percent of what whites make for the same job.¹² Interestingly, many Brazilians consider their country to be a "racial democracy," where difference in skin matters little. This idea was bolstered when the 1988 constitution finally allowed illiterates to vote, a category that was disproportionately black. Fernando Henrique Cardoso was the first Brazilian president to openly acknowledge racism and to forge social programs to address racial inequality. But racial inequality has remained virtually unchanged for years.

One obstacle to addressing racial inequality is the fact that Afro-Brazilians do not share enough group identity to organize effectively for political reform. There are organizations, most notably the Unified Black Movement (MNU), which formed in 1978 and gained momentum in the 1990s, lobbying for equal rights. Further, in 2003, Lula created a Special Secretariat for the Promotion of Racial

Equality. Its work has included the promotion of affirmative action plans, particularly in higher education. Such policies have gradually been puncturing the long-held “myth of racial democracy” by raising questions about the lack of progress Afro-Brazilians have made in socioeconomic terms. It has also highlighted the complexities of race in Brazil, where not all people of African ancestry necessarily self-identify as “black.” There are many different self-classifications for people of color, which further complicates both policy making and political organization.

Presidentialism and National Fragmentation

Difficulty in organizing civil society is exacerbated by political institutions. The Brazilian party system is quite fragmented, meaning that there are many different parties with divergent goals, and a high level of competition within the parties themselves, which reduces coherence. A major reason for this situation is the use of open-list proportional representation. When Brazilians cast votes for the legislature, they make a choice for an individual, but the seats are allocated according to the proportion of the total vote the party receives. The party then assigns the seats to the candidates who received the most votes within the party list. Each state must have at least eight seats in the lower house (out of a total of 513), and no more than seventy. In the Brazilian case, proportional representation both increases the number of parties and creates fierce competition within them to garner the most votes. This personalizes politics, since voters can focus on individuals rather than parties, while the individual candidates are actually opposed to each other even when they belong to the same political party.

Another factor in fragmentation is the ease with which politicians can change parties. The military government had prohibited the practice, and once the laws were removed, switching occurred at a dizzying pace. Between 1987 and 1995, there were 459 defections from one party to another, meaning that one in three federal legislators changed parties.¹³ Politicians rely much more on name recognition and clientelist networks than on party affiliation. Parties therefore become vehicles for their particular interests, rather than coherent institutions with clear loyalties. Legislators also tend not to stay in office long, often for only one term. Instead, they leapfrog to federal offices that offer more power and access to resources. Overall, this generates distrust of the legislature (and politicians in general) among the public.

Clientelism is an enduring feature of Brazilian politics. That has a negative effect on vertical accountability, because state officials operate according to the dictates of their own networks. As politicians do not stay in office long, they are much less likely to take the needs even of their own constituents into consideration. Even as individuals take different positions within the government, their patron–client networks remain strong. Currying favor is a more important goal than efficiency.

The result is a political system that remains very oligarchic. The connection between parties and voters is weak. The PT is an exception to a certain degree, but Lula’s move to the center reduced party discipline and created schisms. These have been made worse by political scandals. Even before Lula

was elected, a kickback scandal emerged that led to the murder of a PT mayor in 2002. Two years later, members of the PT were implicated in extortion. The worst, however, was in 2005 when a high-level PT official admitted buying political support with monthly payments. Hundreds of millions of dollars were funneled to fake government contracts, and everyone around Lula was implicated.¹⁴ The rise to power of a leftist party was certainly historic, but in many ways Brazilian politics was still business as usual, which contributes further to greater distance between politicians and their constituents.

The fragmentation is quite obvious when considering the distribution of seats in the legislature. In the 2010 election, the PT won the most seats in the Chamber of Deputies with 88 out of 513, but that represented only 17 percent of all seats. The PMDB came out with the second most, at 79. An astonishing 22 different parties gained seats in that election, some with only one or two. After the 2010 elections, the Senate was in a similar situation. A total of 15 parties occupied the 81 seats, with no party obtaining more than 19 (or 24.6 percent of the seats). For a more panoramic view, since 1990 no political party has managed to win more than 20 percent of the vote in the Chamber of Deputies. By necessity, then, the immediate job of every Brazilian president is to forge the necessary coalition partners to get any bill passed, which in practice means doling out money in a clientelist fashion. Of course, the difficulty of that task is precisely one reason why the use of decrees can be so tempting.

Fragmentation has also meant that presidents rely more on exerting their constitutional powers than on building and maintaining partisan coalitions. The president can veto legislation (or even just parts of the legislation), and an override requires a majority of the legislature. A combination of absenteeism (i.e., members who do not attend sessions) and fragmentation mean that overrides are not easy to muster. The constitution also grants the president, rather than the legislature, the right to initiate legislation in certain areas, such as job creation, the budget, administrative organization, or the size of the armed forces. The executive therefore sets the agenda in important respects, including forcing special sessions of Congress, where only the president's issue can be debated. Even more importantly, the president can enact provisional laws for 30 days without congressional approval. If Congress then rejects them, the president can issue them again. This decree power has been used extensively by presidents after 1988.

Traditionally, Brazilian presidentialism has also been associated with corruption, as the party in power benefits from its position. The PT campaigned on an anticorruption platform, arguing that it would transform politics as usual, but it didn't. That has hit the PT in a very serious way. As mentioned, high-level party officials, including some who were very close to Lula, were implicated in 2005 for using illegal funds in the 2002 elections and for buying votes from the opposition in the lower house. The fallout has forced resignations from legislators and cabinet reshufflings and has prompted wide-ranging investigations into tax fraud, embezzlement, and other crimes but has thus far not damaged Lula's own popularity significantly.

Nonetheless, there are signs of greater political institutionalization. More and more Brazilians identify with political parties and can discern differences

between them. There are more coherent party coalitions, so that even though there may be a number of different parties, they are arraying themselves in clear blocs. In particular, the PT and the PSDB have forged alliances that are critical to their electoral success. The strategy includes providing cabinet seats for coalition partners. There has also been a trend over time of legislators favoring nationally oriented legislation rather than just particularistic bills. This means they are focusing less on their local clientelist ties and more toward universal policies. All of these developments make Brazilian politics more stable. But they are in the early stages.

Democracy in Brazil: The Local Level

As the process of democratization accelerated in the early 1980s, more Brazilians than ever became involved in “participatory institutions,” particularly as a result of the same economic crises that were hitting the rest of Latin America. These are organizations at the local level (even neighborhood associations) that work with political parties to advance the interests of their members, who generally had been peripheral to the political system in the past. Thus, by 2004 over 400,000 people were involved in participatory budgets, and over 400,000 people were in health and social assistance councils.¹⁵

Yet not even these associations guarantee true representation. A study of São Paulo found that many such organizations have “assumed representation,” meaning that their claims to representation are not necessarily shared by their constituency.¹⁶ For example, there is not necessarily any formal membership. In practice this means there may not be much accountability, or ways to determine whether people’s views of such organizations change.

One of the most famous examples of a grassroots organization in all of Latin America is the **Brazilian Landless Workers’ Movement** (Movimento dos Trabalhadores Rurais Sem Terra, or MST). The MST began as a group of several thousand people who occupied unused land in the state of Rio Grande do Sul in 1980. By the end of the military dictatorship, it became a formal organization that now boasts some 1.5 million members. It became more powerful during the administration of President Cardoso, who believed that land reform was a necessary component of economic development. His vision was to combine market-based reform with redistribution. The MST continued to occupy land, sometime resulting in violent reprisals by local authorities. Cardoso did expropriate land (with repayment) and redistributed it to small farmers who were required to pay off the titles over time. In this manner, some 500,000 families received plots of land between 1995 and 2002.¹⁷

This market-based approach did not appease the MST, which issued a manifesto in 2000 outlining its grievances and singling out Cardoso for blame: “But since 1994, with the neoliberal policies of Fernando Henrique Cardoso’s government, the problems have become even more acute. This economic policy represents only the interests of the banks and of multinational companies.” He had excluded the MST leadership from the planning process, and so the land occupations continued.

ANALYZING DOCUMENTS

Given its size and coordinated ability to act, the Landless Rural Workers' Movement could not be ignored. In 2000 the movement released its manifesto, which was intended to explain its actions and increase its popular support throughout Brazil.

MST Manifesto to the Brazilian People (2000)

Dear companheiros and companheiras, throughout our immense and beloved Brazil,

We have been camped out in Brasília, with more than 11 thousand delegates from 23 states of the nation—men, women, children, youth and adults, from the rural areas, sharing sacrifices, joy and hopes. We have been reunited for the 4th National Congress of the Movimento dos Trabalhadores Rurais Sem Terra, MST (Landless Rural Workers' Movement).

Our country is experiencing a grave crisis. But this crisis does not affect everyone. The wealthiest continue to earn a lot of money through exploitation. The large multinational corporations continue to send billions of dollars abroad. The banks have never earned as much money as now. But for those who survive from their sweat, living conditions have become increasingly precarious; those who have work earn very little; young people lack quality schools; and universities are no longer public and free. Many people have been forced to leave the rural heartland to live on the periphery of the large cities. There, they find misery and violence.

What is the cause of this?

It is true that our society has always been unjust. Like any capitalist society, the poor have always been exploited and humiliated. And the rich class, earning more and more all the time, has always repressed the people and submitted it to the interests of international capital.

But since 1994, with the neoliberal policies of Fernando Henrique Cardoso's government, the problems have become even more acute. This economic policy represents only the interests of the banks and of multinational companies. For these, the government guarantees high interest rates and financial help. Suffice to say: last year the government spent 64% of the national budget servicing the interest on internal and external debt. Despite all the social problems, the government of the Brazilian elites has the nerve to send 50 billion dollars to the rich countries every year. That is why there is a lack of money for education, health, public transport, popular housing, and employment generation.

In agriculture the situation is more grave still. The Cardoso government wants to "modernize" the rural areas stimulating large export-orientated estates; handing control of the agricultural market over to the multinational corporations; and allowing agro-industries to control the storage of food products.

...

In politics, every day sees the proliferation of news about corruption and embezzlement of the public funds and property. There is a sector, increasing in size all the time, of dominating classes that is enriching itself merely through the diversion of public money, through narco-trafficking or contraband. These sectors are so powerful and influential that they include high court judges, commanders of the Military Police, deputies, senators, newspapers owners, bankers, military personnel—it has even

reached the ex-secretary of the Planalto (presidential palace). The latter, considered the right arm of the government, is alleged to belong to the group responsible for the theft of 169 million reais, destined to the construction of the São Paulo's Industrial Tribunal.

Is our country a lost cause?

We don't believe so. However, the Brazilian people must rise up, organise itself, and take to the streets, in order to struggle for their historic rights. It is, indeed, possible to build another project for Brazil—a Popular Project that tends to the needs of the people. Radical changes are needed, however. We must prevent the banks, the multinationals and the thieves of the people from enriching themselves.

The repayment of foreign debt must be suspended. The financial system and interest rates must be controlled. We must ensure that banks use capital to finance production, and not speculation. Foreign debt must be renegotiated and the public budget prioritised towards education, health and agriculture. We should retake the reigns of economic policy so that it be administrated by Brazilians in favour of our people—thus, breaking the agreement with the IMF. Agrarian reform, associated with a new agricultural model, should be implemented. An agrarian reform that can guarantee income for farmers and a future for those that live in the rural areas.

With the resources that will no longer be sent to the banks and overseas, a national fund of social investments should be established, in order to create jobs and increase the purchasing power of the population.

Finally, there is no economic or social reason that impedes every Brazilian having access to land, work, dignified housing, quality public schools, and food. But we need to have the courage to change our government, rethink economic policy and challenge the profits of the powerful.

The following months and years will be decisive for the future of our country. Either we regain our national sovereignty or we will be condemned to be a new colony of the US government, which even has its eye on the Amazon region.

That's why, as a social movement of landless rural workers, we urge all Brazilian popular organisations to organise themselves and fight for these changes.

...

And we must continue struggling, always.

Every social conquest has been the result of massive, popular struggles. Together with the Brazilian people, we hope to construct a Popular Project—a project that will regain our national sovereignty, our dignity and the well being of all the population.

Discussion Questions

- What types of effects does the MST believe that national and international factors have on the local level?
- Does the MST seem to think that international influences have a positive or negative effect on Brazilian workers?

Source: <http://www.mstbrazil.org/manifesto.html>

After Lula took office, the protests organized by the MST and other groups actually increased. Their goal was to provide him political leverage to pass progressive reforms by demonstrating the power of civil society that was firmly behind him. They did, however, shift their tactics away from disrupting government (such as protesting in or around government buildings). But Lula's ambivalent relationship with the MST increased the gap between them, and increasingly the organization made specific demands of the government to speed up the passage of reforms. In particular, Lula resisted the sweeping land reform that the MST calls for, asking instead for patience as he carefully navigated the political waters.

Many Brazilians were participating in some form of association, but life at the local level is not always so positive. Poverty has spawned large "favelas," or slums, that teem with illegal activity (see Box 11.1). In many cases they are beset by organized crime syndicates and offer little hope of advancement. In Rio de Janeiro, the world famous Copacabana and Ipanema beach communities are right next to the favelas, which are perched up on the steep hills of the city. Many residents have also become the victims of police abuse. Crime is such a problem that in 2010 the army occupied some favelas in Rio for several months as a way to restore order (as well as to create a high-profile assurance to potential visitors to the 2014 World Cup and 2016 Olympics). Those troops augment the Police Pacification Units in Rio that sought to connect the police more closely to community leaders.

The favelas are not new. In 1960, the remarkable favela resident Carolina María de Jesus published *Child of the Dark*, which was soon translated into English. She wrote of the extreme difficulties of life in the slums: "Hard is the bread that we eat. Hard is the bed on which we sleep. Hard is the life of the *favelado*."¹⁸ The Brazilian state has been very slow in addressing the problems inherent in such slums, and so organized crime has moved in where the government fears to tread. More Brazilians are being lifted out of poverty, which in the 1980s was nearly half the population, so government efforts have borne fruit, but currently still over 25 percent remain impoverished, with many more on the edge.

National Insecurity and the Judiciary

Insecurity is a central social and political issue, and goes well beyond the favelas. Surveys consistently show that public security is one of the top concerns of Brazilian voters. One problem is coordination among disparate agencies. In 1998, President Cardoso created the National Secretariat for Public Security within the Ministry of Justice (SENASP). Its purpose was to bring different state agencies together under one umbrella. Otherwise a wide range of police forces, intelligence organizations, and other law enforcement act with little idea what the others are doing. Of course, this hampers any effort to track criminals or to set up operations against them. For the first several years of its existence, SENASP had many different directors and little continuity, but it gained new prominence after Lula's election.¹⁹ This included increased funding for data collection and training. There has also been a shift of emphasis away from traditional police work to greater focus on crime prevention and youth education.

BOX 11.1

The National and International Politics of Poverty Children of the Favelas

International: Favelas are slums, characterized by shanties built by the tenants themselves, often without title, that often lack basic services like sewage or electricity (though obtaining electricity illegally has become more common). Favelas in Brazil have a long history, dating over a century, but their growth exploded in the 1970s after a wave of urbanization. The national economic emphasis on industrialization and export prompted rural residents to find work in the burgeoning cities. Indeed, economic policies were aimed specifically at improving agricultural output at low costs, which meant mechanization, and providing a base of low-wage workers for industry. The country's insertion into international markets contributed to the swelling of favela populations.

National: The government is paying increasing attention to the children who live in the favelas. As mentioned, Lula's Bolsa Família is aimed specifically at encouraging the poor to keep their children in school, but favela children still suffer from neglect as their parents do what they can to make a living. All too often, the children turn to crime, either petty or violent. They also become involved in drugs, both in terms of consumption and selling. Children become involved in drug activities as young as 10 or 11, though typically the street dealers are in their late teens.²⁰

Local: The government views them as a threat to tourists and businesses alike. The military government periodically sought to remove people from the favelas, as they were viewed as a blight in cities like São Paulo and Rio de Janeiro. Since then, the police have been implicated in numerous cases of abuse and murder. One very highly visible case occurred in 1993 when police shot eight street children sleeping at a church; the official police response to favela children becomes quite obvious.

Perhaps nowhere else is the inequality in Brazil more evident. Despite Herculean efforts by the Catholic Church, nongovernmental organizations, and residents alike, favela children face a grim future. In the 2002 Brazilian movie *Cidade de Deus* (*City of God*, the name of a favela created in the 1960s), we see a young man who manages against all odds to leave the slums. He watches (and chronicles with his camera) as everyone else he knows is drawn into a cycle of violence through which children freely circulate.

Discussion Questions

- What kinds of incentives does Lula's national economic policy offer the poor in Brazil?
- In what ways can international economic pressures affect poverty at the local level?

Further, it is not possible to enact economic policy in Brazil without close consultation with state-level politicians. The federal system spawned local political machines that could derail national initiatives. Thus, when President Cardoso enacted land reform he was compelled to involve local interest groups by funneling state funds in their direction. Without that clientelist back scratching, resistance to reform would have been too much to overcome. Conversely, however, it also led to a more watered-down policy with considerable obstacles for poor farmers, such as a complicated system of land title transfers and limited state assistance to help peasants once they obtain the land.

The judicial branch is a key player in the political system as well. The 1988 constitution sought to ensure independence from political influence, to the point of even giving budgetary authority to the Supreme Federal Court. But it goes well beyond simple judicial review, and injects the courts in political areas. For example, lower courts can challenge the implementation of legislation. The eleven-member Supreme Federal Court can also rule on legislation and has been active in doing so. For example, over 200 years the U.S. Supreme Court ruled 135 federal laws to be unconstitutional. By contrast, after only 15 years of existence the Brazilian court debated over 1,000 such cases and altered over 200.²¹ This stands in contrast to most Latin American countries, where the courts are often less adversarial with both the legislative and executive branches.

At the same time, the decisions of that highest court are only references for other courts and can also be challenged by lower courts, making the entire process very cumbersome. At the extreme, it has led to disputes in which defendants are ordered detained by one judge and freed by another. This decentralization mirrors the decentralized political system, and fosters a climate of delay and indecision.

Although the courts have important influence at the national level in terms of affecting policy, the legal system is problematic at the local level, where there are only 6,000 judges for the entire country.²² Citizens find it difficult to have their concerns addressed because the system is complex and confusing. There are also fewer judges in rural areas (such as in the north and northeast) than in the cities. Especially in those more remote areas, the judges have close ties to local politicians and landowners, which results in relatively few convictions against local elites. Judges have resisted reform of the judicial system, such as forcing lower courts to accept the summary judgments of the Supreme Federal Court. That would speed up the decision-making process by eliminating the ability of local judges to make their own decisions. Currently, appeals can delay cases for years. In fact, in 2008 the court received 100,000 cases! There is even a drive-through window so lawyers can drop off their cases without having to leave their cars.

Nonetheless, the strong institutional role of the judiciary vis-à-vis the other branches is a positive sign of horizontal accountability. When viewed in light of the impeachment of President Collor, it is clear that Brazil has democratized in important ways since the end of the dictatorship. Corruption in particular is pervasive, but political institutions are slowly becoming stronger in a manner

that might serve to combat the problem more effectively. For example, twenty-five defendants, including high-profile members of the PT and members of Congress, were found guilty of vote buying in 2012.

Brazil at the International Level

Dilma Rousseff has followed the long-standing presidential pattern of advancing Brazil as both a regional and global power. For example, Brazilian presidents have long championed a permanent seat on the United Nations Security Council. The so-called G4 group of Brazil, Germany, India, and Japan has worked together in tandem for that purpose. In 2010 the administration of Barack Obama publicly supported India's bid, which suggested that future change may occur. Brazil is a central part of Mercosur, as well as newer initiatives like the Union of South American Nations (UNASUR) and the Bank of the South. Lula also emphasized Brazil's military position. In 2009, he announced the purchase of 36 high-tech Rafale fighter jets from France, arguing that Brazil was destined to be a great power in the twenty-first century. That same year, he successfully landed a bid for Rio de Janeiro to host the 2016 Olympic games. Brazil is one of the so-called BRIC countries (Brazil, Russia, India, and China) that are considered the most important emerging economic powers.

This conscious international projection even extends to economics. In the face of the global recession that hit in 2008, the International Monetary Fund asked its members to buy its bonds as a way to increase the funds available for the IMF to act as a lender of last resort. Lula agreed to lend \$10 billion to the IMF. Brazil had paid off its previous debt to the IMF in 2005 (two years ahead of schedule) and for the first time acted as creditor to the fund rather than debtor. Economic growth improved despite the recession. Inflation has dropped and has stayed well below 10 percent. All of these results have enhanced the Brazilian government's ability to forge trade agreements and invite investment.

Brazilian leaders have been adept diplomatically, successfully at maintaining positive relationships with different countries—such as the United States and Venezuela—while maintaining policy independence. For example, Lula became deeply involved in the 2009–2010 crisis in Honduras, after President José Manuel Zelaya was overthrown and exiled (discussed in Chapter 6). He secretly made his way back into Honduras and appeared at the Brazilian embassy. Lula agreed to allow him to stay there, despite criticism from the de facto Honduran government. Historically, Brazil has shown little interest in Central America, so this represented a new direction in foreign policy.

As part of a global-oriented strategy, Lula became active in Middle East diplomacy. Working with the Turkish government in 2010, he presented a plan to address the issue of Iran's nuclear program. Although the plan was never implemented, it demonstrated the newly active nature of Brazilian foreign policy. In 2010, Brazil recognized the Palestinian state, one of very few Latin American

countries to do so, which was clearly aimed at increasing Brazil's visibility in the Middle East. Rousseff has not followed Lula's orientation exactly, but he still pays close attention to the Middle East, such as voting in the United Nations to send human rights observers to Iran.

Conclusion and Comparative Perspective

Looking over the span of his life, Lula's story is one of rags to political riches. The signs of change in Brazil were further emphasized by his successor, a woman and former guerrilla. As in Chile since 1990, Brazil has come a very long way since the military dictatorship ended in 1985. By 2002, Lula's election demonstrated that all sectors of Brazil were willing to accept the political rules of the game. He demonstrated that it was certainly hard, but by no means impossible for someone to work their way from the local level to the heights of national power. Horizontal and vertical accountability are fragile but improved. In the twenty-first century, there is no fear of a military coup. Lula's own image went from radical reformer to moderate leftist. From a macroeconomic perspective, Brazil had improved considerably. The tiger of inflation had been tamed, exports were varied and competitive, poverty had been reduced from previous astronomical levels, and the country was running a budget surplus. Given these strong indicators, Brazil was able to weather the global recession that began in 2008. This puts the country in a better position to achieve its lofty goals.

Nonetheless, from a socioeconomic perspective Brazil still faces critical challenges that its leaders have never fully addressed. Poverty is still high and inequality remains high by any standard, indeed worse than in most of Latin America, which is already the most unequal region of the world. In the longer term, the question remains whether the social programs initiated under Lula will succeed in relieving poverty and reducing inequality. The latter is negatively correlated with economic development, so is a constant drag on economic growth. Brazil may always be a country of the future, but realizing its potential is no simple task. The pressing problem of race parallels countries like Bolivia or Peru, where a large indigenous population and geographic inequalities make the work even of reformist governments very difficult.

Brazil's political development and institutions share other similarities with its South American neighbors. Indeed, the breakdown of democracy in 1964 marked the beginning of a wave of coups in the region, and the pacted transition in 1985 was similar to Chile and Uruguay. As democracy has become more consolidated, Brazil's federal system shows similar strains to that of Argentina, where regional elites wield a lot of political power and require intense negotiation. Thus, even in the context of fairly strong presidentialism, the executive must constantly bargain to pass national-level policies.

Like Venezuela, Brazil has worked to raise its international profile, becoming more vocal about Middle Eastern politics, for example. This is a relatively new development. During the Cold War, Cuba was the main country actively

engaged in the politics of distant countries. Also new is Brazil's interest in mediating regional political conflict, which also mirrors Venezuela. This expansion of its international horizons may mean that Brazil could someday achieve its goal of being the country of the future.

TABLE 11.1 Brazilian Economic Indicators, 1991–2011

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	1.0	475.1	4.8	—	0.804
1992	-0.3	1149.1	5.8	—	0.756
1993	4.5	2489.1	5.4	45.3	0.796
1994	6.2	929.3	5.1	—	0.783
1995	4.2	22.0	4.6	—	0.738
1996	2.9	9.1	5.4	35.8	—
1997	3.0	4.1	5.7	—	0.739
1998	0.0	1.7	7.6	—	0.747
1999	0.3	8.9	7.6	37.5	—
2000	4.3	6.0	7.1	—	—
2001	1.3	7.7	6.2	37.5	0.777
2002	2.7	12.5	11.7	—	0.775
2003	1.1	9.3	12.3	38.7	—
2004	5.7	7.2	11.5	37.7	—
2005	3.2	5.7	9.8	36.3	0.800
2006	4.0	3.1	10.0	33.3	—
2007	5.7	4.5	9.4	30.0	0.813
2008	5.9	5.9	7.9	25.8	—
2009	-0.6	4.3	8.1	—	—
2010	7.7	5.6	6.8	—	0.727
2011	2.7	6.6	6.0	—	0.728

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America the Caribbean, 1994–2012.*

Poverty rate: *Social Panorama of Latin America.* Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report, 1990–2013.*

Key Terms

- Lula
- Estado Novo
- Abertura
- Fernando Henrique Cardoso
- Workers' Party
- Brazilian Landless Workers' Movement
- Dilma Rousseff

Critical Thinking Questions

- To what degree did Lula seem to be following similar economic policies as his predecessors despite his leftist political background?
- Compare the experience of federalism in Brazil to other Latin American countries with federal systems. What accounts for different levels of political fragmentation?
- In what ways have Afro-Brazilians entered Brazilian politics? How effective have they been in promoting racial equality?
- Discuss the changing patterns of Brazil's efforts to establish itself as a global leader. What changes have occurred and why?
- Analyze the effects of open-list proportional representation on the executive's ability to get bills passed. How does this compare to other Latin American countries?

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- Montero, Alfred P. *Brazilian Politics: Reforming a Democratic State in a Changing World* (Cambridge: Polity Press, 2005). A concise and well-written introductory survey of Brazilian politics, analyzing state-building, representation, democratization, civil society, and international political economy.
- Vidal Luna, Francisco and Herbert S. Klein, *Brazil Since 1980* (New York: Cambridge University Press, 2006). This is an accessible introduction to contemporary Brazilian politics and economics. It pays special attention to education, demography, and inequality.

Web Sites

- Brazil News* (<http://www.brazilnews.com/>). This is a useful aggregator for news on Brazilian politics and economics, all in English. It is also possible to sign in and join groups that focus on specific topics.
- Chamber of Deputies* (<http://www2.camara.gov.br/english/>). This is the chamber's official English-version Web site. It provides descriptions of the legislature's functions and structure. It also includes the latest version of the Brazilian constitution in English.
- Landless Worker's Movement* (<http://www.mstbrazil.org/>). The MST maintains an official Web site in English. Its primary purpose is to provide updated news stories on issues of interest to the organization.
- Library of Congress Guide to Brazilian Law Online* (<http://www.loc.gov/law/help/guide/nations/brazil.php>). The U.S. Library of Congress maintains an extensive list of links to sources on Brazilian law, and many of them are in English. There are links to information on the executive, legislative, and judicial branches, as well as specific Web sites on such issues as children's rights, labor laws, and human rights legislation.
- OECD: Brazil* (<http://www.oecd.org/brazil>). The Organization of Economic Cooperation and Development has statistics about the Brazilian economy. There are more than 100 different economic indicators.

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