

DEMOCRACY IN BRAZIL: ORIGINS, PROBLEMS, PROSPECTS

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ABSTRACT

This paper analyzes the origins and problems of and prospects for democracy in Brazil. While Brazil has successfully passed from authoritarian to democratic government, it has yet to develop a well-defined and institutionalized democratic regime. Political institutions, particularly the legislature and the political parties, sometimes function as instruments of authoritarian rule rather than pillars of a democratic order. Many leading politicians of the current government, most notably President José Sarney, loyally served the military regime, and the military retains veto power over key legislation. Most important policy measures do not receive public or party debate, but are decided by bureaucrats in economic and planning ministries or in the central bank. Immense political, economic, and social inequalities persist, and the servicing of an onerous foreign debt constrains possibilities for economic growth and for improving maldistribution of income. Brazil's relatively smooth transition to democracy has impeded the institution building necessary for democracy's consolidation, discouraged popular participation in politics, and thwarted policy changes that might upset the extremely inegalitarian social order.

RESUMO

Este trabalho analisa as origens, os problemas e as perspectivas da democracia no Brasil. O Brasil já transitou de um governo autoritário a outro democrático, mas ainda não conseguiu estabelecer um regime democrático bem definido e institucionalizado. As instituições políticas, especialmente o congresso e os partidos políticos, às vezes funcionam mais como instrumentos de dominação autoritária do que como baluartes de uma ordem democrática. Muitos políticos destacados do governo atual, inclusive o Presidente Sarney, foram fiéis ao regime militar, e as forças armadas ainda detêm um poder de veto na arena política. De modo geral, as políticas públicas são decididas por burocratas dos ministérios econômicos ou do Banco Central, e não através de discussões partidárias ou públicas. Persistem as profundas desigualdades políticas, econômicas e sociais, e o pagamento dos juros da dívida externa limita as possibilidades para o crescimento econômico e para distribuição da renda. A relativa tranquilidade da transição democrática impede o desenvolvimento institucional necessário a uma democracia consolidada, desincentiva a participação popular na política e bloqueia políticas que poderiam alterar uma ordem social baseada em desigualdades exacerbadas.

Recent developments in Brazil provide partisans of democracy with some reason for optimism. The military, which seized power in a coup d'état in 1964, has relinquished the presidency and seems content to remain in its barracks. After two decades of military dictatorship, Brazilians enjoy broader political freedom, and violations of traditional civil liberties have declined sharply. Important barriers to political participation have been lifted: in 1985, illiterates, making up over one-fourth of the country's adult population, were enfranchised. Competitive elections took place on schedule for mayors of state capitals in 1985 and for governors and Congress in 1986. In these most recent elections, the former opposition party of the post-1964 period was the overwhelming victor. In 1987 Congress is in the process of writing a new constitution to replace the one brought into effect by military decree in 1967. Although shackled by the highest external debt in an overburdened continent, Brazil's economy grew faster in 1985 and 1986 than that of any other country in the world.

But there are also problems associated with Brazil's march toward a full democracy. While Brazil has made the passage from authoritarian to democratic government, it has yet to develop a well-defined and institutionalized democratic regime.¹ Political institutions, particularly Congress and parties, at times more closely resemble objects of authoritarian rule than pillars of a democratic order. Unlike the cases of most Latin American countries that underwent transitions to democracy, in Brazil authoritarian political actors and arrangements still thrive under the democratic government. Many leading politicians of the current government, most notably President Sarney, loyally served the military regime. Elected vice-president in an electoral college convened by the military, President José Sarney has only a tenuous claim to the office he assumed on the death of the President-Elect. The military retains veto rights over key legislation, and most important decisions are still taken by bureaucrats in economic and planning ministries and the central bank without public or party debate. Corporatist legislation governing the organization of labor associations continues to severely restrict the right to strike. Immense political, economic, and social inequalities persist, and the servicing of an onerous foreign debt constrains the possibilities for economic growth and for ameliorating poverty.

This paper examines the origins and problems of, and prospects for Brazil's fragile democracy. We focus on the problems underlying the consolidation and extension of democracy, and on the causes for the government's failure to fulfill its promises to revamp authoritarian political practice and to implement more progressive social policies. Our argument runs as follows: current political arrangements represent a mix of democratic procedure and authoritarian practice. They impede the transformation of institutions necessary for a consolidated democracy, discourage popular participation in politics, and thwart policy changes that might upset an extremely inegalitarian social order. Old regime political elites remain sufficiently strong to resist policies that would produce changes in the distribution of power. The massive debt, moreover, restricts policy latitude in education, health, and other social investment, precisely the areas in which, under favorable economic conditions, the dominant conservative coalition would probably be willing to accept greater governmental expenditures to improve social welfare. Debt service thus narrows even further policy options already constrained by

political forces.

The establishment of democratic procedures has assured neither the consolidation nor the extension of democracy, nor has it encouraged an increase in popular participation in the political system. Without greater participation and more open political competition, democracy's potential for effecting significant changes in Brazilian society is limited. In the short term, democracy's accomplishments have been tempered by the power of old regime elites and by massive foreign debt. In the long term, however, the hope is that a more democratic political system may help advance the cause of economic justice.

The Ambiguous Legacy of Authoritarianism

The transition toward democracy in Brazil was not abrupt nor did it represent a clean break from the military government. Key civilian figures in the authoritarian regime, after a certain point, did not resist the regime change but joined the opposition bandwagon in order to retain their positions and influence in the new government. Proponents of a new order accepted their support as a means of ending the dictatorship, but in so doing allowed the authoritarian political coalition to retain its power and position in the state.²

The military in 1974 initiated the gradual process of political liberalization that culminated in the transfer of power to a civilian government 11 years later. Hoping to reduce direct military involvement in politics and confident of their ability to control the political "opening," military leaders set in motion a process that ultimately led to their departure from office. Enjoying great economic prosperity and significant civilian political support, the military was able to manage the prolonged transition with relative success. One of the principal reasons for its success was the availability of a well organized party on which the military could rely to marshal civilian support for the regime. The Brazilian military regime, alone among its counterparts in South America, actually fostered a political party that could effectively compete in semi-free elections. The pro-government party in Brazil commanded a majority in the lower house of Congress, the Chamber of Deputies, until 1982 and a plurality until 1985. It maintained its Senate majority until 1985, albeit aided by electoral laws that enabled the government party to appoint one-third of the senators.

In contrast to Argentina, where the military government (1976-83) disintegrated after its defeat in the Malvinas/Falklands war against Great Britain and was incapable of controlling the transition from authoritarian rule, the Brazilian military government was able to manage the regime transition until the very end. Despite resistance from hard-liners liberalization took place, although slowly. The use of torture was gradually curbed; habeus corpus was restored in 1978; in 1979 a general amnesty took effect and new parties were allowed to form; and in 1982 direct elections for the state governorships took place for the first time since 1965. Over time the opposition grew stronger, but it remained incapable of toppling the regime.

The breakthrough to civilian government began after 1982 when economic crisis and the political ineptitude of the Figueiredo administration led to an erosion of mass and elite support for the military regime. The military had agreed to allow a civilian to be elected president in 1985 by an electoral college whose members were elected in 1982.³

Since the pro-government party, the PDS (Democratic Social Party), had a clear majority in this body, the military believed it could ensure the election of a candidate acceptable to itself. After 1982, however, mass disgruntlement with authoritarian rule was accelerated by economic hardship. Between 1981 and 1983, per capita income declined by about 15 percent, unemployment rose sharply, and inflation, which had hovered around 20 percent in the early 1970s, surged to over 100 percent in 1980 and to over 200 percent in 1983 (Table 1). Elite defections from the government camp, in part a reaction to mass discontent, were triggered by the disastrous nomination of an unpopular PDS presidential candidate.

The military regime was ultimately defeated by an unlikely alliance of old regime politicians and the opposition. In 1984 an opposition Campaign for Direct Elections for president, the largest scale mobilization in Brazilian history, drew millions of people to hundreds of demonstrations all over the country and even deeply divided the government camp. But it failed to accomplish its overriding objective; in April 1984 PDS representatives in Congress narrowly defeated an amendment that would have reestablished direct elections for president. The campaign's failure strengthened the hand of Tancredo Neves, who headed the opposition effort to encourage enough defections among PDS electoral representatives to win the presidency in the electoral college. Neves succeeded both in persuading military officers not to stage a coup and in attracting the support of opponents and former proponents of military rule for his candidacy.⁴ Sensing they were on a sinking ship, key PDS leaders deserted their party in June 1984, pledging to elect Neves. On January 15, 1985, Neves defeated his unpopular opponent by an overwhelming margin in the electoral college. Neves fell ill and died without being able to assume the presidency, so the vice-president elect, José Sarney, became president.

The circumstances under which opponents to military governance rose make it questionable how much of a reform program they can put into practice. In order to come to power, the former opposition had to make considerable concessions to traditional political elites who had supported the military government, as well as to the military itself. Perhaps the democratic camp's most consequential payment was the nomination of José Sarney for vice-president in return for defections from the government party. A former senator and president of the PDS, Sarney was among the foremost civilian supporters of the military government. Prominent ex-PDS defectors were compensated for their electoral college votes with significant representation in the cabinet and other top positions in the state. Leaders of the PFL (Party of the Liberal Front), the party created by PDS defectors, were appointed to head ministries controlling large budgets and significant sources of state patronage, such as Education and Mines and Energy. After cabinet changes Sarney made in February 1986, the cabinet included six men who had been PDS or ARENA (National Renovating Alliance, the precursor of the PDS) governors during the dictatorship and two other politicians who had served it loyally. The party was also allotted a significant share of high ranking appointed positions in public enterprises, federal government agencies, and state government organs. The number and importance of these posts gave the PFL a base in the state from which to influence government policy. To secure the votes of the deputies and other delegates to the electoral college, the PMDB (Party of the Brazilian Democratic Movement) further agreed to divide with PFL deputies sources of state patronage, which are crucial for the exercise of power in a clientelistic political system. The two parties on a state by state

basis negotiated the prerogative to make appointments to 15,000 second and third echelon federal jobs.

The military also benefitted from accepting its defeat. Through negotiations with the architects of the transition, the Brazilian military brass safeguarded themselves from being tried, as were their Argentine counterparts, for human rights abuses. The 1979 amnesty decree that allowed exiles to return to Brazil was a two-way amnesty that protected military officials implicated in torture. Even today, with six active-duty military officers in the cabinet, the military retains both direct and indirect influence, including a veto over key issues, in the new democratic government.

The political pacts, concessions, and broad alliance which made possible the easy transition to civilian rule conferred a weighty authoritarian political legacy upon the "New Republic"--the term Tancredo Neves coined during his presidential campaign for the post-military regime. The old regime was not unambiguously defeated in the transition from authoritarian rule, and the military was able to leave in place a political infrastructure staffed by politicians loyal to it. Many leading figures of the "Democratic Alliance" that came to power in March 1985 had been key participants in the authoritarian order. Their entry into the new PFL ensured a parliamentary voice for the old authoritarian coalition in the democratic period. When the PDS declined sharply in the 1985 and 1986 elections, the PFL, whose leaders almost without exception supported the military government and belonged to the PDS until 1985, supplanted it. Today, the PFL is the second largest party in the country, after the PMDB.

The survival of a political party led by political elites of the old regime is but one part of a longer political inheritance for the New Republic. For decades, politics has been organized along clientelistic lines, and many interests have been represented, if at all, by corporatist groups controlled by the state. The transition did nothing to undermine these traditional patterns of Brazilian politics. To the contrary, the significant presence in the state of traditional elites who preside over patronage networks indicates that clientelism, as well as the power of the elites, have been reinforced. Traditional political elites continue to play a dominant role in Brazilian politics, and their power might enable them to block paths that would lead to a fuller democratization.

As this political legacy acts as a constraint on the democratic government, so too is its room for maneuver restricted by the economic legacy inherited from the military government. Brazil is more fortunate than many countries whose former dictators grossly mismanaged their economies. During the two decades of military rule, Brazil had one of the fastest growth rates in the world, averaging nearly 9 percent per year from 1968 until the early 1980s. Industrial output increased 10 percent per year in the late 1960s, nearly 15 percent per year during the early 1970s, and a robust, if less dramatic, 8 percent per year in the mid to late 1970s (Table 2). During this time, Brazil established itself as a major producer of capital goods. Agriculture, too, underwent a significant process of mechanization and modernization under military rule.⁵ Industrial growth and agricultural modernization produced a diversified economy. By 1980, 56.5 percent of Brazil's exports were composed of industrial goods, compared to 20.2 percent only twelve years earlier,⁶ and within the rural sector, the relative importance of coffee as a foreign exchange earner fell, while such non-traditional products as soy, frozen orange juice, and beef rose as a percentage of exports. Massive investments made by the military

government bore fruit: Brazil's economy is more dynamic than the economies of the other new democracies in Latin America. Today it is the eighth largest economy in the capitalist world.

Brazil's growth during the 1970s, and especially after the first oil shock in 1973, however, was financed by a massive increase in external debt. After 1973, the government borrowed heavily to finance major investments and to meet its increased import bill for fuel. The second oil shock in 1979 and the dramatic increase in international interest rates forced Brazil to borrow even more to sustain its economy, at the same time as the cost of debt service was spiralling upward. Most of the country's debt was contracted at variable rates of interest. Brazil's debt soared from about 7 billion dollars in 1971 to 103.1 billion dollars (the largest in the world) in 1985 (Table 3). Debt service became a crushing burden that siphoned off national savings and required orienting production away from domestic consumption and toward export, devaluing the currency to make Brazilian exports attractive in world markets. Devaluation, however, had the negative effect of fueling inflation, thus requiring in turn the implementation of recessionary policies.

Brazil's "economic miracle," moreover, did little to ameliorate poverty and even exacerbated regional and urban-rural inequalities and income inequalities in general. In 1985, according to government reports, 20 percent of the Brazilian population lived at levels of extreme poverty, surviving on less than one-fourth of a government determined minimum salary (about \$15 per capita per month). According to the last census, 57 percent of Brazilian households had no sewer or septic tank, 44 percent had no running water, and 33 percent lacked electricity.⁷ In 1975, Brazil had one of the most skewed patterns of income distribution in the world, and the situation has not appreciably improved since then. According to 1980 data, the top 10 percent of the population earned 50.9 percent of the national income, while the bottom half earned only 12.6 percent.⁸ Gross regional inequalities are revealed in the sharp differences between the per capita income of the wealthiest state (São Paulo), which is eight times greater than that of the poorest state (Piauí). Gross inequalities and massive poverty structurally underpin a political system that restricts effective participation to the elite.

Table 3

Foreign Debt, 1970-1985

Year	Registered Foreign Debt (US\$ billion)*	Total Foreign Debt	Net Interest Payments** (US\$ millions)	Net Interest as percent of GDP	Net Interest as percent of Exports
1970	5.3	5.5	234	.5	8.7
1971	6.6	7.0	302	.6	10.1
1972	9.5	10.0	359	.6	9.2

1973	12.6	13.8	514	.7	8.3
1974	17.2	18.5	652	.6	8.2
1975	21.2	22.2	1498	1.2	17.2
1976	26.0	28.7	1870	1.2	18.5
1977	32.0	34.9	2103	1.2	17.4
1978	43.5	47.8	2696	1.3	21.2
1979	49.9	53.9	4186	1.8	27.5
1980	53.8	60.8	6311	2.5	31.4
1981	61.4	71.8	9166	3.3	39.3
1982	70.2	83.3	11353	4.0	56.2
1983	81.3	91.6	9555	4.6	43.6
1984	91.1	99.8	10203	4.8	37.8
1985	95.8	103.1	9589	4.4	37.5

* Registered Foreign Debt = Medium and Long Term Debt

** Net Interest Payments = [Interest Paid on Debt] - [Interest Received on Reserves]

Sources: Banco Central do Brasil, Annual Reports; Frieden, "The Brazilian Borrowing Experience," p. 103.

Political Constraints on the New Democracy

The political infrastructure of the old regime imposes multiple constraints on the development of a broad democracy in the new. The military retains the capacity to veto progressive social and political measures. Under current political arrangements a series of vicious circles vitiates democratic processes and impedes institutional development. The tenuous legitimacy of the Sarney government prompts the president to undermine political parties and the legislature; the weakness of parties and the legislature undermine democratic accountability. Parties without identities attract politicians with few programmatic concerns; politicians with limited partisan commitments impede the development of programmatic parties. Parties and state institutions that were designed by elites to serve elite interests discourage popular participation; limited popular participation allows politics to remain an elite affair.

In this section, we discuss the way a number of political forces and arrangements pose problems for the consolidation of democracy and weaken the responsiveness of the democracy to non-elite interests. We begin with an analysis of the military.

The Military

While the military has abdicated the presidency, it retains power not only through the occasional threat of force, but also through its substantial foothold in the executive branch of government. It has significant representation in the cabinet. Six of 26 ministers are active-duty military officers. Since they represent military services and divisions, the military presence in the cabinet is institutionalized and fixed at this number. Uniformed cabinet ministers remain deeply involved in the day-to-day political discussion of Brazil's affairs, and the military retains the capacity to veto important social policies and political rules. The power the military derives from its place in the cabinet has led one observer to suggest that a single civilian Minister of Defense replace the traditional Ministers of the Army, Navy, and Air Force, and that the intelligence chief be removed from ministerial status.⁹ The military ministers, however, have opposed creating a single Ministry of Defense under civilian control.

In the New Republic, the military has used its power to monitor two areas of social policy of clear concern: strikes and agrarian reform. In November 1986 when workers threatened a general strike, the military put on a show of force in Brazil's major cities. In March 1987 when maritime workers struck, the navy was called out for the first time since the 1964 coup to occupy the major ports. The next day, the army occupied the oil refineries to prevent a planned strike of refinery workers. The chief of the SNI (National Intelligence Service) publicly warned that "society was demanding too much." Aware that direct elections would almost certainly lead to a more progressive president, in the spring of 1987 the military continued to back a six year mandate for Sarney, even at a time when his government had lost legitimacy and capability. Military actions have set the parameters within which political reform and social policy can be implemented.

The military has also successfully defended its own jurisdiction from civilian supervision. The executive branch has little influence, and Congress none, over matters that affect the military institution. Although the president is constitutionally empowered as supreme commander of the armed forces, he can also be held accountable for crimes against the "internal security of the country," as defined, in practice, by the military. The military's independence to govern itself in its self-appointed role as defender of the constitution is in effect even greater than appears to be the case by law. The military brass alone, for instance, decided not to reintegrate officers who had been expelled from the armed forces for political reasons during the dictatorship. The president and Congress, with virtually no debate, ratified the decision of the military chiefs even though doing so implied subordinating their authority to that of the military, rather than vice versa.

The Brazilian military maintains the most sophisticated and extensive security apparatus in Latin America. The SNI, the top domestic and international intelligence agency, was primarily responsible for repression in Brazil during the dictatorship. The most authoritarian division of the entire military, it remains intact and autonomous from the other services. The SNI has continued at least some its practices in the New Republic. For one, it apparently still conducts wiretaps. Allegedly, personnel from the SNI, with the cooperation of the state-owned telephone company, still routinely eavesdrop on the conversations of approximately 130 top businessmen, members of Congress, state enterprise officials, and ministers of government (down from a total of

300 during the height of the dictatorship).¹⁰ It is possible that the regional branches of the SNI sustain such practices in the state capitals as well.

Whether the constitutional role of the military will be redefined in the new constitution will be a matter of debate this year. The military has thus far stiffly resisted any substantial change in the role of the armed forces. Army Minister Leonidas Pires Gonçalves has voiced opposition to amending article 91 of the constitution, which provides that "The Armed Forces, essential for executing national security policy, dedicate themselves to the defense of the fatherland and the guarantee of constituted powers [branches of government], law, and order." This provision effectively grants the Armed Forces jurisdiction over not only national defense but also internal security. Justice department advisers expressed serious concern over the military's definition of "constituted powers," pointing out that a government brought into being by a military coup, while not "constitutional," might be considered "constituted."¹¹ If the constitution is not amended, the armed forces will be left with significant power over future civilian governments, and with license to intervene again in politics. Without change in civil-military relations, a democratic regime cannot be consolidated, and the enactment of social, economic, and even political reforms will be difficult. By circumscribing and even setting policy, the military appropriates authority that properly belongs to democratically elected representatives.

The Legislature and Political Parties

Political institutions, and in particular the legislature and political parties, are essential to both the consolidation and the extension of democracy. A democratic government may more or less function without strong institutions, but a democratic regime cannot be consolidated without them. They are necessary for democratic decision making and for non-elite participation in politics. Unfortunately, Brazil's political institutions are strikingly underdeveloped, and the consequences of this underdevelopment are pernicious for democratic consolidation and responsiveness to the poor.

If Brazil is to become more democratic in the future, the legislature must play a more consequential role in decision-making. If not, if important decisions are instead drafted by techno-bureaucrats in national planning ministries, debated in closed door sessions, enacted by presidential decree, and disavowed by principal political actors when they fail, democracy is functioning imperfectly, if at all. Democracy also requires that political parties aggregate interests and stand on programs that enable citizens to endorse or reject them, primarily through elections. If popular classes previously excluded from political participation are to become full citizens, political parties must represent them. If parties are not strengthened, elections alone will not redress political inequality. Moreover, unless at least one major political party is responsive to the needs of the poor, prospects for ameliorating socio-economic injustices are dim. In the absence of stronger parties and legislature, non-democratic forms of politics will prevail even if elections are held, and popular classes will have marginal political influence.

Under the current constitution, Congress has only very limited prerogatives; power is highly concentrated in the executive. During the first two years of democratic government, the Brazilian Congress exercised minimal influence in setting the public agenda. Congressional authority, which was circumscribed by the constitution written by the military government in 1967 with the deliberate aim of strengthening the executive

branch at the direct expense of the legislature, remains severely curtailed in the New Republic. To date, only the president can initiate finance bills; Congress cannot increase the amount stipulated in expenditure measures submitted by the executive. Thus Congress has virtually no control over the budget process, depriving it of one of the most important functions legislatures have in most democracies. It has only 45 days in which to consider proposed constitutional amendments and other executive-initiated bills (40 days in the case of "emergency" legislation); the lapsing of this period results in their automatic enactment into law. The executive also has recourse to enact legislation by "decree laws," which bypass the legislature altogether. Typically, decree laws were employed during the years of military government for unpopular measures in order to spare govern

ment deputies from future electoral peril.

Most major policy decisions of the New Republic have circumvented Congress. The Cruzado Plan and the subsequent program (Cruzado II) to curtail consumption and slow the economic boom both had enormous impacts, yet each was drafted and implemented without congressional debate. One observer who studied the formulation of the Cruzado Plan in detail estimates that only about 15 people in the entire country knew what was being planned;¹² the only cabinet ministers participating in the debates framing the economic program were the Ministers of Finance and Planning. The other participants were unelected officials--economists working in the economic ministries and the central bank. PMDB and PFL leaders were briefed only hours before Plan was publicly announced. While a certain measure of secrecy was justifiable in this case--monetary devaluations and price freezes are most successful when not debated publicly in advance--subsequent adjustments during the Plan's implementation needed no secrecy to be workable. Despite this, the Cruzado II plan was deliberately concealed from the public before it was to take effect, and its implementation was postponed until after the November 1986 elections. The second reform was decreed days after the PMDB won a crushing victory in those elections. Miro Teixeira, a PMDB deputy, decried his government's action: "I am indignant because these packages should have been approved by Congress. We cannot, in power, govern by the use of decree-laws, a practice which we condemned when we were in opposition."¹³ Congress's insignif

icance in setting the public policy agenda and in crafting legislation is evident in the extraordinary rates of absenteeism for legislative debates. As many as 90 percent of representatives were absent for daily proceedings in 1985-86. A majority of congressional leaders understand their primary function to be the distribution of patronage, and they dedicate themselves to discharging these services in order to be reelected. High rates of absenteeism and patronage favors of dubious merit have contributed to a deep public disaffection with Congress.

While the weakness of Congress is partially attributable to authoritarian law and practice, it also stems from the weakness of political parties. Brazilian parties have poorly fulfilled their functions as instruments of democracy. Governing parties have been used for decades by traditional political elites to preserve state and oligarchical power. They have been mechanisms of patronage, organized as appendages to the state. Government and opposition parties alike have failed in aggregating and organizing citizen preferences, defending government programs, and creating stable bases of congressional support for policy. They have had weak identities, indistinguishable or

unidentifiable programs, and volatile constituencies. Most parties in Brazil stand in elections on programs that are not widely publicized, let alone defended.

Brazilian parties are not mass parties. They are controlled in most cities and towns by small elite groups and they generally have limited participation. Few politicians vigorously defend popular interests. Through narrowly based clientelism (rather than mass entitlement) political elites cultivate popular support without changing the basic contours of a profoundly inegalitarian society. Clientelism, which involves the exchange of political favors for support, occurs in all democratic political systems, but in few countries is it as pervasive as in Brazil.

There has been no indication in the first two years of democratic government that Brazil's parties are becoming effective instruments for formulating policy democratically or representing non-elite interests. The failure of parties to translate societal interests into policy derives from the weakness of party identities and from the frequent changes in party affiliation by politicians, which is both cause and effect of non-programmatic parties. The democratic potential of parties is further eroded by the widespread practice of clientelism and by the fact that parties remain peripheral to the governmental process.

Parties are undermined by the practice of politicians, who use parties as electoral vehicles to which they owe limited allegiance. To maximize their own power and position, they change parties frequently, a practice facilitated by weak party identities and ideologies. Party leaderships often overrule rank and file objections to allow notable vote getters to use their party label in order to maximize votes for the party ticket. Many politicians run for office on a party's ticket for whimsical reasons--for example, a given party was the first to offer them a place on the ballot. Prominent PMDB politicians, defeated in the selection process for some executive office, have switched to another party that offered candidacy, only to publicly declare during the campaign that if elected, they would immediately return to the PMDB. For those positions determined by proportional representation, politicians commonly campaign more against candidates of the same party than against those of opposing parties.

Political elites have sustained past practices and in so doing have undermined the potential for party transformation. Parties retain many clientelistic features, and have not developed programmatic ones. Traditional and conservative forces dominate two of the major political parties, the PFL and the PDS. These parties are led by politicians with limited commitment to democracy, and they are the partisan representatives of private economic elites. The PFL has established itself as the second largest party, capturing 24 percent of the seats in the lower house of Congress in 1986 (Table 4). Despite its decline, the PDS remains the third largest party in Congress.

Table 4

Election Results and Party Strength, 1982-1986

1982	1985	1986			
% of	# of	# of	# of	# of	# of
					# of Senators

Party	# of Party Vote*	Govs.	Sens. **	Fed. Deps.	Mayors ***	Govs.	Elec- ted	Left- over	To- Tal	Fed Deps
PMDB	44.0	9	21	200	19	22	38	7	45	257
PFL	--	--	--	--	0	1	7	8	15	120
PDS	41.5	13	46	235	1	0	2	3	5	35
PDT	6.1	1	1	23	2	0	1	1	2	23
PT	3.7	0	0	8	1	0	0	0	0	16
PTB	4.7	0	1	13	1	0	0	1	1	17
PSB	--	--	--	--	1	0	0	1	1	1
PDC	--	--	--	--	-	0	0	1	1	5
PL	--	--	--	--	-	0	0	1	1	6
PMB	--	--	--	--	-	0	1	0	1	0
PCB	--	--	--	--	-	0	0	0	0	3
PCdoB	--	--	--	--	-	0	0	0	0	3
PSC	--	--	--	--	-	0	0	0	0	1

* Excludes blank and void ballots. Percentage calculated for total vote cast for the five parties in 1982.

** The entire Senate is not elected in any given election year. This column indicates the number of seats in the Senate each party controlled after these elections.

*** Mayors only of state capitals.

Sources: Robert Wesson and David V. Fleischer, *Brazil in Transition* (New York: Praeger and Hoover Institution Press, 1983), p. 119; Veja, November 27, 1985; David Fleischer, *Centro de Estudos e Acompanhamento da Constituinte*.

The non-responsiveness of these two elite parties to popular interests is unstartling, though their continued electoral strength is significant. Of all parties, the failure of the PMDB to develop a mass base and defensible programs with which the party could be readily identified stands out as critical. Today the majority party and, of those claiming to represent the poor, the most viable, the PMDB has grown rapidly in recent years; it achieved a monumental victory in the November 1986 elections, electing 22 of 23 governors and majorities in both houses of Congress. It began to transform itself from a parliamentary party into a mass party during the dictatorship, but this trend has been reversed in recent years. After 1974 the MDB became known in major urban areas as the party of the poor. In 1978, a number of trade union and popular organization leaders were elected on the MDB slate, and the party's platform moved visibly to the left. In the past several years, however, an influx of new converts has diluted the PMDB's

ideology and its program. It has become an umbrella party for several tendencies wishing to be in power or close to it.

When in December 1981 the PMDB merged with the relatively conservative Popular Party (PP) in an effort to create an electoral alliance strong enough to win the November 1982 elections, traditional local bosses and other conservatives flocked to join it. The pace of this conservative ingressión accelerated after the PMDB captured gubernatorial offices in several key states in 1982. In many states, entire local party governing boards and mayors have changed their party label to PMDB. Data about the composition of both the PMDB and the current Congress are revealing. There are currently 298 PMDB congressional representatives, and of the 213 who were affiliated with a party in 1979, 72 belonged to the government party. A majority of current legislators are former supporters of the dictatorship. Only 166 Congressional representatives belonged to the MDB in 1979, compared to 217 who belonged to the government party. PMDB majorities in Congress are therefore deceptive.¹⁴

As a result of the massive conservative ingressión, the PMDB has become more clientelistic, less cohesive, and less programmatic. The migration to the PMDB of local bosses from small, rural municipalities who ran parties in a clientelistic fashion helped facilitate the conversion of the PMDB into a vehicle for state clientelism. Accepting persons into the party who flaunt the party's program, however weak, in turn robs that program of much of its meaning and jeopardizes its chances of being implemented. The PMDB platform for years has called for agrarian reform, yet 60 percent of PMDB legislators oppose agrarian reform. For two decades the party criticized arbitrary political legislation, but when Sarney came to power it relied on this legislation. It is highly unlikely that the party will be able to advance coherent positions in the upcoming debates on such issues as the proper role of foreign and state enterprise in the Brazilian economy, employment policies, and perhaps even the proper constitutional role of the armed forces. Because its progressive ranks have failed to expand at a pace commensurate with the rise in conservative numbers, the PMDB will be less responsive to popular concerns.

Because the PMDB does not have a clear identity and voters do not support the party per se but its candidates, the party does not have a stable mass constituency. Rather, its vote is highly volatile. If leading vote-getters were to defect, their personal constituencies would follow. Moreover, the party is judged by most of the electorate on its immediate performance. Party successes in the 1986 elections are very likely to be turned around by the next election if the government cannot reverse economic disintegration. The fragility of the PMDB's current hegemony is suggested by a 35 percent rate of blank and voided ballots in the 1986 elections.¹⁵ While technical problems may have partially accounted for the inflated percentage of spoiled or blank votes, some PMDB spokesmen, such as the senator from Paraná, José Richa, recognized that the blank vote reflected alienation from government and opposition.

The lack of strong party identity is further reflected by the fact that politicians of virtually all stripes are in, or can live with, the PMDB. The impressive victories in the 1986 elections were often achieved through alliances with forces that supported the dictatorship. In the state of Minas Gerais, where in 1985 200 local party branches and mayors of the PDS converted virtually overnight to the PMDB label, the victory of the PMDB candidate for governor in the 1986 elections was achieved with the support of former supporters of the military government. In Bahia and in Pernambuco, well known

progressive PMDB candidates for governor were not elected by progressive forces alone, but in alliance with right-wing candidates.

Not all Brazilian parties are non-programmatic. Two parties, the Workers' Party (PT) and the Democratic Labor Party (PDT), have made more concerted efforts to retain ideological coherence and represent popular causes. The social-democratic PDT and the socialist PT, however, have developed an electoral base and a party organization in only two states--Rio de Janeiro and São Paulo. As Table 4 shows, thus far both parties have had small congressional delegations. They are unlikely to grow in the short term into truly national parties.

The deleterious effects of such amorphous parties and a weak legislature on democratic government are immeasurable. Because important decisions take place not in an elected body but in the executive branch, the bureaucracy becomes the dominant focal point of pressure group politics.¹⁶ Because parties are weak, personal connections become more important avenues through which to articulate interests. The representation of interests through personal connections with bureaucrats empowered to make significant decisions subverts the democratic process. Where parties fail, significant political transactions even take place in such undemocratic arenas as the Rio beach apartments of notables. Business leaders with reserves of economic and political power can often gain direct access to decision-makers, or their sectoral interest associations can readily bring their message to government. But the popular classes cannot as effectively substitute functional representation for parties.

The limited authority of congressional representatives together with the subordination of the program of the major parties to the particularistic concerns of political elites also undermine democratic accountability. Where parties are mere electoral vehicles with little role in defending programs, voters are deprived of the opportunity to endorse or reject a party's record in government. Individual politicians are poor substitutes in establishing accountability. Few voters have enough information to evaluate the records of dozens of candidates. Brazilian officeholders are held accountable less for government programs and policies than for patronage service to personal clienteles. At the executive level, prohibition of reelection further weakens the system's accountability to citizens. The weakness of parties and Congress allows the government to pursue policies that do not represent any mass constituency.

The ability of coalition members to skirt responsibility for government policy failures has left the government bereft of stable popular and parliamentary support. Legislators who do not participate in policy-making are not inclined to accept blame for policy failures, nor are leaders of weak and amorphous parties. Political parties play a secondary role to the executive and bureaucracy in formulating many policies in a number of consolidated democracies, but they nonetheless shape the broad contours of policy and provide the support needed to enact and sustain key programs. The current political morass in Brazil highlights party failure in this area. The government has enjoyed broad elite and popular support when its economic policies have succeeded, but very little when they have floundered. In early 1986, as hyperinflation appeared to threaten the economy, prominent PMDB leaders spoke publicly of breaking with the government, or at least of making their support for Sarney conditional on his willingness to accede to their policy prescriptions. When the Plan was reaping handsome economic

and political dividends in 1986, the PMDB's and PFL's criticisms of Sarney ceased. When the economy deteriorated in late 1986 and early 1987, it was vigorously renewed.

Sarney's legitimacy is fragile because he arrived in the presidency not by election but by chance, and few would have chosen him for president. His legitimacy has been based purely on governmental performance, and faltering government performance has engendered an unstable situation. Yet rather than relying on parties, Sarney has generally attempted to bypass them. Aware of his own precarious situation and fearful that the PMDB would undermine his ability to pursue policies of his choosing if it became too powerful, President Sarney has generally attempted to weaken and divide the PMDB. He has governed not by enlisting the support of the PMDB, but by relying on his old trusted associates, regardless of their current party affiliations; and, in the case of the Cruzado Plan, on direct appeals to the population, rather than on party networks.

Finally, the failure of Brazil's parties to represent popular interests has had a profoundly deleterious effect on the condition of the poor. Relatively open competition for citizen preferences can lead parties to represent popular interests. But in Brazil, although the parties compete for popular votes, they generally do so through patronage and clientelism rather than mass entitlement. Widespread clientelism is possible because popular class interest groups are neither independent from the state nor horizontally organized. Pervasive clientelism in turn undermines the possibility of collective action by offering political returns to individuals or groups along vertical lines. Parties have been able to win votes without representing popular interests along horizontal lines because of limited popular participation and consciousness.

Popular Participation

Will the non-elite population, excluded for decades by law, by practice, and by extra-political domination based on egregious inequalities, now be able to participate as full citizens? Or will "democracy" exist only for the elite? As noted above, the answer to these questions depends in part on whether political parties prove responsive to the needs of the poor. But it also depends on whether poor people can induce, from below, greater attentiveness to their needs.

In the past, popular participation in politics was extremely limited. Only in a few brief years from 1960 to 1964 did popular organizations begin to flourish, and the military coup of 1964 quickly closed off channels for independent popular participation. Encouraged to be passive or, if they persisted in participating, forced throughout the dictatorship to either be tied to the state in corporatist groups or to rely on clientelistic networks headed by traditional political elites, non-elites had little opportunity to influence policy.

In the New Republic, there is more "space" for independent popular organization than existed during the military dictatorship. With the notorious exception of rural frontier regions (particularly the Amazon), repression against popular movements has declined. Anathema in the eyes of military rulers, popular organizations now enjoy broad legitimacy. Previously fragmented and isolated because of repression, censorship, and the absence of competitive elections, popular movements can now construct bridges to political parties and progressive forces.

The evidence as to whether or not the new space for popular organizations can help engender greater popular participation in politics and advance the cause of economic

justice is mixed. On the positive side, structural changes in Brazilian society have weakened the bases for traditional domination.¹⁷ Millions of Brazilians who used to live in isolated conditions, subject to the personal control of local oligarchs, no longer do. The dramatic expansion of industry and of automobile manufacturing in particular has produced a more robust and independent union movement than existed in the past. The number of unionized industrial workers increased from less than 700,000 in 1960 to over 2.5 million in 1978.¹⁸ As the number of workers employed by large scale agricultural firms increased, rural unionization grew from 2.9 million members in 1974 to 5.1 million in 1979. The number of rural unions increased from 449 in 1966 to 1669 in 1975.¹⁹ In parts of the country, farm workers have gained a minimal set of rights for the first time ever. Despite regional differences, urbanization everywhere has increased the exposure of millions of Brazilians to modern mass communications and to information about politics. Urbanization has also created conditions for far more neighborhood movements than ever existed in the past. The working class city of Nova Iguaçu, for example, with a population of about 1.5 million people, had 160 neighborhood associations in 1986. As many as 40,000 city residents may have participated in the neighborhood movement at one time or another, bringing into the political arena people who had never before participated in politics. About two dozen of these people have run for political office, suggesting that here political parties have opened up to candidates whose primary political experience came through popular movements.

Yet significant obstacles to effective popular organization remain. The labor movement is quite internally divided, and corporatist labor legislation continues to shackle it. Only unions in large-scale industries in Greater São Paulo have achieved a level of organization comparable to their counterparts in countries such as Argentina, Peru, and Uruguay. Neighborhood movements are generally highly fragmented and are often susceptible to cooptation by the state. Peasant organization has advanced rapidly in the past decade, but the peasant movement still has not won even the most rudimentary rights for rural workers. Paramilitary violence at the behest of landowners and sanctioned by military and police forces in the countryside continues unabated. In parts of rural Brazil, female farmworkers earn as little as \$10 per month for full-time labor. Only in a handful of large cities have popular organizations constructed strong ties to viable political parties.

Widespread depoliticization contributes to the weakness of popular organization. In all democracies there are many people who are not well informed about political issues, but in Brazil this problem is extreme. A paucity of information about politics cuts across all social classes in Brazil, but the problem is particularly acute among the poor. Several surveys underscore that the Brazilian population is especially poorly informed politically. For example, a 1985 electoral survey conducted in São Paulo, long known as a redoubt of opposition to authoritarian rule, revealed that when the campaign was in full swing, only two of the political parties were correctly named by as much as 35 percent of the 690 respondents. Another survey, conducted at the apogee of authoritarian rule (1972-73), revealed that most workers were not interested in elections, could not distinguish between the two political parties, and were relatively indifferent about the form of political regime.²⁰ Poor Brazilians also have limited political efficacy. They widely believe that the political system is impermeable to change, and do not perceive politics as a means of changing their life conditions.²¹ Extremely low levels of political

information reinforce the possibility of a democracy that is unresponsive to the popular classes.

This widespread depoliticization could change under democratic government. Under the military, the political system really was impermeable; thus, the popular perception that political organization could not change macro structures was an accurate assessment of reality. The problem is the existence of a vicious circle: political elites can afford to be unresponsive to popular needs because of the weakness of popular participation; popular participation is limited because there are few incentives to participate in an elitist political system with limited prospects for change. Breaking this vicious circle presents numerous difficulties, but the combination of competitive elections, greater access to political information, and stronger popular organization makes it possible.

Policy in the New Republic

Non-democratic political arrangements and dominant old regime elites in the New Republic have defeated policies favoring the poor. Military vetoes, conservative control of the executive office and key cabinet positions, conservative domination of the legislature and largest political parties, and limited popular participation have provided policymakers with little incentive and disposition to pursue progressive measures. A panoply of progressive reforms announced by Neves and Sarney has been stymied.

The strength of the military and the presence of old regime elites in the new governing coalition significantly influenced the direction of policy in the new government. Conservative political leaders gained cabinet positions crucial for subverting the most ambitious reforms on the government's agenda--an agrarian reform, changes in labor legislation, and changes in political legislation which, if enacted, could have measurably altered the distribution of power in Brazilian society. By watering down these reforms, conservative politicians represented well their agrarian and industrial elite constituencies.

Agrarian Reform

There is perhaps no better illustration of the policy consequences of the balance of power which emerged after the negotiated transition than the sabotage of the agrarian reform. The issue of land tenure has long been a political time bomb in Brazil. The 1964 coup, which occurred partly to dismantle the increasingly radical peasant leagues of the Northeast, took the issue of agrarian reform off the political agenda, but tensions were exacerbated during military rule. To show his intention of complying with a long-standing PMDB promise to redistribute land, Neves established a Ministry of Agrarian Reform before his death. Sarney initially appeared willing to implement Neves's agrarian program. Signalling its intention of promoting an agrarian reform to mitigate escalating tensions in the countryside, the government in April 1985 approved the expropriation of 379,000 hectares in 18 states. The following month, Sarney made public the government's objective of distributing land to 1.4 million families in four years and 7 million in 15 years, out of a total of 10-11 million landless families. Soon, however, it became apparent that the government was unable to implement even a minimal agrarian reform limited to properties not being used productively.²²

Pressure from wealthy landowners dramatically slowed the pace and restricted the

scope of the agrarian reform. Two days before it was to be signed into law in October 1985, the agrarian reform drawn up in October 1984 by the PMDB and 102 specialists and approved by both Tancredo Neves and PMDB president Ulysses Guimaraes was changed. In the revised version, owners, not just rural workers as in the original proposal, could claim land. Expropriation was cited as a last resort, to be effected not as a redistributive mechanism but to increase productivity. Landowners who hired tenant farmers or rented out land would avoid expropriation.²³ Landowners were granted the right to contest all expropriations, and the criteria for expropriations were sufficiently vague that virtually any landowner could justifiably claim to meet the criteria needed to avoid expropriation. Nationally targeted priority areas for reform were foregone in favor of "Regional Plans" that would allow the states to establish their own areas for expropriation. Consequently, the cooperation of state governors, police forces, and agriculture departments is required for the reform to advance. Yet, it is at this point in the political system that opposition is strongest. Northeast and frontier state political elites are more responsive to the interests of agrarian elites than to landless workers, and can more readily intercede on behalf of their elite constituents in the limited state arena than in the national Congress.

José Gomes da Silva, who resigned as president of the Agrarian Reform Institute (INCRA) eight days after a version of the reform which he could not endorse was passed, attributed President Sarney's change of heart to pressure from wealthy landowners from the state of São Paulo.²⁴ The ex-Minister suggested that they had nothing to fear for their reasonably productive São Paulo farms, but were apprehensive that their farms outside the state of São Paulo might have been expropriated. Those farms, spanning 60 million acres (twice the area of the state of São Paulo) and scattered throughout the country, are generally held as speculative investments.

Agrarian elites successfully thwarted state plans, caused innumerable bureaucratic delays in implementing the reform, and were primarily responsible for the pace of reform that fell far short of its scheduled targets. Resistance was spearheaded by the UDR, ministers Antonio Carlos Magalhães and Marco Maciel, state governors, and military officers. By eliminating mention of priority areas within state plans, the opponents of agrarian reform succeeded in throwing back to the bureaucracy the task of identifying land to redistribute. They also forced Gomes da Silva's resignation in favor of an ex-state agriculture minister under the military government. His appointment ultimately precipitated the resignation of Nelson Ribeiro, the Minister of Agrarian Reform, in May 1986.

While Paulista landowners opposed the agrarian reform with their economic and political power, the rural elites of the Center-West and North organized paramilitary groups to contest it by force. In the Bico do Papagaio region at the border of Pará, Maranhão, and Goiás, 165 deaths connected to land struggles were registered in 1985.²⁵ In the first five months of 1986, the number of deaths associated with land disputes throughout the country (100) increased over the number recorded in the same period in 1985 (70).²⁶ Allegedly, ex-military police participated in these paramilitary forces, in one instance headed by an ex-secretary of Security of the state of Goiás.

When the crisis in the agrarian reform reached the boiling point in May 1986, one year after Sarney announced his goals for agrarian reform, only 135,000 hectares had been redistributed--35 percent of the government's target--to 11,000 families, 7 percent of the number of families promised land, and only 0.8 percent of the landless population.²⁷

Much of the cause for the delay in settling new families was that landowners were contesting the expropriation of their land. While 1.6 million hectares had been expropriated, the ownership of 800,000 was still being decided by the courts, and the allocation of an additional 200,000 hectares was administratively blocked by powerful politicians and landowners. As of April 1987, only 18,400 families had received land; the original goal was 150,000.²⁸

Resistance to agrarian reform among the political elite is not limited to politicians who had risen under the military in the PDS. The posture of the PMDB itself is ambiguous. While the party platform called for an agrarian reform, a majority of its legislators are equivocal at best. A survey conducted by the Ministry of Agrarian Reform revealed that 60 percent of PMDB legislators oppose the agrarian reform.²⁹ The President of CONTAG (the National Confederation of Agricultural Workers), José Francisco da Silva, said in June 1986, "Few deputies are in favor of the National Agrarian Reform Program. In the Senate they don't even speak of it. Today Congress is one of the principal adversaries of agrarian reform and structural change in the country."³⁰

Labor Legislation

The New Republic has also failed to fulfill its promise to revise existing labor legislation. Labor relations are governed by a Labor Code (CLT) put into effect in 1943 by Getúlio Vargas during the Estado Novo (1937-45). The "New State" paralleled in many respects Italy's fascist state of the same period. Labor legislation had the same underlying principle: the subordination of labor to the state along corporatist lines. Official unions, licensed by the state, enjoy a monopoly of representation in their sectors. They are financed by union taxes imposed on all workers (the equivalent of one day's wages per year), of which the Ministry of Labor transfers 80 percent to the union. This financing sustains medical and other social services that unions provide to their members. The number of members who pay dues in addition to the state-imposed union tax and vote in union elections is far lower than in many other countries with a comparable industrial base. The labor movement is also weakened by the lack of legal protection for labor leaders, legal prohibitions on forming labor federations, the absence or weakness of factory level organizations, and legislation limiting the right to strike. The legality of strikes is decided by the judiciary on a case by case basis, and wages are set by sector in labor courts. Workers at the plant level can bargain collectively with employers only for productivity increases.

Understandably, a priority for labor has been to revise aspects of this corporatist labor legislation. At a time when labor's numbers have expanded dramatically and Brazil approaches becoming an industrial society, legislation governing industrial relations is archaic. Above all, labor wants to win the right to strike without approval by the courts. While hundreds of strikes have occurred in Brazil in the last decade--356 in 1984 alone³¹--they have technically contravened standing legislation.

In order to gain labor support, Sarney retained as Labor Minister the respected union lawyer named by Neves. Moreover, when the government implemented the Cruzado Plan, it decreed significant increases in real wages. But generally speaking, it has subordinated its efforts to win labor's support for the New Republic to two other regime objectives: retaining the support of the business community and limiting wage increases so as to combat inflation. The Sarney government has introduced no

meaningful changes in labor legislation. None of the legal mechanisms that undermine autonomous labor organization have been altered. Congress failed to approve Convention 87 of the International Labor Organization which calls for union freedom and autonomy.

Despite the promises of Tancredo Neves that the New Republic would recognize the right to strike, there has been a lag in enacting relevant legislation. In June 1985, with 315,000 autoworkers on strike in the ABC industrial region of São Paulo, the government unveiled the draft of a new Strike Law. Strikes would be legalized in most sectors, but not in such "essential services" as hospitals, transportation, and supplies. Spokesmen for the Federation of Industry of the State of São Paulo (FIESP) alternately publicly protested the proposed legislation and privately telegraphed the President asking for a postponement in sending it on to Congress. Labor leaders were largely critical of the conditions placed upon the right to strike; one lamented that the new law, which would be enforced, would place greater real restrictions on workers than the old one, which workers had flaunted for years.³² Once again, business elites joined traditional politicians in preventing reform.

Revisions to the code other than the right to strike, including those governing the labor courts and collective bargaining, will be played out in the months and years ahead. A maturing labor movement in the more dynamic sectors of the economy now feels it can stand on its own. In these sectors, a primary goal is breaking away from state tutelage and confronting employers directly, without state interference. Whether employers would prefer direct bargaining is unclear. Toward the end of the military regime, some employers (for example, the São Paulo auto industry) at times preferred direct bargaining, often negotiating with expelled leaders of metalworker unions rather than their government appointed replacements.³³ Yet there is no evidence that employers outside the highly productive and profitable sectors of the Brazilian economy feel they can handle unions without state help. The Brazilian bourgeoisie has long relied on state coercion to control labor. It has yet to demonstrate that it is prepared to accept an independent, well-organized, and more militant working class.³⁴ The configuration of political forces will be consequential in determining the scope of changes in labor legislation in the future.

Political Legislation

The New Republic inherited an authoritarian and arbitrary legal order largely intact from the military government. Eliminating this authoritarian political legislation and paving the way for a full establishment of democratic procedures was one of the most significant commitments Neves and Sarney made. But, just as occurred with the agrarian reform and labor legislation, entrenched elites--in this case primarily politicians--limited the changes.

In May 1985 Congress removed many obstacles to democratic elections. First, it abolished the electoral college, designed by the authoritarian regime to ensure its control over presidential successions, and reinstated direct elections for president, although it did not set a date for them. Congress also phased out "indirect elections" for one-third of all Senate seats. Next, it reinstated direct elections for mayors of all state capitals and cities that, under military rule, had been considered areas of "national security." During the military regime, state governors had appointed these mayors. Third, by granting

illiterates the right to vote, the package enfranchised 25 percent of the adult population. The legislation also abolished the "sublegenda," electoral "sub-tickets" that enabled a party to present up to three candidates for some executive posts. The military regime had passed this measure in order to attract as many traditional political bosses as possible under the umbrella of a single government party. ARENA, formed from the merger of several previously existing parties and thus wracked by traditional partisan divisions and personal and family rivalries, could not have stayed intact without such a device. The congressional package of May 1985 also lowered the threshold for parties to qualify for representation in the Chamber of Deputies, whose members are elected by states according to a system of proportional representation. Finally, in June 1985 Congress approved a measure which in effect legalized communist parties for the first time in four decades.

Although these measures were important in reforming the institutional order, they did not eliminate all authoritarian legislation.³⁵ To reassure the right wing of their coalition that the New Republic would not proceed too far too fast, the leaders of the New Republic postponed until the Constitutional Convention of 1987 action on the remaining authoritarian political legislation. For now, the constitution imposed by the military government remains essentially intact; even the infamous National Security Law is still on the books, albeit in modified form. As noted above, the measures that emasculated the legislature and concentrated power in the executive still obtain. For a federal system, the formal autonomy of local and state governments is greatly restricted. Gross distortions in representation have been left unmodified. The less populous states of the North and Northeast, most of which the PDS controlled, are considerably over-represented, while the state of São Paulo, where the opposition won a large majority of the vote, is commensurately under-represented. The state of Acre, for example, has 23 times as many deputies per capita as the state of São Paulo.³⁶ This continues to enhance the power of the more backward states, where the authoritarian right is strong. Contrary to campaign promises, the coalition decided not to establish the duration of Sarney's mandate (Neves had intimated that his mandate would be no longer than four years). Perhaps the greatest disappointment to many observers hoping for a document that would facilitate broader change in Brazilian politics and society was the decision to give Congress the power to draft a constitution in 1987, rather than electing representatives to a separate constitutional convention. One third of the senators were elected during the dictatorship (1982), under electoral rules designed to grossly discriminate against the opposition. This group of senators, disproportionately drawn from the pro-government party, changes the balance of seats in the upper chamber (Table 4). The entire Chamber of Deputies was elected under the system of distorted representation designed to favor the military party. The fact that the makers of the new constitution were elected by the rules of the old favors continuity from the old regime to the new.

Debt and Democracy: The Political Economy of the New Republic

Political constraints have set the parameters within which reform of policy may take place. The military, landowners, industrialists, and old regime political elites have defeated social and political policies that would have challenged the distribution of power in Brazilian society. These elites, however, might acquiesce to some reforms as long as

these do not undermine their power or conjure up fears of social disorder. Even among conservative elites there is relative consensus about the desirability of increased governmental investment in education, health, and housing for the poor. Yet political consensus alone is not sufficient to commit national resources to developing the nation's social infrastructure. Economic constraints, too, limit the kinds of choices policymakers have. The government's hands are tied by Brazil's massive foreign debt, which today exceeds US\$108 billion, and by the recurring economic crises the debt in large part creates. Curbing imports and promoting exports to service this mammoth debt has drained resources from the domestic economy, constraining Brazil's ability to grow and to allocate resources to ameliorate the effects of the maldistribution of income. The demo

cratic government does not even have the latitude to set its own priorities. External debt service represents an onerous burden that has grave repercussions for the socio-economic condition of the mass of Brazil's population and, ultimately, for the way in which democracy is viewed by those who hoped it would bring relief.

Recent economic strains raise problems not only for how responsive the democratic government can be to the needs of the poor,³⁷ but also for the institutionalization of democracy itself. Economic crises exercise different impacts on politics, depending upon their manifestation. An economic crisis that derives not from a lack of investment but from debt service, international negotiations, and secret economic planning favors technocratic policy-making styles that exclude elected political representatives from policy deliberation.³⁸ Managing an economic crisis stemming from indebtedness requires an economic team with a particular set of skills--dealing with international creditors, for instance--that privileges technocrats and bypasses elected political representatives. The lack of resolution of the crisis means this style of decision making persists.

The foreign debt underlies persistent and recurring economic problems. Brazil's economy has experienced wild vicissitudes in recent years: from a deep recession in 1981-83, to rapid growth (the fastest in the world) in 1985-86, to renewed difficulties surfacing in late 1986 and early 1987. Structural adjustments forced by the second oil shock in 1979 and severe indebtedness led Brazil to seek an IMF bailout after November 1982 and precipitated the most serious recession since the Great Depression. In the early 1980s, unemployment rose, investment declined, and industrial capacity lay idle. By early 1984, however, the Brazilian economy had begun its recovery. In 1985, the gross product grew by 8.3 percent, and an export surplus of US\$12.8 billion, the third largest in the world, was achieved. Inflation, however, was apparently beyond control, as prices were rising at an annual rate of 255 percent. In early 1986, Brazil seemed poised on the verge of hyperinflation, with price rises that year projected to reach 400 percent.

Faced with escalating inflation and decreasing political support, the new government responded to calls for action to reduce inflation in February 1986 with the ambitious Cruzado Plan, which had been in secret preparation since the preceding September. The Plan applied a shock treatment to the economy, in one stroke ending adjustments for inflation throughout the economy.³⁹ The cruzeiro, which had been devalued daily, was replaced by the cruzado, whose exchange rate was fixed. A general price freeze took effect immediately, for an indeterminate period, and levels of key expenditures such as rents and mortgages were set for one year. To cultivate support,

after readjusting wage levels the Sarney government granted a wage bonus of 8 percent to all workers and 16 percent to those earning the minimum wage. Many unions secured wage increases well above this level. Wages were also to be increased automatically at any time when inflation reached 20 percent. In sharp contrast to a similar plan in Argentina, the Cruzado Plan led to increases in real wages and promoted significant income redistribution. The measures caused inflation to fall to near zero and the economy to grow at a rate of 12 percent per year for much of 1986.

The Cruzado Plan's initial success made it enormously popular for several months. There were many winners and few losers. Sarney bucked the financial community which had profited immensely from speculation and cast his lot with the PMDB. Many of Brazil's poor, desperate for price stabilization, answered the President's call to enforce the price freeze and monitored supermarkets sporting the button, "Eu sou fiscal do Sarney" ("I am one of Sarney's inspectors"). The plan's short-term success in ending inflation, putting more money in the pockets of the poor, and maintaining growth contributed to the huge PMDB victory in the November 1986 election. Coupled with the growth that took place before the Cruzado Plan, the unexpected boom in 1986 led to considerable optimism about the economy. Alone in Latin America, Brazil appeared at the same time to be growing, controlling inflation, maintaining a trade surplus, and servicing its debt.⁴⁰

Meanwhile, however, serious problems in the economy were surfacing. Consumption soared among all classes, while little new investment was forthcoming. The government's response to these problems reflected its tenuous legitimacy and desire to maintain popularity to fare well in the 1986 elections. The need for adjustments had been apparent as early as mid-1986, but because of the Plan's political popularity, the government rejected the advice of its own economists who designed the Cruzado Plan. It enacted only piecemeal adjustments that proved to be insufficient to salvage the Plan. By the fall of 1986, it was apparent that the unforeseen success of the Cruzado Plan in stimulating the economy had also proven to be its downfall. Shortages appeared in the economy as consumer demand outpaced production. When price controls were abruptly lifted just after the elections, inflation soared once again. Coupled with the overvalued currency, the strength of domestic demand induced a shift of industrial production away from export toward the now more profitable domestic market, depleting the country's foreign exchange reserves. Brazil's trade surplus shrank from an average \$1 billion per month in 1985 to \$100 million per month by the end of 1986. Steep new surcharges, introduced in November 1986 to curb consumption, were too late to reverse the economic slide. In May 1987, the monthly inflation rate exceeded 20 percent, breaking the Brazilian record. Indexing was reluctantly brought back into the Brazilian economy.

Astute economists pointed out all along the fragility of Brazil's boom given the underlying problem of the debt burden,⁴¹ but the economy's rapid deterioration surprised all observers. The evaporation of the trade surplus and the precipitous drop in foreign exchange reserves led to Brazil's announcement in February 1987 that it was indefinitely suspending interest payments on \$68 billion of its medium- and long-term debt owed to commercial banks. Brazil's complaints center on two main problems: first, that its interest spreads are among the highest in the Western world; and second, that virtually no new foreign investment and loans have been forthcoming in the past few years. Indeed, foreign capital flows were actually negative in 1985 and 1986. It hoped through a

moratorium both to secure better repayment terms than foreign banks had until then been willing to grant the country, in particular a more favorable interest rate (with a spread above LIBOR comparable to the 13/16th granted Mexico by the same commercial bankers in September 1986), and to solicit fresh investments for development.

Foreign governments have been reasonably understanding of Brazil's dilemmas. In early 1987 the Paris Club rescheduled \$3.8 billion in debt due in 1987 without requiring Brazil to reach an agreement with the IMF. There are also signs that multilateral lending institutions and banks may be willing to make more development funds available. Thus far, the real problem has been the intransigence of private US banks. Whereas European banks have generously rescheduled or even forgiven some loans from African countries, US banks have steadfastly refused to soften their stance on any debt rescheduling, except when the Mexican economy was brought to the brink of disaster. One hopes that the Brazilian economy may not completely collapse before the debt crisis is resolved.

Interest payments will become even more difficult to meet if the US Congress erects tariff walls to protect a declining US industrial base. Restrictions on manufactured imports from newly industrialized countries have disproportionately affected Brazil and South Korea, and further curbs could precipitate disaster for an economy driven to export to pay its bills to Western banks. If no relief is forthcoming in the current round of debt renegotiation, structural readjustment and debt service will constrain the economy for years to come. Nervousness within the Brazilian business community and among its international creditors over the current economic disarray, shortages, and resurging inflation complicate immediate debt negotiations and the short- and medium-term economic picture as well.

How is the economic crisis likely to affect the prospects for democracy? Democracy is possible even under adverse economic circumstances. History suggests that coups overthrowing democratic governments are launched not simply when economies are in difficulty, but when important civilian and military actors perceive that democratic governments either are responsible for economic ills or are too inept to remedy them, and that a military government could do better. Since the principal constraint to economic health is service on a foreign debt that the military itself contracted, it is unlikely that the military will remove a new democratic government in the short term.

Even if the military stays in the barracks, however, economic crisis poses two problems for the Sarney government. First, it poses legitimacy problems. Given the weakness of democratic institutions in Brazil and the way in which he came to power, Sarney's legitimacy has rested on economic performance. When the economy deteriorated in the last month of 1986 and the beginning of 1987, criticism from the PMDB and the PFL was renewed. The problems deriving from the absence of accountability resurfaced, as no parties accepted responsibility for policy failures. At present, Sarney's government is in a deep crisis, utterly bereft of party and popular support. Its lack of legitimacy weakened its ability to set economic policy and led to the likelihood of new presidential elections in 1988.

Second, the need to service the foreign debt limits the range of economic policies from which the government can choose and therefore its responsiveness to the needs of

the poor. Debt service has required ever greater sacrifices on Brazil's part. Net interest payments represent an average of US\$10 billion or 4.5 percent of gross domestic product annually. From 1983-86, Brazil paid out over US\$45 billion in interest and the net transfer abroad of its financial resources was US\$33.8 billion. Interest payments on the debt (about 4.5 percent of GDP) are only slightly less than what the government spends on all social services--about 6 percent of GDP. This has posed difficulties in implementing a change in government investment patterns and spending priorities. Investing in an educated, healthy, and housed population makes it difficult to generate the annual surplus of \$10 billion needed to keep up with debt payments. Debt service makes it difficult for the government to address the country's egregious inequalities and militates against significantly altering the growth model pursued by the military regime. At this delicate stage in Brazil's economic and political history, being a net capital exporter undermines prospects for stability.

Conclusions

Brazil's transition to democratic government was relatively painless. The military disengaged from power, assured by its successors that it would enjoy a privileged status in the state. Traditional political elites facilitated the transition to civilian rule and their support has undeniably helped to construct a democratic government. Their significant role in the new regime, however, has also placed obstacles in consolidating and broadening democracy, as well as in making that democracy responsive to the real needs of the poor. Together with the military, industrial elites, landowners, and other conservative forces, they have blocked significant political and socio-economic reforms.

The breadth of the alliance that brought the New Republic to birth offers one clear advantage. The participation of traditional and other conservative actors in the coalition guiding the formative years of democratic politics reduces the potential for a lapse into authoritarianism. Thus far, rather than attempting to undermine the government, conservative actors have concentrated on gaining as much influence as possible within the democratic system. The right has channeled considerable effort and, by Brazilian standards, financial resources, into constructing viable conservative parties, as well as working within the majority party. Given the strength of the right within the leading political parties and the weakness of progressive forces, conservative attacks on democracy are unlikely in the foreseeable future in Brazil.

The broad contours of the political regime and the economic order are likely to remain stable in the short term, notwithstanding the grave doubts that exist about the viability of the Sarney government. All of the forces that initially supported the New Republic can live with this sort of limited democracy. Many prefer it. Anti-system actors are weaker than anywhere else in Latin America; they have almost no support and, at least in the short term, do not constitute a threat to democracy in Brazil. Conservative and progressive forces alike are unlikely to attempt to undermine the democratic government in the medium term.

If a democratic government appears secure, the factors that constrain the broadening of democracy are onerous. The weakness of progressive pro-system forces has diminished the anxiety of those civilian forces that supported the military government, and thus has kept them in the democratic game, but it has slowed the

extension of democracy. The distribution of power in Brazil and the burdens of debt and recession favor an elitist democracy that will not make major concessions to "the social question." Because the New Republic was born with the crucial support of traditional political elites, excluding them from the governing coalition was not an option for the progressive factions of the PMDB. The regime has profited from the support of many profoundly conservative forces, some of whose commitment to democratic politics is tenuous. Thus, the origins of Brazilian democracy--limited elite negotiations that safeguarded the interests of the military and of conservative elites--have contributed to its current problems and shape its future prospects. The possibility that Brazilian democracy may overcome its birth faults, at this time, appears to be slim.

Notes

1 A political regime is a broader concept than government. It refers to the rules and practices that govern relations among branches of the state (which includes not only the executive and legislature, but also the police and military, the courts, and the bureaucracy), and the relations between the state and its citizens (electoral laws, political freedom and the toleration of opposition).

2 Our arguments about the transition to democracy follow the lines of our earlier works: Scott Mainwaring, "The Transition to Democracy in Brazil," *Journal of Interamerican Studies and World Affairs* 28 (May 1986), pp. 149-179; and Frances Hagopian, "The Traditional Political Elite and the Transition to Democracy in Brazil," Kellogg Institute Working Paper #91, February 1987.

3 The electoral college, to be convened in January 1985 to elect Brazil's next president, was composed of all senators and federal deputies, plus six delegates designated by the state legislatures (and hence the majority party) in each of the 22 states.

4 Only the leftist Workers' Party (PT) condemned the negotiations that led to Neves's victory in the electoral college. It was adamant in insisting that the mass mobilizations continue even after the defeat of the constitutional amendment that would have reestablished direct elections was defeated in April 1984. The PT, along with parts of the PDT and many leaders of social movements and even some progressive PMDB leaders, were critical of the negotiations that led to the compromise that won Tancredo Neves the presidency. In fact, the PT had a bitter internal struggle around whether its representatives in the electoral college should even vote for Neves and Sarney. The party decided to abstain in the electoral college and expelled the three representatives who did vote for Neves.

5 See Bernardo Sorj and John Wilkinson, "Processos Sociais e Formas de Produção na Agricultura Brasileira," in Sorj and Maria Hermínia Tavares de Almeida, eds., *Sociedade e Política no Brasil Pós-64* (São Paulo: Brasiliense, 1983) pp. 164-90.

6 José Serra, "Ciclos e Mudanças Estruturais na Economia Brasileira do Pós-Guerra," in Luiz Gonzaga Belluzzo and Renata Coutinho, eds., *Desenvolvimento Capitalista no Brasil: Ensaio sobre a Crise*, Vol. I (São Paulo: Brasiliense, 1983), p. 62.

7 Brazil (unspecified government agency), "Plano de Metas: Sustentação do Crescimento e Combate à Pobreza, 1986-1989" (n.d.); Helga Hoffman, "Pobreza e Propriedade no Brasil: O Que Está Mudando," in Edmar Bacha and Herbert Klein, eds., *A Transição Incompleta* (Rio de Janeiro: Paz e Terra, 1986), p. 89.

8 Serra, "Ciclos e Mudanças Estruturais," p. 64.

9 Alfred Stepan, "Military Politics and Three Polity Arenas: Civil Society, Political Society and the State," unpublished manuscript, p. 104.

10 Istoé, June 11, 1986, pp. 22-25.

11 Istoé, Jan. 29, 1986, p. 29.

12. Peter Flynn, "Brazil: The Politics of the Cruzado Plan," *Third World Quarterly* 8 (October 1986) 4, p. 1152.

13 *Veja*, Nov. 26, 1986, p. 39.

14 David Fleischer, "O Congresso Constituinte de 1987: Um Perfil Socio-Econômico e Político," unpublished paper, 1987.

15 *Veja*, Nov. 26, 1986, pp. 58-59.

16 Of course, bureaucrats play an important role in all democracies, not to say all modern governments. But there are vital differences in the extent to which elected representatives, rather than bureaucrats, control major decisions. In Britain, though bureaucrats can stymie the implementation of policies to which they are opposed, at least the cabinet ministers responsible for policy are elected members of parliament who are obliged to defend their proposals before their opposition counterparts in the House of Commons. In Brazil, in contrast, most important issues are still decided by people with limited or no accountability to the public.

17 Wanderley Guilherme dos Santos, "A Pós-'Revolução' Brasileira," in Hélio Jaguaribe, ed., *Brasil, Sociedade Democrática* (Rio de Janeiro: José Olympio, 1985), pp. 223-335. This article provides an interesting, though perhaps excessively sanguine, interpretation of the political implications of Brazil's structural changes.

18 Maria Hermínia Tavares de Almeida, "O Sindicalismo Brasileiro entre a Conservação e a Mudança," in Sorj and Tavares de Almeida, eds., *Sociedade e Política no Brasil Pós-64*, p. 195.

19 Instituto Brasileira de Geografia e Estatística, *Anuário Estatístico*, various years. Elizabeth Balbachevsky, "O Furrural e a Expansão do Sindicalismo Rural Brasileiro," VII ANPOCS (October 1983), has pointed out that increases in rural unionization

reflected not only structural changes in the countryside, but also legal changes that led to union control over rural social welfare programs.

20 IDESP 1985 electoral survey; for the 1972 survey see Youssef Cohen, "The Benevolent Leviathan: Political Consciousness among Urban Workers under State Corporatism," *American Political Science Review* 76 (March 1982), pp. 46-59.

21 Teresa Pires do Rio Caldeira, "Para Que Serve o Voto: As Eleições e o Cotidiano na Periferia de São Paulo," in Bolivar Lamounier, ed., *Voto de Desconfiança: Eleições e Mudança Política no Brasil 1970-1979* (Petrópolis: Vozes/CEBRAP, 1980), pp. 81-116.

22 Such a reform represents the probable limit of what Brazil can do. With 17.7 percent of its export basket accounted for by agricultural crops in 1982, and another 22.7 percent by processed foods (according to the *Anuário Estatístico do Brasil - 1983*, Rio de Janeiro: IBGE, 1984, p. 582), it can hardly afford a significant disruption in production, even temporarily, which might result from breaking up large productive estates.

23 Ricardo Abramovay, "O Velho Poder dos Barões da Terra," in Flávio Koutzii, ed., *Nova República: Um Balanço* (Porto Alegre: L&PM, 1986), pp. 221-224.

24 *Istoé*, January 15, 1986, pp. 64-65.

25 *Istoé*, May 14, 1986, p. 39.

26 *Istoé*, June 4, 1986, p. 21.

27 *Istoé*, May 7, 1986, p. 70.

28 *Senhor*, April 21, 1987, pp. 44-45.

29 *Istoé*, June 11, 1986, p. 82.

30 *Istoé*, June 11, 1986, p. 82.

31 Margaret E. Keck, "The 'New Unionism' in the Brazilian Transition," in Alfred Stepan, ed., *Democratizing Brazil* (New York: Oxford University Press, forthcoming).

32 Arnaldo Gonzalves, then a member of the executive of CONCLAT, president of the Santos metalworkers' union, and member of the directory of the regional Brazilian Communist Party in São Paulo, as cited in *Istoé*, June 5, 1985, p. 33.

33 Keck, "The 'New Unionism'." For a discussion of the new government's labor policies, see Reginaldo Moraes, "Política Salarial e Sindicatos: Cardápio Trabalhista da Nova República," in Koutzii, ed., *Nova República*, pp. 227-254.

34 Fernando Henrique Cardoso, "Entrepreneurs and the Transition Process: The

Brazilian Case," in Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Comparative Perspectives* (Baltimore: The Johns Hopkins University Press, 1986), pp. 137-153, reported that business leaders in São Paulo and Rio de Janeiro endorsed freedom for trade unions in 1978 and again in 1980. But in practice, employers have denounced strikes as unpatriotic and illegal. For recent evidence of industrialists' resistance to changes in labor legislation, see Lais Wendel Abramo, "Empresários e Trabalhadores: Novas Idéias e Velhos Fantasmas" (São Paulo: CEDEC, 1985).

35 On this subject, see Maria Victória Benevides and Fábio Comparato, "A Constituinte e os Impasses da Nova República," in Paulo Sandroni, ed., *Constituinte, Economia e Política da Nova República* (São Paulo: Cortez, 1986), pp. 83-104; Dalmo Dallari, "Entulho Autoritário: Como nos Velhos Tempos," in Koutzii, ed., *Nova República*, pp. 155-67. For a broad assessment of the early stages of the New Republic, see José Alvaro Moisés, "Sociedade Civil, Cultura Política e Democrática: Descaminhos da Transição Política," in Maria de Lourdes Covre, ed., *A Cidadania que Não Temos* (São Paulo: Brasiliense, 1986), pp. 119-150.

36 Each state is awarded one deputy for every 300,000 residents up to 25 deputies. After this threshold, the proportion rises to 1: 1,000,000. Every state is entitled to at least 7 deputies, regardless of population, and a limit of 60 deputies was established as a means of curtailling São Paulo's representation. These upper and lower limits on the number of deputies have resulted in exceptional inequalities in representation.

37 For good discussions of the Brazilian economy in the 1980s, see Belluzzo and Coutinho, eds., *Desenvolvimento Capitalista no Brasil*; and Edmar L. Bacha and Pedro S. Malan, "Brazil's Debt: From the Miracle to the IMF," in Stepan, ed., *Democratizing Brazil*.

38 This idea has been developed by Catherine M. Conaghan, "Technocrats, Capitalists and Politicians: Economic Policy-Making in Redemocratized States (Bolivia, Ecuador, Peru)," paper presented at the XIII International Congress of the Latin American Studies Association, Boston, Massachusetts, October 23-25, 1986.

39 Diagnosing the primary source of inflationary pressures in the Brazilian economy to be "inertial," the Plan's keystone was to eliminate "indexing" in the economy as a means of breaking the cycle of inflation. Before the Plan, wage levels, mortgage payments, the value of treasury bonds, interest rates, rents, and other basic components of the economy in Brazil were readjusted at regular intervals (in most cases, bi-annually) to keep pace with inflation. Economists masterminding the Cruzado Plan hoped that ending these automatic corrective wage and price increases would eliminate a major contributor to inflation.

40 Jeffrey A. Frieden, "The Brazilian Borrowing Experience: From Miracle to Dêbâcle and Back," *Latin American Research Review*, XXII, Number 1 (1987) pp. 95-131, was especially optimistic about the Brazilian economy. He argued that Brazil held the upper

hand in its negotiations with bankers because few financiers would "wish to lose access to the Third World's largest economy, and those willing to cut and run will surely be replaced by other entrepreneurs." He also saw production being oriented for some time to the domestic market, with debt service taking care of itself.

41 Such as Albert Fishlow, "Revisiting the Great Debt Crisis of 1982," in Kwan S. Kim and David F. Ruccio, eds., *Debt and Development in Latin America* (Notre Dame: University of Notre Dame Press, 1985), pp. 9-31; and Albert Fishlow, "A Tale of Two Presidents: The Political Economy of Crisis Management," in Stepan, ed., *Democratizing Brazil*.

Table 1

General Price Index - Internal Availability, 1972-1986

Year	Percent Change
1972	15.7
1973	15.5
1974	34.5
1975	29.4
1976	46.3
1977	38.8
1978	40.8
1979	77.2
1980	110.2
1981	95.2
1982	99.7
1983	211.0
1984	223.8
1985	235.1
1986	65.0

Source: Conjuntura Econômica, February 1987, p. 126.

Table 2

GDP and Sectoral GDP Growth, 1951-1985

Annual Growth Rates (%)

Years	GDP per			
	GDP	Capita	Industry	Agriculture
1951-1955	6.8	3.7	7.7	5.1
1956-1960	6.9	3.7	10.1	3.8
1961-1965	4.5	1.6	3.8	5.8
1966-1970	7.2	4.7	9.7	.8
1971-1973	12.8	10.0	14.3	6.4
1974-1978	7.0	4.4	7.7	5.1
1979	6.4	3.8	6.4	5.0
1980	7.2	4.6	7.9	6.3
1981	-3.2*	-5.6	-10.2*	6.4
1982	.9	-1.5	.6	-2.5
1983*	-3.2	-5.5	-6.8	2.2
1984*	4.5	2.0	6.0	3.2
1985*	7.4	4.9	7.8	8.0

* Estimates

Source: William G. Tyler, "Stabilization, External Adjustment, and Recession in Brazil: Perspectives on the Mid-1980s," *Studies in Comparative International Development*, XXI (Summer 1986) Number 2, p. 8.