

## Citizen Action Commentary

# Brazil's Workers Party Poses New Style of Government for South America's Largest Country

by Matthew Flynn | July 31, 2002

A common refrain among the inhabitants of South America's largest nation is: "Brazil is not a serious country." World Cup soccer victories, festive carnival celebrations, and romance-ridden soap operas seem to attract Brazilians' attention more than the numerous social and economic problems facing them.

In the midst of this tropical languishing, it seems ironic that Brazil has spawned Latin America's most formidable leftist party. Nonetheless, the Workers Party (Partido dos Trabalhadores, PT) not only governs 18% of the population in scores of municipalities and three out of the country's 26 states, but it is also a few steps away from assuming the country's presidency with PT presidential candidate Luis Inacio Lula da Silva (or Lula, for short) leading the polls for up-coming elections this October.

### Genesis of a Party

An amalgam of union representatives, disaffected intellectuals, and progressive church leaders, the 22-year-old Workers Party stands apart from the rest of Brazil's major parties. In contrast to the PT and its members, the competition lacks coherent ideology and its representatives jump from one party to the another based on individual gain or temporary expediency.

The party was born out of the labor movement's struggle against the military dictatorship that once dominated Brazil, and has fought to break the grip of the country's traditional political elite, creating a solid opposition force in the process.

In its early years, the PT's political action resembled that of a radical social movement demanding the end of capitalism and the establishment of socialism. Its slogan in 1980 was "The party without bosses." But now the PT has chosen one of

Brazil's biggest capitalists, textile magnet José Alencar, as Lula's vice-presidential running mate.

The shift away from the early radicalism to a more pragmatic approach was a necessary rite of passage in the party's maturation, explains Maria Victoria Benevides, a political scientist at the Universidade de São Paulo and one of the PT's founders. "The party had to affirm itself with all the leftwing radicalism. There was a large degree of party fragmentation, and the institutional path was not a priority. The priority was the social struggle, the labor movement," she says.

While the PT's political program has changed from championing the dictatorship of the proletariat to featuring fiscal austerity and maintenance of the neo-liberal economic reforms instituted by current President Fernando Henrique Cardoso, the party remains committed to its original stands on ethics in politics, the promotion of workers' and human rights, the end of social exclusion, and sustainable development based on democratic processes.

The PT, since its beginning, has encouraged debate and participatory democracy within its party structure. Often lambasted in the media for "assembly-ism"—the holding of open meetings to reach consensus on important issues—the PT nonetheless has extended this approach to the governments in which it has obtained power.

For example, its so-called participatory budget policy allows citizens to decide the priorities for spending public money. "It is a way of democratizing state management," says Iria Charão, community relations director and budget adviser for Olívio Dutra, the PT governor of Rio Grande do Sul. "An elected government has the right to govern, but we



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wanted to give more power to the people, to make them participants in public decisions.

“In the last year I have covered more than 300,000 kilometers of the state, receiving proposals from different local assemblies. Last year there were 735 assemblies, some bringing together more than 4,000 people, that participated in the process,” he says.

This form of direct governance has not been without enemies. “The conservative parties hate it, not so much for what it does but for what it created. The system created a citizenry that is more critical, more demanding, and more involved in politics. Many politicians do not like this because they lost part of their power and influence,” Charão says.

The PT has had to confront powerful entrenched interests as it has grown. Besides attacks from conservative politicians who fear that people-oriented policies and democratic processes are encroaching on their domain, leading businessmen and women along with their colleagues in the media have claimed that a PT government will bring chaos and ruin to the country.

The most famous example was when Lula was leading the polls against Fernando Collor, the elite’s candidate, in the 1989 presidential election. Mario Amato, then president of the São Paulo state industrial federation (Federacao das Industrias do Estado de São Paulo, FIESP), warned that hundreds of thousands of businesspeople would leave Brazil if the leftist candidate won. The all-powerful broadcasting company Globo joined in the harangue, engaging in outright political slandering.

## **Reforming an Ailing Political System**

Still, in a country where the majority of the population believes all politicians are criminals lining their own pockets, the PT has gained recognition for the responsible management of public monies. In a celebrated exchange between São Paulo political strongman Orestes Quercia and Lula, the former said “Lula has never administered, not even a popcorn cart.” The PT candidate’s response to the ex-

governor of São Paulo was, “But I have also never robbed popcorn.” Quercia left office under a number of investigations into impropriety.

The PT’s clean administrative style and popular bias has had its costs. Through the years, many of the party’s members and leaders have been threatened, and in some instances these threats have had fatal follow-ups. Just in the past year, two PT mayors were murdered in circumstances that remain unclear but point to the likelihood that the administrators were clamping down on corrupt bureaucratic practices at the time.

One of the biggest challenges that PT mayors and governors have in implementing their agendas is cleaning up the finances of past corrupt administrations and facing down entrenched interests within local bureaucracies. The PT’s failure to succeed in mop-ups is typically attacked in the press as evidence of the party’s ineptitude.

Governing the more than 15 million residents in the city of São Paulo has been especially taxing for the PT’s mayors, Luiza Erundina (1989-1992) and Marta Suplicy (2001-present), who have had to confront corruption’s legacy in the labyrinths of the complex state capital.

Glauco Arbix, a sociologist at the Universidade de São Paulo with close ties to the party, adds that a basic problem for the PT is lack of experience governing. “The PT’s style of government often leads to a head-on collision with the bureaucratic machine. The reforms their administrations have introduced often take a lot of time before becoming reality,” he says.

Despite having to constantly defend themselves from bad publicity, PT politicians have also received kudos in local papers. José Orcirio Miranda dos Santos, or Zeca, the PT governor of Mato Grosso do Sul, was cast favorably as a neo-liberal politician for streamlining the government’s administration. While the PT constantly defends decent salaries for public servants, Zeca had to defend his layoff of bureaucrats and elimination of some departments as a measure to assure funds for anti-poverty programs.

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Many official organizations have also recognized the party's accomplishments in office. The UN Center for Human Settlements gave its Habitat II prize to former Mayor Erundina's housing program encouraging cooperative building and self-management in São Paulo.

Many of the PT's innovative social programs have also been copied by other politicians from across the political spectrum. The most renowned is the bolsa-escola, or school stipend program, developed by the administration of Cristovam Buarque, who was the governor of the Federal District (1994-1998). The program involves paying a small stipend to poor families for sending their children to school. Due to the program's success in increasing school attendance, the federal government decided to adapt it nationwide.

While some PT politicians and their programs have received support from mainstream newspapers and commentators, those who are pleased the most are progressive groups fighting for social change. The state governor of Acre, PT leader Jorge Viana, has implemented significant changes in a region whose violent past claimed the life of environmental activist Chico Mendes. "Acre has never had a government which has turned the proposals of social movements, including rubber tappers and rural workers, into public policy," says Maria Araujo de Aquino, the president of the environmental NGO Amazon Working Group. "Viana is committed to sustainable development, not just for a few but for many," she says.

## **Translating Opposition into Concrete Solutions**

The Workers' Party has long been a vocal critic of the policies and programs of those in power. But playing the role of opposition has often led to serious political fallout for the PT, not to mention portrayal in the media as being naive about the real needs of the country.

The party, for example, lost face for being a steadfast critic of the Real Plan since its introduction in 1994 by then-Finance Minister Cardoso. The monetary stabilization program turned out to be so suc-

cessful in ending hyperinflation that Cardoso was elected president twice.

Criticism of the PT's stance is not entirely justified. Although the party frequently has voted against the government's measures in Congress, it has commonly supported the ideas behind the bills passed, only disagreeing with their specifics. A case in point was the PT's vote against the Fiscal Responsibility Law. The party opposed the law not because its legislators favored spendthrift mayors and governors, but because the conditions of the legislation were not considered flexible enough for those in local governments.

In the case of the Real Plan, Lula admitted that not supporting it cost the party political points. But the PT's critiques of the program's shortcomings and enormous social costs are also what draws party support. The program achieved stability through inflows of capital and an opening to imports. However, the PT noted, borrowing money to buy goods from abroad—while setting domestic prices at international levels—also resulted in high levels of debts and loss of jobs at home.

Currently, official records state that 8 million people are unemployed, 53 million are poor, 23 million are indigent, and the buying power of average salaries is falling. The current economic situation has hamstrung the government's finances, leaving the next administration little room to maneuver beyond managing the crisis it will inherit.

Since the real was devalued in 1999, the government has been forced to maintain a so-called fiscal anchor, or primary surplus, now at 3.75% of its budget, in order to keep debt in check and maintain investor confidence. As a result, not only have important investments in social programs and infrastructure projects been compromised, but the accompanying high interest rates stifle productive investments and job creation. Ensuing reduced growth has led to smaller amounts of tax revenue and the need to set aside a greater proportion of the public budget to cover liabilities.

Now the question remains: What can the party that assumes control on Jan. 1, 2003, do to stir the

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country to awareness about stagnation and the downward spiral of increasing poverty?

The last thing the Workers' Party would do is make matters worse. As turbulence in capital markets grew these past two months with Lula gains in the polls mounting, the PT's presidential candidate promised he would respect the commitments and contracts made by his predecessor. He as much as pledged that he would, in a sense, go neo-liberal. "No one needs to teach me the importance of controlling inflation," Lula stated in June. "I began my life in the labor movement indignant about the corrosion of the buying power of workers' salaries."

At the same time as the PT guarantees it will maintain the country's economic stability, the party also promises to break from the past to achieve sustainable growth leading to poverty eradication. To create the envisioned virtuous cycle of more jobs, growing markets, and more investment, the PT's first priority is tax reform that unburdens production and stimulates exports.

Brazil's current fiscal regime, involving accumulated taxes at each step of the productive process, often makes imported products cheaper than domestically produced goods. Besides reforming the tax structure, the PT also wants to enact other industrial policies that are abhorred by neoliberal economists. The policies entail government intervention in the free operation of the market to promote exports and substitute imports.

By marshalling the tools of the government, which include large state-owned banks, the PT wants to direct resources into productive investments, needed infrastructure projects, and small- and medium-size businesses, so that a mass consumer goods markets can insure growth. This will translate into more jobs and more tax revenue that can go into social projects fighting poverty, racism, and social exclusion.

## **Obstacles PT Government Will Have to Face**

Since the Workers' Party wants to use state power to push exports and develop the internal market, a

PT administration will likely have to confront the United States on a number of important issues. The first one is the creation of the Free Trade Area of the Americas (FTAA).

The PT is against the current framework of the proposed FTAA, which grants the United States the right to use protectionist measures and subsidies to the detriment of Brazilian exporters. In addition, the party chafes, the format of current trade talks provides little opportunity to balance out asymmetries between the North American economic giant and its southern neighbors. "With the persistence of these conditions, the FTAA would not be a free trade accord, but a process of economic annexation of the continent," states the PT's platform document. Instead, the reconstruction of Mercosur, as well as increased economic integration with the countries of South America, should be a top priority, according to the party.

On other multilateral issues, the PT says it will push for increased democratization of important forums, including the UN, World Bank, World Trade Organization, and International Monetary Fund. In attempting to build a more "balanced" relationship with the United States, the PT says, its government will also stress trade diversification and increased relations with other major countries, such as India, China, Russia, and South Africa.

Given the right political environmental, a PT government will have no shortage of good ideas to fight Brazil's glaring social inequities, historical poverty, and growing violence. One ambitious program drawn up by former Federal District Gov. Cristovam Buarque promises to eradicate extreme poverty at a cost of around \$16 billion per year over 10 years.

On top of existing programs such as school stipends for disadvantaged families, the politician foresees the construction of more schools, scholarships for under-served youth in exchange for public service, land reform, micro-credit schemes, and home-based health programs. The PT also proposes minimum wage increases and anti-hunger projects.

But even if Lula is elected president of this country of 160 million people, the Workers' Party will still face major hurdles in transforming such ideas into

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reality. The PT has never governed at the national level, not even in an alliance with other parties. And the federal bureaucracy is much more complicated than that of the states or municipalities.

The PT's leadership recognizes its shortcomings and has already begun to take compensatory action. The first step in this direction involves making alliances with other parties. Having a respected businessman as vice-president not only casts the party in more moderate light but also shows its willingness to negotiate with parties outside of its traditional stomping ground of the left. "The rigid distinction between the right and the left is not important. It is more important to construct majorities around projects, an ethical coalition," Buarque says.

But, Buarque is known as a moderate within the party, and not all of the party's members have the same disposition. José Dirceu, the PT's president, has even referred to the party's "schizophrenia," especially between its moderate leaders and more radical base. Another split within the party that could hamper needed reforms is within its constituency. "Public sector trade unions are very strong within the party and could lead to corporatist practices by a PT administration, hampering needed reforms," sociologist Arbix says.

Despite its contradictions and youthful countenance, however, the Workers' Party has proven itself to be one of the best hopes for Brazil's poor, disadvantaged, and socially excluded groups. The population is slowly learning this.

In the last elections for municipal government, the party elected 187 mayors and 2,485 councilmen and women—a dramatic increase compared to the two mayors and 118 councilmen elected in 1982 when it first disputed public office. This past year, Brazil's first African-Brazilian woman governor assumed office in Rio de Janeiro. "The PT has revitalized Brazil's democracy by allowing segments of society that never had a voice to conquer political space," Arbix says.

If the PT does win power at the federal level, it will encounter its biggest challenge: increasing economic growth in order to fund programs that can

end the historical exclusion of the large majority of Brazil's population.

For now, the issue is: Will the population remain distracted or give a serious party a chance in office?

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## LINKS

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