

Chapter 1

Democratization of Politics and the Post-New Brazil

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Introduction

On January 1, 2015, a new challenge began for Brazil. Just two months prior in October 2014, the country held a general election for the president, vice president, members of the Federal Senate, and members of the Chambers of Deputies, Governors, and members of the State Assembly. Given the four-year terms, these changes in the policymaking lineup will last up to the end of 2018. Within this time, Brazil will be tasked with hosting the 31st Summer Olympic & Paralympic Games in Rio de Janeiro. However, what seems to be even more important than the Games' success or failure is the government's ability to address various problems that were posed by the public manifestations triggered by opposition against hosting the 2014 FIFA World Cup, controversies that were raised through the general election, and a dark cloud of corruption allegations at Petrobras (the leading state-owned oil company) cast over the nation at beginning of the new mandate.

The reelected President Dilma Rousseff expressed her determination at the inauguration ceremony for her second term held at the president's palace, *Palácio do Planalto*: "I have been led back to the Presidency to continue the great changes which have taken place in this country, and I shall not betray those hopes."¹ This article aims to sort out the events of historic significance, based on results of the "New Brazil" study project conducted by the Institute of Developing Economies (IDE-JETRO)², and challenges for the Brazil's political transformation that have emerged through the 2014 election year.

¹ *Ministérios das Relações Exteriores*, "Speech by the President of the Republic, Dilma Rousseff – Brazilian Nacional Congress – January 1st 2015," (<http://www.itamaraty.gov.br>).

² The study results were published in Konta 2013 mentioned in the bibliography. "Chapter 1. Democratization and Political Reform in Progress", written by Horisaka, covers the politics.

1. Thirty Years since Democratization:

How We View the Political Transformation of the “New Brazil”

1.1. Regime Change

The year 2014 was a symbolic year in the modern history of Brazil. The year marked the 50th anniversary of the military coup d'état in April 1964, which was the beginning of the military regime that ruled Brazil for 21 years. It also marked the 20th anniversary of the issuance of the Brazilian real in July 1994 (launched under the Real Plan) which put an end to Brazil's hyperinflation and brought a certain level of stability to the economy. Various publications and feature articles appeared in newspapers, TV, and Internet media in relation to these events, surely reminding many people in Brazil of the historical significance of this age in which they live.

Furthermore, the fact that 2015 marks the 30th anniversary of the March 1985 beginning of democratization should be considered as an important event in modern Brazilian history. President Rousseff noted this in her inauguration address: “Everything we are saying, everything we are proposing, converges upon one great objective: to expand and strengthen democracy; to truly democratize power.”

Even by simple listing of these historic events, it is easily comprehended that these 30 years can be identified, in terms of politics, to be a period of transition and consolidation of democratization from the 21-year period of military rule (referred to as the bureaucratic-military authoritarian regime) to the democratic civilian government. Meanwhile, with the adoption of orthodox economic policies, the economy has transformed from its prior critical state, involving soaring prices, drastic exchange rate fluctuations, and insolvency risk on external debt, into a more or less normal, manageable economy. Further, as mentioned later, social renovation has progressed by involving the then-marginalized populations who had been denied full participation in mainstream society, such as the poor, Afro-Brazilians and native Brazilians, children, women, and the elderly, through encouraging their political/economic participation.

As the political turning points toward formation of the New Brazil, the above-mentioned IDE-JETRO study project identified two specific moments, namely, the regime change on March 15, 1985, when the military government ceded power to the civilian government, and the enactment of the democratic constitution on October 5, 1988.

The regime change made a stormy start when Tancredo Neves, an

accomplished politician of the opposition party who was elected as the first president of the civilian government by the indirect voting based on the system of the military administration period, fell ill on the eve of his inauguration and died. Consequently, José Sarney, a ruling-party politician under the military regime who had been elected to the vice presidency together with Tancredo Neves, assumed the presidency, and transfer of power was peacefully achieved. Without the backing of the people—who had longed for democratization—and without the consent of the military circle, this change could not have been realized.

Furthermore, a new constitution enacted three and a half years later to replace the constitution under the military regime (the 1967 Constitution and the 1969 Amendment) secured the movement toward democratization. This new constitution was promulgated after 20 months of tireless discussion and approval by the Constitutional Assembly through the process of committee discussion, two read-throughs, and a general assembly. The Constitutional Assembly consisted of 559 members of the Federal Senate and the Chamber of Deputies, who had been elected in 1986. Under the principles of “Democratic State of Law”, it outlined the fundamental rights and security, such as individual and group rights, duties, and social rights in its first chapter. It also covered updated issues appropriate to changes in human society including, social assistance for protection of the family, pregnant women, adolescents, the elderly, native Brazilians, and other vulnerable populations, and further included matching principles for protection of the environment, social communication, and science & technology.

1.2. Accumulation of Institutional Reforms

There have been six Brazilian presidential administrations in the 29 years up to the end of 2014, including the Dilma Rousseff administration, which has completed its first term. The first three—the José Sarney (March 1985³–March 1990), Fernando Collor de Mello (March 1990–December 1992), and Itamar Franco (December 1992–December 1994) administrations—proceeded as unstable governments during the transitional period. President Sarney, as mentioned before, assumed the presidency from the office of vice president. President Collor was the first president to be elected by direct voting after democratization; however, he resigned just before a Senate impeachment trial that began with corruption allegations against his close adviser

³ Including the period of the provisional administration from March 15 to May 22 1985.

reached judgment. His vice president, Franco, succeeded him. They each lasted for only two years.

These three administrations served to pave the way toward democratization, on the course established since the mid-1990s toward a change in power rooted in legitimacy. Since then, three presidents—Fernando Henrique Cardoso (January 1995–December 2002) of the Brazilian Social Democracy Party (PSDB), and Luíz Inácio Lula da Silva (January 2003–December 2010) and Dilma Rousseff (January 2011–December 2018 (scheduled)) of the Workers' Party (PT)—all have served or will serve two four-year terms, for a total of eight years.

Another characteristic feature of the latter three administrations is their very different attributes and their succession: scholarly Cardoso as a world-famous sociologist, Lula as a labor movement activist, and Rousseff as the first female president in Brazilian history. Each administration, while experiencing ups and downs, was reasonably successful in gaining people's confidence and maintaining a stable political foundation.

A distinctive aspect of the civilian government of Brazil is its long string of institutional reforms in political, economic, and social fields, which were implemented with the aim of enhancing the administration's stability. Accumulation of these institutional reforms can be perceived as a factor that contributed to enhancing the stability of each administration.

One example of this is the political system. After enactment of the 1988 Constitution, which made the nation a democratic state by law, a plebiscite held in 1993 confirmed the continuation of republicanism and executive presidentialism as the form of government. The Ministry of Defense was established and the military was placed in 1999 fully under civilian control. The Ministries of the Army, Navy, and Air Force as well as the Joint Chiefs of Staff were dissolved and the National Information Service was restructured. All five military posts were removed from the cabinet and the duty of maintaining public order was separated from the national security guarantee and clearly stated as the responsibility of the police (Article 144 of the 1998 Constitution).

From 1994, the elections of president, vice president, members of the Federal Senate and the Chambers of Deputies, governors, and members of the state assembly have been held simultaneously every four years. Furthermore, the schedule to hold elections for mayors of the municipality (*município*) and members of municipal councils in the mid-terms (two years after the simultaneous elections) was determined. The transparency of elections improved by gradual introduction of electronic voting

systems, which was started in the 1996 municipal election. By the 1997 constitutional amendment, the heads of the federal, state, and municipal governments became term-limited to two terms. In addition to the above, with the aim to ban corrupt politicians from running for election, the Clean Record (*Ficha Limpa*) Law was established by direct people's initiative in 2012. In 2008, biometric identification systems began to be implemented at polling stations on a trial-run basis, and are scheduled to be introduced fully in the 2018 general election.

The legislative, executive, and judicial branches have also changed extensively. While the plebiscite, as mentioned above, decided to maintain executive presidentialism in which a "president with great power" directly leads the government offices, the constitution has granted a wide range of authority to the national congress. In addition to legislative power, the congress has authority over the discussion of the national budget, reformation of the administrative setup, impeachment of the president and other cabinet members, approval of important personnel decisions such as the president of Central Bank and judges of the Federal Supreme Court, as well as setting of lines of credit and debt for the federal/state/municipal governments and powers of investigation regarding national politics. Even when a bill is vetoed by the president, this decision can be reversed if a majority of both senators and deputies express their objection. The fact that the highly independent Federal Audit Court was established adjunct to the Congress has also strengthened the authority of the legislative branch.

The president has been bestowed a wide range of authorities such as the power to command the armed forces, conduct diplomatic negotiations, draft laws, veto laws in whole or in part after they have been approved by the congress, and draft the budget. Above all else, the right to issue a *Medida Provisória* (provisional measure with efficacy of law) is a powerful instrument for the President of Brazil in executing its policies. The *Medida Provisória* is a type of law replacing the Decree-Law that was frequently used under military rule. Despite severe restrictions imposed on its execution, it ensures the president's initiative in policymaking.

Among the three branches of government, the judiciary was the slowest to reform. With the high need to address the vast number of cases that had gone unprocessed, an internal control organization named the National Council of Justice was set up in 2004. The power of the Federal Supreme Court having the right of review of unconstitutionality was reinforced, and special courts for civil and criminal affairs (which correspond to summary courts in Japan) were established. The 1988 Constitution stipulated that the Public Ministry (*Ministério Público*), the Public Advocacy-General,

lawyers, and the Public Legal Defense were “the functions essential to justice”.

In particular, in addition to the conventional public prosecution of criminal cases, the Public Ministry assumed a new “duty to defend the juridical order, the democratic regime and the inalienable social and individual interests” in the constitution [Article 127]. The ministry was given the authority, as the representative of public benefits, to investigate and prosecute at its own discretion regarding a wide range of issues from environment and cultural/public assets to protection of native Brazilians. Hence, the Public Ministry is sometimes referred to as among the people as the “fourth power” [Machado 2010, 771].

1.3. Two Triangles of Power Sharing

Although Brazilian politics have undergone systemic transformations since the country’s independence in 1822, they have almost consistently been steered by top-down leadership, under imperialism until 1891, subsequent republicanism, civilian government, and then military rule. Especially during the military regime, the military had full control over politics as if it were the ruling political party. Distinctive elitism, in which the government leaders ran the nation in a top-down fashion, was also common to the oligarchic government in the early 20th century based on plantation agriculture of coffee, the Getúlio Vargas administration (1930–1945) characterized by its autocratic tendency, and the post-World War II populism.

When we look at the relations between the legislative, executive, and judicial branches of government, the process of democratization since 1985 has consisted of efforts to review the power structure drastically, as mentioned above, and to introduce checks and balances to the three branches of government. The 21-year-long military rule has provided a negative exemplum. This is elucidated by the recent (May 2012) establishment of the National Truth Commission to investigate suppression of human rights during the military regime, and its report was made public in December 2014.

Although a “powerful presidency” has remained Brazil’s main system, the president has the authority to lead only one of the three branches of government, the executive, in ordinary situations and is required to run the government and take initiative within the system of checks and balances among the three branches. As a result, the structure of the three branches of government has transformed into “power sharing,” a term used by the Brazilian scholar of public administration Celina Souza in her paper on changes in power relationship within the federal system of Brazil, as

described below.

Dynamic change has occurred in the relations between the federal (central) and subnational governments (states and municipalities). Ever since the nation implemented republicanism in 1889, Brazil has been consistently federalist. However, according to Souza, although there were exceptional periods when regional governments gained a certain degree of political power (periods under the 1934 Constitution in the Vargas administration and under the 1946 Constitution in the populism era), the nation's power structure has continued to remain centralized and top-down [Souza 1997, 25]. The 1988 Constitution has drastically changed this trend and relationship among the federal, state, and municipal governments into the power sharing structure.

Article 18 of the 1988 Constitution begins as follows: the “political and administrative organization of the Federative Republic of Brazil comprises the Union, the states, the Federal District and the municipalities, all of them autonomous, as this Constitution provides.” Here, the Federal District refers to the capital Brasília, where the governor and members of the assembly are elected by the residents by direct voting, as is the case in the states. Thus, the constitution reframed the relationship between the three governments to be an equal and horizontal one.

Among changes that came about as the result of reframing, what is especially characteristic is that each municipality has become positioned as a government with its own legislative, executive, and financial rights, each obliged to establish its own Municipal Organic Law as a fundamental law that binds the municipality, in addition to the Federal Constitution and state constitution. Rules that apply to the public administration and the public officers of all three branches of government have been provided. The Law of Fiscal Responsibility promulgated in 2000 for recovery of healthy public finance applies not just to the federal government but equally to states and municipality, asking them for strict fiscal discipline.

Differences among the federal, state, and municipal governments by area naturally exist. For example, authority regarding national defense, diplomacy, and commerce belong to the federal government (central government). Meanwhile, the areas regarding education, health, public transport, security, land use, and conservation of historic/cultural assets have been specified as duties common to all three governments, where the municipality is also required to bear responsibility. A particular example of this is education, in which the federal, state, and municipal governments are obliged to invest a fixed amount of their tax revenues, as development has lagged in this area.

When we look at the track of systemic transformation, the most characteristic

feature of today's Brazil lies in the emergence of power sharing that took place in two triangles, one consisting of the executive-legislative-judicial branches and the other consisting of the central-state-municipal governments. The nation was released by democratization from centralized political power under military rule and decentralization of power progressed. Along with this, the variables to determine political directions and policies have increased extensively, leading to a new era where the decision-making process has become more complicated and required more time and patience, and where new environments for political corruption may even be incited.

1.4. Expansion of Political Participation

It is also noteworthy that the presence of people as citizens (*cidadãos*) has drastically increased in politics. Although the people in general were not entirely neglected even under the oligarchic, populist, and military regimes, they were taken to form the bottom of the top-down political framework. Democratization, however, has changed this, where people have become treated as actors who participate in national and regional politics. At the same time, they have also been put in the position of checking the government's accountability.

The 1988 Constitution stipulated that people be entitled the right to vote through elections, to plebiscite/referendum, to propose federal/state/municipal laws, to participate in social insurance/social assistance, and to support actions for the weak through involvement of non-governmental organizations. The constitution also included a provision concerning "habeas data" (that is, the right of persons to request to disclose and correct records held by governmental organs/public offices and information stored in databases). This is why the 1988 Constitution is called the "Citizen's Constitution".

On the foundation of these constitutional provisions, statutes such as the Statute of the Children and Adolescents (1990), the City Statute (2001), the Statute of the Elderly (2003), and the Statute of Racial Equality (2010) were established, creating an environment of citizen's participation. In 2003, the Lula administration, in the first year of its first term, added various responsibilities to the tasks of the General Secretariat of the Presidency, such as the building of a relational framework with civil society as a prime assignment and the establishment of departments for social cooperation, social dialogue, civil-rights education, and other such areas. As a policy instrument to promote citizen participation, various councils/committees/congresses where representatives of communities could participate were set up at the federal/state/municipal levels,

information disclosure proceeded at the administrative/Congress/judiciary levels, and the digital government was launched in 2000.

There was also progress in raising the economic strength of the social underclass. In addition to increased employment along with the nation's economic growth, the conditional cash transfer program that had been originally started in the Cardoso administration was substantially expanded by the Lula administration, and other active measures were introduced, such as continuously increasing the minimum wage and subsidizing groups like the elderly and persons with disabilities. As a result, more people have moved out of the underclass (known as the "D class"/"E class") into the middle "C class" (See Figure 4 of Chapter 2). The Gini coefficient for earnings from labor, used to measure the degree of inequality in income distribution, improved but not sufficiently from 0.585 in 1995 to 0.495 in 2013 according to the National Household Sample Survey. (The Gini coefficient varies from 0 to 1, with higher values indicating greater inequality. Values ≥ 0.5 imply very high inequality.)

These policies to improve living of the underclass became a very effective mechanism in expanding the public support for the PT, known as *Lulismo* [Singer 2012, 16].

2. The First Four Years of the Rousseff Administration:

Politics Unable to Catch up with Changes in the Real World

2.1. Succeeding the Lula Administration

In 16 years (or four terms) from the beginning of the Cardoso administration (4th civilian president after the democratization) to the end of the Lula administration (5th civilian president), Brazil drastically transformed itself from a nation affected by chronic economic crises into an emerging country with a 2011 GDP ranked sixth in the world (seventh as of 2014), surpassing United Kingdom. Triggered by China's entry into the international economy, commodity markets advantageous to Brazil such as soybean and iron ore began to boom, and this international economic power eventually began to boost the domestic market in the mid-2000. Brazil managed the shock of the 2008 Lehman Brothers crisis with only a minor effect on GDP, which dropped by minus 0.2% from the previous year but increased by 7.6% in the following year, 2010, in contrast to the shocking effects seen worldwide (See Figure 1 of Chapter 3).

Furthermore, during the second term of the Lula administration in 2007, Brazil

succeeded in winning its bid to host the 2014 FIFA World Cup (in 12 cities across the country). Two years later in 2009, Brazil also succeeded in winning the bid to host the 2016 Olympic/Paralympic Games in Rio de Janeiro, thus acquiring hosting rights for two mega international sports events. These successes are the result of the increased global presence of Brazil as an emerging country.

These events were the backdrop to the beginning of the Dilma Rousseff administration, the sixth civilian government. Rousseff won a majority of the vote (56.0%) in the runoff presidential election at the end of October 2010, defeating the opposing candidate José Serra of the PSDB and successfully continuing the PT administration from Lula. While her victory left a certain impression in Brazil, as she was the first woman elected president and is a second-generation Bulgarian immigrant, she was better known as the “successor of the charismatic President Lula”.

In the late 1960s, when she was a student, President Rousseff experienced an approximately three-year detention by the security forces. Rousseff’s appearance in the central government began when President Lula in his first term assigned her to the post of Minister of Mines and Energy. He nominated her to the position, appreciating her ability while she had served in Brazil’s southernmost state of Rio Grande do Sul as the Secretary of Energy, Mines and Communication. From 2005 until the end of the second term of the Lula administration in late 2010, she served as the Minister of Civil Household (*Casa Civil*). She was a genuine technocrat who had never been tested in an election, national or even regional. Rousseff became a dedicated member of the PT, and her nomination as the party’s successor was due to her expected administrative ability, which she gained after democratization during her time in Rio Grande do Sul, which became the stronghold of the PT.

2.2. Dynamic Changes in the International Environment and Failure in Mobilizing Economic Circles

The first term of the Rousseff administration began in January 2011. Her “Succession of Lula” was not just an election strategy, but carried on into her administration. A clear example of this was the reappointment of Guido Mantega, who had served as the Finance Minister in the last year of the first term (2006) of the Lula administration. Mantega is an elite economist in the PT and served as the Minister of Planning, Budget and Management when the Lula administration began, and then served as the President of the National Bank for Economic and Social Development.

Just after the Lehman Brothers crisis, he strongly criticized the developed nations that injected a large amount of public funds to the bankrupt banks and companies to bail them out financially, calling it a “monetary tsunami” and “currency war”, and often appeared in the news worldwide.

The succession of Lula by President Rousseff was also clear when Celso Amorim, who had served as the Foreign Minister for two terms (eight years) of the Lula administration, was appointed to the Minister of Defense. Marco Aurélio Garcia, the right-hand man in Lula’s diplomacy, continued to remain as the Special Advisor on Foreign Relations. He is known for giving special attention to Third World diplomacy.

Furthermore, Rousseff also inherited the “three pillars” of economic policy (inflation-targeting, floating exchange rate, and maintaining a surplus in the fiscal primary balance) that had been the nation’s commitment since the Cardoso administration. She also inherited the path to social reform initiated by the Cardoso administration and reinforced by the Lula administration, by focusing on the reduction of social disparities.

This was seen as a normal administration shift without any dramatic change. Nevertheless, as the international environment around Brazil has become increasingly volatile, the nation-centered party line of the PT has been exposed. This ideology gradually became noticeable within the PT administration around 2009, which emphasized the role of national government in economic development. This meant a step away from the spirit of the 1988 Constitution, which stipulating that the role of the public sector should be limited to provision of basic security. The distance from the social democratic line that had continued since the former ruling PSDB until the first term of the Lula administration has gradually increased, and the government intervention has become a more pronounced part of economic development [Pessôa 2014, 10-11]. This change has become a key campaign issue in the 2014 presidential election.

In the 2010s, the economic environment of commodity exports, in which Brazil had held an advantage, has undergone a drastic change. In addition to the European economic crisis, the Chinese economy has begun to slow, and commodity exports have decreased sharply both in quantity and in price. However, imports have continued to increase in the context of booming domestic consumption (See Chapter 2).

The first four years of the Rousseff administration comprised trial and error to activate the domestic economy without pushing inflation too high. Partly due to the influence of a massive fund supply to the market to underpin the economic conditions

caused by the United States and other developed countries, the rate of consumer price increase stayed at almost the upper limit (6.5%) of the inflation target (4.5% \pm 2% points per year)⁴ and the four-year growth rate remained at below 2% of annual average. Meanwhile, the unemployment rate dropped to below 5%, the lowest ever for Brazil, which was quite an ambivalent situation.

Movement in the interest rates and the Special System for Settlement and Custody (Selic) benchmark overnight rate decided by the Monetary Policy Committee (Copom) of the Central Bank clearly show the difficulty of adjustment. At the start of the administration, an increase in the interest rate set in mid-2009 was the basic pattern, and the annual interest rate reached 12.50% in July 2011. With an emphasis on recovering the economy, the rate was then lowered to 7.25% in October 2012, which was the lowest level in Selic history since its start in 1979. After six months, however, it needed to return to an increasing pattern again, and reached 11.00% in April 2014. For the subsequent six months, during the election campaign, it remained at the 11.00% level, but the Copom increased the rate by 0.25% to 11.25% immediately after the election on October 29.

Political aspects aside, the economic policy of the first Rousseff administration can be summarized as the following two aspects; the first includes various policies to mitigate social disparities that were inherited from the Lula administration, the second includes reflationary measures. A problem has arisen because there was inconsistency between these two policy lines and because government intervention was strengthened in a stalemate where the expected effects of policies could not be shown, resulting in objection from business circles.

What has contributed the most to mitigating social disparities was an increase in the minimum wage. Over the course of his eight-year presidency, former president Lula increased the monthly minimum wage by 255% (from R\$ 200 in the year before inauguration to R\$ 510 at the time of resignation). This increase was implemented with the aim to improve the income of the general public, and because the increase in consumer prices (INPC, the national consumer price index based on families with monthly income between one and eight minimum wages) during this period was 166%. Rousseff modified the conventional calculation method in 2012 to a new method (the total inflation rate for the preceding 12 months plus the GDP growth rates two years ago) and set the revision time at January 1. As a result, the minimum wage increased by

⁴ The System of inflation target is detailed in Chapter 2.

132% from R\$ 545 (in 2011) to R\$ 724 (in 2014) while the INPC rose 117%. This has had many disparate effects on various social costs such as pensions.

In the meantime, the social policies inherited from the Lula administration have been expanded further, including the *Bolsa Família* conditional cash transfer program, governmental social housing initiatives for low income families like the My House My Life (*Minha Casa Minha Vida*), and the University for All (*ProUni*) scholarship program for low-income students to attend university.

Various reflationary measures have been implemented and aim to address the declining growth rate, including exemption of the tax on industrial products, partial exemption of the payroll tax, abolishment of part of the IOF tax (the tax levied on incoming foreign financial investment), price freezing of electricity and oil, and financing expansion by public banking facilities, such as the National Bank for Economic and Social Development. However, they were not effective in stimulating the economy. There was continuous criticism in Brazil from the industrial world and financial market, saying that those policies were sporadic, and from overseas, saying that Brazil had moved into a closed economy. Although direct foreign investment continued to be high (above US\$ 60,000 million a year) compared to other emerging countries, the investment ratio in GDP remained low (17–18%) and investment from the private sector as a whole has not been activated.

2.3. Widespread Frustration and Problems Voiced by the People

The public frustration against the Rousseff administration came to the surface at the time of 2013 Confederations Cup, which was a warmup to the 2014 FIFA World Cup. On the evening of June 6, before the Confederation Cup started on June 15, a protest against metro and bus fare hikes broke out in São Paulo, which is Brazil's largest city. The amount of the raise was only R\$ 0.20 (US\$ 0.09), nevertheless, a protest movement immediately spread to other cities, taking up in other complaints and growing into a nationwide manifestation against the entire public sector, protesting medical service, education, transportation, security, and police, among others.

The mobilization size was said to almost equal the size of the “Direct Now (*Diretas Já*)” mass movement in 1984 at the end of the military regime that called for change to direct voting in presidential elections as well as the mass movement in August 1992 that called for the resignation of President Collor. The protests, which various members of the general population participated in, ended in a few months. However,

bus burning and ATM destruction by extremists (for example, Black Blocs, who took advantage of the demonstrations) and strikes for pay raise of public workers like police officers, teachers, and bus drivers continued to occur.

Various public opinion surveys also clearly indicate a change in undertone with regard to performance assessment of the Rousseff administration. According to the ratings by *Instituto Datafolha*, a polling institute affiliated with daily newspaper *Folha de São Paulo*, positive responses (a total of Good/Excellent) accounted for 65% while negative responses (a total of Bad/Terrible) were only 7% as of March 2014, two years and three months after the start of the Rousseff administration.⁵ “Regular” responses accounted for 27%. This approval rate was almost as high as that at the end of the Lula administration.

The situation, however, changed rapidly in June 2013. In a survey dated June 6 and 7, positive rating still accounted for 57%. However, in a survey dated June 27 and 28 after the outbreak of the mass protests, Rousseff’s positive rating fell sharply to 30% while her negative rating rose from 9% to 25%. This trend more or less continued until the 2014 election.

The widespread contestations expressed by people in this protest can be divided into the following three major areas: (1) delay in improvement of life infrastructure; (2) bribery and political corruption; and (3) ongoing debate on constitutional amendments that runs counter to democratization.

The delay in improvement of life infrastructure, can be attributed to the fact that the systemic reforms addressed by the government since democratization have not reached full functionality and have not been reflected in people’s daily life. Medical services and education are two typical examples. The 1988 Constitution stipulated that medical service and education are the rights of all people to be given on equal conditions and that it is the administrative duty of the federal, state, and municipal governments to fulfill these responsibilities.

To this end, the following four major systemic reforms were implemented. First, the constitution set forth tax allocation ratios among the federal, states, and municipal governments. Second, funds for resource distribution, such as National Fund for Primary Education Development and Improvement of the Teaching Profession (FUNDEF) and National Fund for Health (FNS) were established. Third, with the aim

⁵ Data released in “Evolução da avaliação do governo Dilma Rousseff,” by *Instituto Datafolha* (www.datafolha.com.br)

of unification of systems and integration of information, the Unified Health System (SUS), the non-compulsory National Examination for Secondary Education (ENEM) for progressing through school, and the Single Registry of Social Programs (*Cadastro Único para Programa Social*) were set up. Lastly, citizen involvement councils (*conselho*) and a National Conference (*Conferência Nacional*) were established.

Despite the systemic reforms mentioned above, frustration rose because the operation and quality of these programs could not meet increasing demands. The increase in demands is obvious, for example, in the number of students taking the ENEM. When it first began in 1998, the 150,000 students took the test, but this increased to 8.7 million students in 2014. A number of schools still use two- or three-shift-a-day scheduling. Similarly, there are long lines of patients in public hospitals. Serious situations regarding the medical front and delays in addressing these problems can be seen from the content of the More Medical Doctors Program (*Programa Mais Médico*), which aims to recruit doctors from home and abroad and dispatch them to doctorless and medically underdeveloped areas. Under this program, more than 11,000 Cuban doctors have been invited by mid-2014.

The second issue is that of corruption in politics. For the first two years of the Rousseff administration, there was the strong public image that transparency had improved. In 2003 and 2004, during the first term of the Lula administration, the “*Mensalão*” case (the largest bribery case up to that time in Brazil) occurred and drew examination by the Federal Supreme Court. As a result, 25 people including the then Minister of Civil Household, the president of the ruling party, politicians, secretaries, officers of various governmental banking facilities, ad agencies, and investment companies involved in the case were found guilty of bribery, embezzlement of public funds, money laundering, fraudulent manipulation, and other such charges (December 2012). In total, 53 trial sessions were held for four and a half months, all of which were broadcasted in a “theatrical” style by a TV station operated by the court. As a result, details of the crimes of major politicians, who had come under suspicion but never been brought to justice, were disclosed to the people for the first time.

The strict attitude that President Rousseff took in response to the scandal, changing seven cabinet members within one year from the start of her administration, contributed to the improved image of her political cleanliness. Even after this, however, investigation reports on briberies and political corruptions continued. Among them, reports came up on the outrageous expenditures reported by the state-run oil company Petrobras (the largest company in Brazil) to build its Abreu e Lima Oil Refinery in

Pernambuco State, located in the northeast of Brazil and to acquire the Pasadena Refinery System in the US state of Texas, as well as on suspicious money flow in connection with these acquisitions. This was a major event in the ruling PT's coming under the suspicion of corruption via the government investigation of money laundering at petrol stations, dubbed Operation Car Wash (*Operação Lava Jato*).

The third is the objection to the debates on the constitutional amendment that arose in connection with a proposed amendment that aimed to reduce the investigative power of the Public Ministry, which was then under deliberation in the Federal Congress. The Public Ministry is one of the organs that received substantially expanded authority under the 1988 Constitution and, as mentioned before, is regarded as the "fourth power" among the people. The proposed amendment was considered to limit the expanded power of the Public Ministry, and triggered objection among people who thought of the amendment as a ploy to "set back democratization".

One month after the protests broke out, Congress conceded and turned down the constitutional proposal. Furthermore, it abolished secret voting in the Congress, specified corruption as a major crime, established the Anticorruption Law, and started to deliberate a long-pending bill to allocate royalty revenue from oil development to education and medical services. The protests that later broke out were targeted not just at the Federal Congress and the central government but also at regional governments and assemblies, as well as at governance itself.

Crowds of demonstrators filled the streets, putting up placards saying "We don't need the World Cup" and "We want more schools, more security, and better healthcare". The shocking images shown over television from the soccer kingdom of Brazil, in which bank ATMs were destroyed and public buses, which are essential for citizens' day-to-day travel, were burned surprised the whole world. At that time, the 2014 FIFA World Cup Brazil, scheduled to be held the next year, became an issue not only of whether Brazil would win their sixth championship but also of whether or not the World Cup Brazil itself would even be held as planned.

3. The 2014 General Election

3.1. Two Fierce Fights: The FIFA World Cup and the General Election

The 20th FIFA World Cup opened on June 12, 2014, continuing for 32 days until July 13 and including 32 nations. It was the second time for Brazil to host the World Cup, its last hosting being during the 4th competition in 1950, 64 years prior. Twelve major cities hosted the games. According to the government, over 1 million people visited from abroad, and over 3.4 million domestic and international visitors attended the venues⁶. Brazil's national team, which has a hundred years of history, ended in 4th place after losing to Germany seven to one in the semifinals, an embarrassingly large defeat. Yet, the games were performed as scheduled, and no trouble with the game facilities or traffic networks was considered noteworthy enough to be reported by the world's mass media. Although security had been a cause for concern, mobilized police and military forces were able to handle the situation safely and protests against the World Cup occurred only sporadically.

“We lost the trophy, but Brazil won the World Cup. Brazil showed that they know how to win, lose, host and celebrate peace with respect and a 'make yourself at home' atmosphere that won the world over”⁷ (Minister of Civil Household, Aloisio Mercadante). This was the summary statement made by the Government at the press conference held after the closing of the World Cup.

In the very middle of the competition, when both Brazilians and the rest of the world's attention were glued to the stadiums, a once-every-four-years political campaign season began. Late in June, while the first league games were in full force, each party nominated candidates at its party assembly. On July 6, the day when the World Cup quarterfinals were held, the time for filing candidacy ended and the campaign began.

Twelve candidates ran for the presidency. Major candidates included the incumbent Dilma Rousseff, Senator Aécio Neves (from the State of Minas Gerais) of the opposition PSDB, and Governor Eduardo Campos (from the State of Pernambuco), of the Brazilian Socialist Party (PSB).

⁶ Ministério do Esporte, Portal da Copa, “Federal government presents an assessment of World Cup actions,” (www.copa2014.gov.br/), July 15, 2014.

⁷ *Ibid.*

Under the new banner “Coalition with the Strength of the People”, President Rousseff formed a group comprising nine parties including her own PT, the PMDB, the Social Democratic Party, the Progressive Party, and the Communist Party of Brazil. Candidate Neves, under the emblem of “Change, Brazil”, combined nine parties including his own PSDB, the Democrats Party, and the Brazilian Labor Party. Candidate Campos called his coalition “United for Brazil” and obtained support from six parties including the Brazilian Socialist Party. They represented a lineup that reflected the typical multi-party community of Brazil, which, besides the three main parties (the PT, PSDB, and the largest party, the PMDB), is crowded with many minor parties.

Although the aforementioned reasons certainly contributed to a heated campaign, it was also exciting because it was an election for choosing not just the top leaders of the federal government, but also members of the Federal Senate, Chamber of Deputies, governors of the states (including the Federal District), and members of the state assembly simultaneously on the first Sunday of October. With runoff elections for president and governors further scheduled for the last Sunday of October⁸, the entire political force of Brazil, both national and state, was subject to public examination. In all, the president and vice president as well as 27 governors, 27 members of the Federal Senate (eight-year term where one-third and two-thirds of 81 seats are renewed every alternate four years), all 513 members of the Chambers of Deputies, and all 1057 members of the state assemblies were voted on. According to the Superior Electoral Court (*Tribunal Superior Eleitoral*), there were 26,162 candidates in total⁹.

Voting in Brazil is voluntary for citizens aged 16 and 17 and those aged 70 and above, but is otherwise compulsory. The total number of eligible voters for the election was 142,820,000 and 105,540,000 voted, making it perhaps one of the largest elections in the world. Furthermore, there was a heretofore unseen and unique atmosphere in this election, because campaigns had started during the FIFA World Cup, where Brazil was unexpectedly defeated, and because the election was held in the 12th week after the World Cup ended.

The election system is a good component of Brazil’s political reform, and has changed many times since democratization. In this presidential election, the projected winner was announced only ninety minutes after the voting deadline. Considering the

⁸ Leaders of federal/state governments or municipalities with more than 200,000 eligible voters must receive a majority vote to be elected.

⁹ Tribunal Superior Eleitoral, “Estatísticas Eleitorais 2014,” (chimera.tse.jus.br:7777/dwtse/).

nation's vast geographic area, comprising four different time zones and the Amazon, we cannot help but admire the power of electronic voting, which has become an effective system to ensure political transparency. Other new schemes are being put into practice, which include the Clean Record system to prevent candidates who have a criminal record from running for office, a biometric identification system for voters, and a system by which eligible voters who have not voted due to illness or travelling (abstainers) can send notice to the Electoral Court via the Internet. In this election, abstainers accounted for 21.1% of the total number of eligible voters.

3.2. Dramatic Developments in the Presidential Campaign and Victory by a Narrow Margin

The presidential election campaign lasted 16 weeks, culminating in the final vote on October 26, and left quite a dramatic impression, considering the intensity of personal attacks and negative campaigning, leading candidates changing with each poll, and the small margin of final victory (3.28%). It was not until July 25, immediately after the closing of the World Cup, that President Rousseff began her campaign for re-election. Before this, Brazil hosted the 6th BRICS Summit in Fortaleza in the northeast, where leaders from Brazil, Russia, India, China, and South Africa gathered. Free television and radio campaign broadcasts began August 19 and national television channels kept broadcasting debate among presidential and governor candidates while leading newspapers featured exclusive interviews with candidates, up until election day. The statement that in August, September, and October, every aspect of domestic politics was totally related to the election is no overstatement.

Due to her incumbent advantage, President Rousseff took the lead in public polls. However, it had been also predicted that she would not be able to secure a majority in the first round of voting, and might lose depending on which candidate would come in second place or on whether an entente between the second- and third-place candidates would be established. On August 13 when the campaign reached a peak, candidate Eduardo Campos died in a plane crash and his vice-presidential running mate, Marina Silva, took his place as a presidential candidate, throwing the situation into even more confusion. Candidate Silva, who is of Afro-Brazilian descent and was born and raised in the Amazon, had a successful political track record as a member of the PT and as the Minister of the Environment during the Lula administration. She then joined the Green Party and ran for the 2010 presidential

election, in which she won 19.3% of votes and came in third place.

In the public polls, candidate Silva had a lead over candidate Neves up to the first round of voting, and rose to second place, after Rousseff. In the last stage of the campaign toward the final vote, candidate Neves won support from Silva who was in third place in the first round and who even once overtook President Rousseff. In the first round of voting, Rousseff, Neves, and Silva took 41.6%, 33.6%, and 21.3% of the vote, respectively. In the final voting between Rousseff and Neves, President Rousseff got 54.5 million votes (51.64%) while Neves took 51.04 million (48.36%), representing a difference of only 3.45 million votes (3.28%)¹⁰.

President Rousseff's share of the vote was the lowest among successful candidates since the 1989 presidential election, the first direct voting after democratization. In addition, although the PT has successfully carried four consecutive elections, it has reduced its share of the vote each time (61.3% in 2002, 60.8% in 2006, and 56.0% in 2010). Conversely, from the result of this election, it has become clear the PSDB's candidates have tended to take increasing shares of the vote.

The election was a close race, although there were no major wedge policy issues that forced voters to choose between two options. The election this time was closer to a battle between two approaches that Brazil had adopted since the transfer to civilian control in 1985, especially since the Real Plan in 1994 when economic stabilization was achieved. In other words, it was a confrontation between the approach of promoting structural reform by focusing on international competitiveness, discarding import substitution industrialization in the pursuit of neoliberalism, and the approach of aiming to grow the nation's economic pie, based on the spirit of the 1988 Constitution involving marginal or peripheral populations such as the lowest income groups, women, the elderly, Afro-Brazilians, and native Brazilians.

The former approach was pushed by President Cardoso of the PSDB, who took office from 1995–2002 for two terms, while the latter approach was worked on by the subsequent President Lula of the PT, who took office from 2003–2010 for two terms. In the case of Brazil, it is plausible that a successful transition from the first to the second approach was able to form the stabilized political system of today. In other words, the nation got out of its economic crisis and entered the world economy in a first stage

¹⁰ Data on the election results that are used in this article were taken from newspaper reports on the elections based on aggregate results compiled by the Superior Electoral Court (Tribunal Superior Eleitoral).

employing the first approach and subsequently grew the nation's economic pie in a second stage employing the second approach.

During the campaign, President Rousseff was escorted by former President Lula, while former President Cardoso supported candidate Neves. In this way, this was an election for people to choose whether they should appreciate the performance of Rousseff's social reforms and entrust the government to her for one more term, or they should once again move into global competition and prioritize improvement of productivity. The core supporters of the former consisted of social activists or militants who were descendants of the PT while those of the latter consisted of the economic world including the international financial circle. It was a small margin but the people ultimately chose to continue to expand the economy and include marginal groups.

3.3. A New Power Dynamic

The 2014 elections result in the third consecutive generation of two-term, eight-year administrations. President Dilma Rousseff's ability to follow through from her first term into her second will be tested. Moreover, an important key to the political success of her administration lies in forging the power-sharing arrangement between the three branches of government and between the central and regional governments as stated earlier. It is necessary to efficiently coordinate the relationship between the Federal Congress (Senate and Chamber of Deputies) and the states (governors and assemblies), whose lineups were substantially changed by the 2014 election.

First, when we look at the Federal Congress, we can see the further fragmentation of the multi-party system that first became noticeable after democratization. After the 2010 election, the number of political parties in the Chamber of Deputies was 22, but after the 2014 election it has reached a total of 28 parties. This reflects the results of seats newly acquired by small parties and the formation of new parties resulting from realignment of political parties (The number of parties in the Federal Senate is 16, the same number as before the election). In the Senate, including uncontested seats, the governing coalition that support President Rousseff could maintain its eight parties and 52 seats (including 13 seats belonging to the PT), the same number as before the election. However, it has reduced its holding in the Chamber of Deputies from nine parties/339 seats before the election to nine parties/304 seats after (including 70 seats belonging to the PT). As a result, the coalition could not secure the 60% number of seats (49 Senate seats, 308 Chamber of Deputies seats) necessary for

constitutional revision.

This style of administrative management, characterized by a multi-party system with one of the largest number of parties in the world, as well as a presidential coalition (*presidencialismo de coalizão*) representing the combination of a powerful presidency and a political coalition, has been noted as a unique aspect of Brazilian politics. As described above, while the PSDB, which is a center-left party, and the PT, which has a more leftist position, have stayed on two opposing axes since the mid-1990s, the centrist PMDB has continued to maintain the position of the nation's largest political party at both the national and regional level. In the 2014 election, it won 19 seats, the most in the Senate, and 66 seats in the Chamber of Deputies, thus rising to be the second-largest party after the PT. The PMDB is descended from the Brazilian Democratic Movement (the only opposition party recognized by the military regime) and has a long history; however, the party has never had a leading presidential candidate because of its various types of politicians. It has, therefore, remained in the third place. Winning the seat of chairperson in the Senate/Chamber of Deputies has been a long-held aspiration of the PMDB.

The presidential system of Brazil outlines a president with great power who directly controls the executive branch of government. However, the president cannot execute their policies without inside politicking in the Congress. Presidents have tried to bring more Congress members into their own camps by using cabinet posts and budgets. The Mensalão scandal was a bribery case that occurred in the early Lula administration under this type of political condition, in which the Minister of Civil Household and the leaders of the ruling parties took initiative in delivering governmental funds to other parties to gain supporting votes to pass bills. With regard to the most recent election, President Rousseff obtained victory partly because she could nominate Michel Temer of the PMDB for vice president, in a continuation of her first term.

When we look at the elected state governors by political party, although the PT and the PMDB won in five and seven states respectively, the population governed by governors of the 14 states who declared support for President Rousseff accounted for only 43.8% of the nation's total population. Conversely, 10 state governors supported candidate Neves, accounting for 50.7% of the population. When this map is superimposed over the map of states where Rousseff or Neves won, it seems as if the nation is divided into two parts. Of the 16 states located in the underdeveloped northeast and north, President Rousseff took hold in 13, while candidate Neves took hold of nine of 11 states in the developed southeast, south, and center-west regions (including the

Federal District, Brasília). In terms of size of municipalities, 60% of 89 cities with a population over 200,000 supported Neves, while 64% of 5,297 municipalities that have a population under 75,000 supported Rouseff.

In her first speech after the election, President Rouseff called for national unity and need for political reform and fighting against corruption. However, success in these will largely depend on how skillfully at the national level she will control the presidential coalition and on how competently at the federal level she will coordinate interests among regions that seem to be politically divided in two. Candidate Neves was defeated, yet still acquired fifty million votes, which carries significant weight.

Final Remarks: Looking toward Brazil's 200th Anniversary of Independence

President Dilma Rouseff's second term has started in a severe economic environment, both domestically and internationally. It is no longer a time in which the nation can go forward by depending on commodity exports. However, in the present day, domestic demand-led economic growth is not a fully dependable model for state economy. As shown by the results of the election, the people's demand for mitigating social inequality and regional disparities remains high. In the economy, reform of the industrial structure to address international competition remains an urgent priority.

The corruption allegations brought against Petrobras, the largest company in Brazil, have created uncertainty about the future in the securities market and in the construction, energy, shipbuilding, and other related industries. On February 4, 2015, the chief executive of the company and close friend of President Rouseff, Maria das Graças Foster, resigned together with five other executives due to misconduct of management. This scandal is expected to bring a suit even before the year is half over. Moreover, water and electricity shortages (and impending blackouts) caused by prolonged historical drought pose an unexpected political risk to the central and local governments.

Brazil became an ordinary democratic nation after the abolition of its military government in 1985, in the sense that it now conducts democratic delegate elections in a free and fair manner. This is clearly shown by the fact that the nationwide protests in 2013 did not cause the cabinet to fall but led people to express their demands and desires through their vote. The people's movement can be seen not as a malfunction of Brazilian politics, but as a reflection of the people's demand of higher governmental accountability [Melo & Pereira 2013, 165-169].

The second term of the Rousseff administration is now approaching a crucial phase in the Post-New Brazil, where it must fully review the political, economic, and social reforms that have been implemented since democratization and improve them to a more coordinated form. Addressing, in a clear and definite way, the various problems revealed in the widespread protests and the election—which split public opinion in two—this is a challenge that not just President Rousseff, but the entire Brazilian political system, both ruling parties and opposition parties, are asked to address.

The above challenge will become more salient when the next 2018 General election is brought into view. In Brazil, presidential term limits are set at two four-year terms. Unlike a presidential reelection year, which asks about the pros and cons of the first term—almost the default route since the Cardoso administration—the 2018 presidential election will be a confrontational election of new faces. We cannot tell today what the opposing axes will be. It is sure, however, that both the ruling and opposing parties will be evaluated for the achievements in their political behavior over the next four years. In this regard, they will also be judged for more than just the success or failure of the 2016 Rio Olympic Games and the consecutive municipal election (October 2016), they will be judged for what national vision or outlooks they can lay out at Brazil's bicentennial independence anniversary in 2022, which will come in four years after their election.

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