

Post-scriptum—in light of June 2013 mass protests

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Making Brazil Work: Checking the President in a Multiparty System*

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We argue in this book that over the last two decades or so Brazil has performed surprisingly well, in sharp contrast to previous evaluations and predictions. The country has boasted remarkable, unanticipated levels of institutional strength and democratic stability. We claim that the combination of multiparty presidentialism and postelectoral coalition governments has prevented the sort of abuses that might be seen in single-party majority governments, which usually occur when the governments interpret their election as a blank check by voters to do what the government wants once it is in power, including ignoring the opposition, attempts to control the media, or trying to undermine the independence of institutions providing checks and balance. Considerable good governance has resulted in a fragmented multiparty environment by virtue of a constitutionally strong president checked by reasonably strong institutions for accountability and a competitive media.

What factors then explain the June 2013 wave of protest all over the country, which at first sight may suggest significant levels of dissatisfaction and malfunctioning institutions? Unlike many pundits, we claim that the problem is not

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one of failure of institutional design or dysfunctional political institutions. The recent wave of protests and widespread riots in the country neither resulted from insufficient democratization nor a lack of political representation, in the sense that no single political interest in the society is out of or not represented in the political game. Any parallels to be drawn between Brazil on the one hand and Turkey, Egypt, or Tunisia on the other, are misguided because those countries either are not fully democratic and/or have fragile institutions and scant historical experience with democracy. In addition, they face very unstable economic conditions, where economic crises have generated high unemployment, especially among young workers. By contrast, poverty and inequality in Brazil have declined monotonically over the last 15 years and, more importantly, unemployment has reached the lowest level in modern times. Also, Brazil's political institutions could hardly be called dysfunctional considering the country's achievements in terms of sound macroeconomic management, control of inflation, and surprising institutional stability. Brazil has, after all, managed to impeach a president and achieve smooth power alternation at the national level. The more appropriate comparison is with Chile's recent wave of student protests, which point to the limits of democracy in countries historically marked by social exclusion, but where institutions have begun to function well and the economy has shown great dynamism.

Similar to Chile, accountability institutions have worked relatively well in Brazil. The Public Ministry and the media, for example, have shown independence and greater effectiveness than in other countries of the region. Therefore, denunciations, exposés, and perceptions of corruption have been higher in these countries than elsewhere. Not surprisingly, survey data from the Global Corruption Barometer suggests that citizens have shown much greater trust in Brazil and Chile's

judiciary and the media than elsewhere in the region and among developing countries. This enhanced level of accountability has clearly led to great citizen dissatisfaction with the status quo.

As we argue in the book, Brazil is transitioning toward good governance, and the improved effectiveness of checks has resulted in enhanced awareness about political corruption in the country. Citizens, for instance, have celebrated the Supreme Court's convictions of over two-dozen officials, including high-level politicians, public administrators, and businessmen, for their role in the *mensalão* scandal—a money-laundering-cum-legislative-vote-buying operation. Citizens' reaction provided great support to the Supreme Court's decision especially because high-level conviction under the charge of corruption has been unprecedented in Brazil alone. Nevertheless, given the structure and defensive procedures of several legal decisions, the implementation of the penalties is still awaiting procedural appeals, which have postponed the enforcement of the sentences. This delay has raised concerns of impunity and citizens have started questioning the assumption that corruption investigations may once again “end in pizza,” with wealth and power always finding a “*jeito*” or “way” around the law. So, the disjunction between judicial decision and implementation of the sentences has increased the level of frustration and disappointment, but, at the same time, has led to the need of curbing corruption becoming one of the key issues and demands from protesters in Brazil.

Brazil's accountability institutions have remained unscathed despite a small number of attempts to weaken them. Such attempts include the creation of a National Communication Council to oversee the media, and measures to reduce the powers of the Public Prosecutor's Office and the independence of the Audit Courts.

Significantly, as a rule these attempts have never garnered enough support to move forward—neither inside the government’s coalition, nor in society at large.

In addition to the reaction against corruption, the protests of June 2013 targeted the quality of public policies, and health care, education, and public transport in particular. Interestingly, in the Latin America Barometer’s (LAPOP) 2012 survey, Brazilians and Chileans were the *least* satisfied with the quality of public services of all citizens in Latin America and the Caribbean, except for Haiti and Trinidad Tobago. The economic progress of recent years has raised expectations, and many Brazilians and Chileans are keen to see social progress.

Another similarity between protests in Brazil and Chile has to do with the reversal of economic expectations following the slowdown of the economy in the wake of changes in the external economic environment and poor macroeconomic management. This is reflected in the level of personal indebtedness in both countries, especially among the emerging new middle class. With inflation under control and economic stability on the rise, Brazilian consumers have been encouraged to purchase on credit. In this stable environment, access to credit and the expansion of formal employment are at the core of the remarkable socioeconomic change Brazil has been undergoing. The resulting personal credit boom coupled with the exhaustion of growth in real incomes had led, in Brazil, to an unprecedented escalation of delinquent payments on loans and bills (including utility bills). The delinquency rate rose by 72 percent between 2007 and 2010. In Chile, the high cost of college education has been one of the key targets of the protesters. Middle-class families spend 40 percent of their income per child on tuition expenses—higher than any other Organisation for Economic Co-operation and Development (OECD) countries. Tuition has increased by 60 percent in a decade and the length of many degree

programs has resulted in skyrocketing indebtedness for lower and middle-class student. Combined with the difficulties new graduates from nonelite institutions face in finding jobs, students find themselves mired in debt with few opportunities.

In Brazil, issues of service quality came forcefully to the fore for contextual reasons, but they also reflect structural issues. People protested against the government's decision to overspend on the construction and renovation of soccer stadiums for the 2014 FIFA World Cup. Criticisms that the final cost will significantly exceed initial budgets and the perception that little has been done to improve the urban infrastructure triggered protests everywhere. Reacting against the "Fifa-Standard Soccer Stadiums," demonstrators carried signs in the streets asking for "Fifa-Standard Hospitals" or "Fifa-Standard Schools." A more fundamental issue is at the bottom of discontent here: Brazil's tax burden at 37 percent of Gross Domestic Product (GDP) is above the OECD average, an abysmal contrast with federal underfunding of health and personal services.

Therefore, protests are about government performance, not about reforming political institutions. The demonstrations' banners—calling for "political reforms"—can be misleading: in a poll commissioned by the Perseu Abramo Institute, respondents did not cite political institutions even once when asked about their proposals for "political reform." Instead, they pointed to an array of reforms aimed at improving service delivery and reducing corruption. Admittedly, political institutions ultimately affect government performance in any country. However, they are not the primary determinant of the Brazilian malaise. The extents of rent-seeking in the country and the inability to root out corruption and reduce politicians' extensive privileges have structural roots as well as contextual ones. Indeed, citizens' frustrations with public policies, and with the recent surge in inflation and the

slowdown of growth that Brazil has experienced, are at the root of the June 2013 mass protests.

Achieving greater equality and openness is inherently messy; it is a process we, and other coauthors, call *dissipative inclusion*. Dissipative inclusion is inherently disruptive, leading to all sorts of resistance from those who are harmed by the redistribution of resources taking place. These potential distortions are not necessarily unavoidable, but dissipation may increase when they come in conjunction with bad public policies and erratic government decisions. The benefits generated by this sort of dissipative inclusion are usually not perceived in the short-run and as such generate frustrations and disappointments with the system. However, the positive aspect of this process is that people may perceive the glass as half-empty because they somehow share some sort of inclusion. Thus, heightened expectations, bad policies, and inherently dissipative processes are important factors shaping the recent institutional *malaise* in the country.

Public policymaking in Brazil's multiparty presidentialist system is incrementalist because of the various veto points in the system. Policymaking involves extensive bargaining and negotiation. In the context of historically high corruption, this process can engender an institutional malaise characterized by clarity of responsibility that is weak or absent, and extensive blame-shifting strategies. On the other side of the ledger, poor decisiveness and responsiveness reduces policy volatility. As discussed in the book, however, a powerful president who knows how to govern and to manage coalitions may prevent policy inertia. Meanwhile, party fragmentation and strong checks prevent the abuse of power. A powerful president may implement bad policies exacerbating problems that inhere in systems with diffuse accountability, and this certainly has occurred.

If the institutional malaise is measured by the degree of trust in political parties, Brazil is not fundamentally different from some mature democracies. The level of public cynicism is high but not at odds with that found in the United States and France. In Brazil, 81 percent of citizens think political parties are corrupt or very corrupt, compared to 76 percent in the United States and 73 percent in France (data from Global Corruption Barometer 2013). The protests have emerged as a response to overall government underperformance and dismal public services, the reversal of economic expectations, and citizens' sense of widespread corruption. To construe the mass demonstrations as evidence of the systemic dysfunctionality of the country's political institutions is to lose sight of the role accountability institutions have played in enabling citizens to demand more accountable governance. By exposing corruption and reducing impunity, they have accomplished this. To argue that Brazil is a victim of its own success because it sets in motion higher expectations—as many pundits have done—however, is to play down government underperformance and the popular perceptions that it has condoned corruption.