Transformation Institutionalized?

Making Sense of Participatory Democracy in the Lula Era[*]

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[A] Introduction

Brazil's recent social changes have been dramatic. Apart from the impressive reduction in poverty and seemingly inexhaustible economic growth of recent years, the country's politics seem like a testament to the possibilities of social-movement driven change. With the end of the military dictatorship (1964-85), social movements of all sorts emerged as protagonists of a new kind of politics. They were radical, yet democratic; they challenged the system, but were oriented towards a sense of the public good; militant, but also civic. The 'new trade union unionism', the urban movement, the health movement, the feminist movement, the black and student movements were some of the expressions of what Evelina Dagnino (2004) described as the 'new citizenship' of the time. In addition to imagining new democratic practices and institutions to challenge Brazil's deeply rooted social authoritarianism, these movements would largely find expression in the *Partido dos Trabalhadores* (PT), or the Workers Party. The election in 2002 of Luis Inácio Lula da Silva, a former metal worker and strike leader with little in the way of formal education, was the end of a 'long march through institutions' for the party, after two decades of failed national

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campaigns but often successful local administrations run on the principles of participatory democracy.

When Lula ended his term in office in 2010, 87 per cent of the people approved his performance as president, the highest approval rating in Brazilian history. In the public discourse, 'the Lula Era' and a phenomenon, *Lulismo*, have been named after him (Singer 2009). Scholars generally agree that this is due to a distinctively successful combination of economic development and social policies and of growth with redistribution (Sader 2010; Anderson 2011). The latter has been characterized by the millions of people who have ascended to Brazil's lower middle class, the implementation of the *Bolsa Família* (the conditional cash transfer programme that has reached 40 million Brazilians), the real increase in the minimum wage (53 per cent during his presidency), and pension increases. It has also been an intensely participatory administration, with literally millions of individual Brazilians participating in one of the many conferences, councils and programmes created to foster dialogue and gather citizen input. Unions and social movements have been, for the first time in Brazilian history, systematically recognized as legitimate interlocutors in the national dialogue, having been invited to the table along with other stakeholders to debate with the federal government and its policies.

On the surface, it appears that in recent years, Brazil has succeeded in confirming the most hopeful *expectations* of the 'Transformative Politics' framework outlined in the introduction of this volume. That is, it appears to be, in the terminology of Stokke and Törnquist, a case where the existence of 'political agendas, strategies and alliances to introduce effective democratic institutions' conspire to 'promote substantive political equality and popular capacity to use democratic institutions to pursue their interests and aspirations'. One way perhaps to understand the story is as the gradual cumulative victories of movements over three decades in alliance with actors within political parties, together creating new democratic institutions at increasingly higher levels of government. Each step, in principle, helping to make the next step possible, right up to national level, which in

partnership with civil society actors, aims at reforms such as the universal provision of a welfare state while deepening democracy.

In this essay we propose a different interpretation. We focus on the first dimension of Transformative Politics, namely 'the primacy of politics via popular organization and public institutions' and retell the story of the rise of the Workers Party from the point of view of the evolution of participatory institutions over the last three decades. Our argument is that attentiveness to the instruments of political participation, the quality of participation within them, and their relationship to organized movements of civil society show that there was a pronounced shift between an earlier stage and the later years. During the earlier years, social movements and unions found expression within the party and party agendas were often translations of social movement agendas; participatory democratic institutions organized around the principles of 'sharing power' were crucial elements in rendering this alliance viable. In recent years, however, as the party rose to national power, social movements and unions have come to occupy a subordinate role. They provide political support to the national administration's mandates. Participatory institutions are today organized around 'listening and dialogue' and play perhaps an important legitimating role. But many issues of crucial importance to social movements, such as the direction of the country's economic development and national budgeting priorities, are today outside of their purview.

Our point of departure is that the participatory politics of the Lula administrations have accommodated contradictory logics and forces. We suggest that they can only be understood by applying a historical-dynamic approach. The key analytical issues are how the expectations for radical transformation are embedded in specific institutionalized experiences as well as in the social movements, and how these expectations clash with the logics of (state) power which seeks to bureaucratize, dilute and/or instrumentalize participation. After discussing the historical conditions that gave birth to the Workers Party, social movements and unions as particularly democratizing forces, we discuss local power experiments (in particular Porto Alegre in the 1990s) that were institutionalized and rolled out

across the country. This sets the stage for the expectations of a Lula victory in 2002. We then turn out attention to participatory spaces and the relationship between the national administration and organized movements. Our argument is that very many participatory spaces were indeed created under the Lula administration, organized as logical extensions of previous local experiments, but with a different logic. Instead of 'sharing power' and 'empowerment', the emphasis since 2003 has been on 'listening' and 'dialogue'. Governance, which had earlier been accomplished through participation, was now based on compromises within the National Congress. We suggest, by way of conclusion, that the framework of Transformative Politics needs to address three particular dimensions in order to fully describe the Brazilian case: first, the issue of institutions and their impact; second, the issue of active v. passive conceptions of democracy; and third, the issue of scale and scalability of politics.

[A] **The participatory legacy**

If what drew attention to the PT in the 1980s was its novelty as an internally democratic leftist party that did not seek to dominate social movements (Meneguello 1989), what caught attention in the 1990s was its model of local governance (Keck 1992). By the late 1990s, the PT had governed over two hundred municipalities of all sizes. Often, these were successful attempts at governing with the real input of civil society, transforming the creativity of popular voices into a real, legitimate mandate. While among the cases documented by scholars there are failures, in many cases there is a transformation of local politics with the inclusion of many previously excluded voices in running the government. In addition to participatory budgets, PT administrations gained extensive experience working with councils on a diversity of public policies including those relating to women, Afro-Brazilians, youth and many others. By the end of the 1990s, the phrase 'the PT way of governing' (*o modo petista de governar*) became a trademark. It was synonymous with participation, transparency and good governance.

Since its founding in 1980 by union leaders, the PT's ideology has embraced sometimes contradictory elements such as workerism and class-consciousness, a participatory democratic ethos, a commitment to social movement autonomy and a desire to govern by these principles. Indeed the PT has been referred to as a *social movement party*. Since its inception, it has had a close relationship with popular movements, unions, human rights groups, the progressive church and others.

When in power, the main problem that the PT faced was negotiating the political demands of the party's base in a way that did not jeopardize the party's ability to govern. One of the recurring problems of many PT administrations, particularly where local movements and public sector unions comprising the PT's base were strong, centred around the inability of administrations to distance themselves from demands that could not possibly be met given current finances. Early attempts at governing municipalities in the 1980s and in the early 1990s thus often ended in a knot of endemic problems: splits between party factions; conflicts with organized bases of support such as municipal workers; the inability to govern with a minority in the local legislative; and the distrust of segments of the population who only experienced the resulting failures of governance such as week-long bus strikes. Some administrators, such as in the city of Santos or in Porto Alegre, nevertheless successfully implemented participatory programmes as a strategy for the negotiation of demands and the legitimation of platforms with the population at large in ways that helped avert some of the conflicts. In best case scenarios, participation provided solutions to some of these dilemmas of 'radicals in power' (Baiocchi 2003).

Successful programmes such as the Participatory Budgeting in Porto Alegre drew broad sectors beyond organized social movements as empowered decision-makers into matters of governance, in this case deciding specifically on new forms of local investment. While the decentralization of government has not done much to improve overall regional inequalities, it has nonetheless created institutional spaces for local actors to carry out innovative reforms in governance. It created settings where claimants themselves could be part of the negotiation of demands; in terms of governance, this generated legitimacy for

strategies of governance, if not improving governance directly (Baiocchi 2005). The quality of this form of radical democracy, which turns both social movement participants as well as unorganized citizens into discussants, is dependent on the autonomy of these participatory spaces from party control. The degree of autonomy is evident in Participatory Budget meetings where PT members do not participate as 'party members' but rather as independent citizens or as members of civil society organizations with rules strictly prohibiting the meetings from being turned into partisan spaces (Baiocchi 2004: 211). By resolving conflict in participatory settings, administrators have found ways to generate consensus around redistributive platforms, and have helped prevent conflict with the administration. In time, Participatory Budgeting became a signature of the 'PT way'.

Although the PT was the first political party in Brazil to implement participatory policies in a systematic way (and to embody participatory principles in its programme), it is important to mention that this participatory legacy in Brazil has always been broader than the party. Since the 1980s, urban social movements actively participating in the pro-democracy movement made demands for more accountable forms of city governance, calling for decentralization and citizen participation in the running of city affairs as a basic right of citizenship (Moura 1989). Activists linked to liberation theology, popular education groups inspired by the theory of critical pedagogy of Paulo Freire (1970) and NGOs of various stripes all advocated participation. These were sometimes inspired by and sometimes reinforced the experiences of left parties, particularly the PT. These spaces of overlap between parties and meetings produced a fertile breeding ground for ideas that served to spread participatory democracy. For example, the participatory paradigm was already present in the constitutional process, in caravans and popular initiatives, laws, and also embodied in the democratic 1988 Constitution itself.

This participatory spirit marked social policies that followed, and legitimized old struggles such as the health movement. One of the first major policy reforms after the founding of the constitution was the creation of the Unified Health System (SUS) in 1990. It established municipal health councils that were in principle supposed to exert social control

over the budget and define public policies. It was documented at the time that the supporters of this idea identified themselves as members of the 'the party of SUS' (Escorel 1998). Many public policies followed that were also similarly decentralized and had a strong participatory mandate. In the early 1990s for example, the Child and Adolescent Services adopted a council structure, as did the National System of Social Assistance. For many observers and activists from abroad, Brazil became a privileged locus of studies on innovation in and inspiration for democratic politics and citizen participation in public policy (Fung and Wright 2003; Dagnino 2004; Dagnino *et al.* 2006).

[A] **The 2002 prospects**

It is not surprising, then, that the PT's first national victory in October 2002 raised expectations about popular participation in government. The idea of participatory governance was enshrined at the 1999 party congress in the 'Program for a Democratic Revolution' (PT 1999). This programme lays out the foundations for an eventual PT national administration. The *Democratic Revolution* under a PT presidency would mark the beginning of a long transformation of deepening economic and social democracy, extending human rights and citizenship to the country's majority, reforming institutions of representation and increasing democratic and direct control over the state. While the party did not want to exist as a perpetual party in opposition, it understood that 'it is not enough to arrive at the government to change the society. It is necessary also to change the society to arrive at the government'. The *Democratic Revolution* is viewed as a long process, but not one that is inevitable. It involves the reorganization of society, politics and the economy with a new hierarchy of values based on equality, freedom and solidarity. Education, health, literacy, welfare and economic well-being are all central to the democratic thesis.

The programme reiterated the PT's unique strategy of not only participating in municipal and state governments and the parliament, but of combining this with different social struggles using strategies as broad as land occupation, strikes, and other mass mobilizations. It also stressed the necessity of extending party affiliations in order to make

the integration of new activists into the party easier, as well as continuing dialogue with academics, artists, intellectuals, professionals and social movements. A centrepiece of the programme was extending the experience of local level administrations to national government.

And while there were serious calls and discussions around a Federal Participatory Budget in the months leading to Lula's election, by August 2002 the authors of the government plan announced that the PT would be unable to implement this initiative, citing practical difficulties. The principle of Participatory Budgeting would be translated, according to finance-minister-in-waiting, Antonio Palocci, at the federal level as 'forums for debate' (Folha de São Paulo 2002). Nevertheless, Federal Participatory Budgeting remained part of the 90-page government plan issued by the PT, even though it was limited to one sentence recommending its adoption.

[A] **Participatory institutions in the Lula administration (2003-2010)**

According to the slogan, Brazil under Lula was supposed to be 'a country for all' and as such, the administration created a large number of participatory spaces. It created or revived national councils on a variety of issues and instituted 'national conferences' in the form of thematic meetings throughout the country, with local delegates attending national meetings. There are three noteworthy aspects of this national participatory policy. First, the uncoordinated nature of these participatory spaces with their constitution and composition often linked to particular ministries and related movements (the ministries themselves having been doled out to particular factions and political parties as part of the PT's political pact with the governing coalition). Second, disappointment on the part of civil society and progressive sectors of unions and political parties with these spaces over the lack of effective decision-making power over important policies; and third, the organizing logic of 'dialogue and listening' characterizes these spaces much more than the previous logic of empowerment and power-sharing.

[B] *Broad-based participation*

Perhaps the most striking feature of participatory policies under Lula is their scope. At national level, the emblematic and most developed example is the health sector, where the participatory spaces are federally organized. There is one national council, 27 state councils and more than 5000 municipal councils in the health sector, and every four years there are 'health conferences' held throughout the country leading to a national meeting. By 2010, one could identify 68 institutions that might be considered national councils, more than a third of which were created under President Lula. The only other time in Brazilian history that so many councils were created was in the period immediately after the ratification of the 1988 Constitution.

One telling example from the Lula is that of the Ministry of Cities, headed in its first two years by Olívio Dutra, the PT's first mayor in Porto Alegre (1989-92) and then its first governor in the state of Rio Grande do Sul (1999-2003). The ministry implemented the City Statute having been adopted by Congress in 2001 as a result of the civil society movement for urban reform. This new policy 'sector' is actually composed of multiple sectors with a mandate to carry out transformative reforms connected with social housing (*habitação popular*), urban dwellers' land rights, installation of adequate sanitation infrastructure (water, sewage and drainage) and urban collective transport systems. In addition to social movements, participants in these sectors include business associations, scholars, NGOs, and municipal governments. More importantly, the sector has adopted a governance system that is participatory and multi-layered at the same time. Every two or three years, deliberative 'city conferences' are held that are open to all civil society associations active in the city. These elect delegates to a state conference of the cities, which in turn sets up a permanent state council of the cities and appoints delegates to the federal conference of the cities and members of the federal council of the cities. As part of the administration's policy of broad congressional coalitions, however, the Ministry of Cities, came to be run by the conservative 'Progressive Party' (PP) in 2005 as part of a political compromise, a move that was seen by many observers as a step backwards.

Data on national conferences are even more surprising. Seventy-two such national conferences were held during Lula's two terms in office in comparison to the 22 held under President Cardoso's administration from 1995 to 2002 (SGP 2011). The conferences held under Lula's administration dealt with 40 different themes, 28 of which were discussed for the first time. According to the available data, the conferences have mobilized 5.6 million participants (2.2 million of which attended conferences specifically dealing with children and youth issues), passing some 14,000 resolutions. That said, the number of people involved in each conference has varied as has the degree of society's involvement in defining the resulting policies. For example, the First National Conference on Sports in 2006 did not reflect high levels of collective action. It involved 42,000 people in 180 municipal, 140 regional and 26 state conferences. In contrast, the First Conference on Racial Equality mobilized existing social movements and organizations and counted twice as many individual participants. It may be that the discussion of guidelines and national action takes place at the stage of local-regional preparations, as was the case of the National Environment Policy. Or it may be at the conference itself that such space is provided. The National Plan for Culture, for example, was debated in the first conference in 2005, and led to the creation and maintenance of so-called *Pontos de Cultura*, a network of public spaces for production, diffusion and capacity 650 of which active by 2009.

Looking at the composition of these conferences and who they mobilize, the picture is revealing. Based on the official data of the General Secretariat for Participation (SGP 2010), approximately 70 per cent of participants came from civil society and 30 per cent were members of government (national, state and municipal). But once we disaggregate 'civil society', we see that only 34 per cent of representatives are from social movements, 21 per cent represent business interests, and 15 per cent come from the unions. The high number of business interests is telling, as part of the argument for the creation of these spaces is that they provide opportunities for those who are under-represented politically. Also represented, although to a lesser extent, are religious organizations, academia, professional associations, representatives of state and municipal councils.

[B] *Lack of decision-making power*

One of the common refrains widely reported in the literature, is that social movement activists have complained of a lack of effective decision-making power in participatory spaces. That is, time and again, conference resolutions that go directly against government policy or powerful economic interests do not get adopted as policy. Moreover, pillars of the administration such as the *Bolsa Família* (the income transfer programme), and PAC (the anti-crisis economic measures of 2008) did not go through participatory spaces and ignored more progressive alternatives. In fact, (as has been argued by a former head of the Ministry of Cities), the participatory spaces in Brazil do not discuss structural issues (such as transfers of funds to the financial sphere through the payment of interest on public debt, or decrease in social policy) by design (Maricato 2011).

The participatory processes on economic issues are telling. Some well publicized efforts, including in the establishment of the Council of Economic and Social Development (CDES) and a consultative process on the national multiyear plan (PPA), drew on veteran local PT administrators with participatory experience in prominent positions. These and other efforts, however, have been marred by administrative inconsistency, lack of clarity regarding the role of popular input, and the relegation of the final decision-making to the administration itself.

The CDES was set up to create a state-civil society dialogue aimed at fostering a 'new social contract' (Genro 2004). Roughly modelled on similar national councils in social-democratic countries, [2] the CDES includes representatives from government, business, trade

[2] The minister for social and economic development, Tarso Genro, met the Norwegian minister for international development, Erik Solheim, in Brasilia in 2003 and initiated a bilateral programme to exchange experiences of 'tri-partite cooperation' between employers, trade unions and government.

unions and civil society in addition to the presence of twelve ministers. Headed in its first year by Participatory Budget architect from Porto Alegre, Tarso Genro, the CDES was heralded as an 'important instrument' for making debate surrounding policy questions more democratic. Unlike instruments such as the Participatory Budget, however, the CDES is not vested with decision-making powers and participation in it is limited to a few civil society representatives. It has also been criticized for allowing little room for participant-initiated agenda items (Genro 2004). In addition to allowing the administration to articulate a coalition to support its structural reforms, the CDES has accomplished little. For example, after a series of meetings in 2003 on macro-economic policy, the council proposed reducing interest rates and increasing public investment.

Similarly, the PPA held for some the prospect of creating a participatory process on national investment priorities. A process of consultation with civil society took place in all 27 states, and culminated with a proposed PPA in August of 2003. The PPA was extensively modified by both the executive and by Congress, and resulted in a final document that ultimately privileged certain exporting industries such as mining and agro-industry, and included dam construction projects that were heavily criticized by civil society observers. Indeed in 2006, the executive branch submitted a budget to Congress that was unrelated even to the modified PPA. Like the CDES, the PPA process invoked the language of participation, but had an unclear mandate as far as linking that participation to decision-making. And also like the CDES, it became a process that included consultation but mystified 'technical decisions' such as interest rates or budgetary priorities as the exclusive realm of government technocrats.

[B] *Listening and buffering conflict*

If earlier experiments expounded ‘power sharing’, ‘co-management’ and ‘people power’, the new predominant terms became ‘dialogue’ and ‘listening’. This semantic change is significant.

One important factor that made the Lula administration different from anything else in the Brazilian past was the recruitment of militant social movement activists into government. New departments and ministries were created (including for women, human rights, racial equality, agrarian development, solidarity economy and cities). This meant that people from social movements (or very close to them ideologically) stepped into administrative positions within in the federal government. In a sample survey on the profile of politically appointed employees at the federal level under Lula, 45 per cent were unionized and 46 per cent participated in social movements, figures well above the national average of associational patterns (Araújo 2007: 44).

The government has also redefined the role of the Secretariat of the Presidency of the Republic, vesting in it the lead role of ‘articulator of participatory politics’. As Costa Sobrinho (2010) has pointed out, however, rather than focus on implementing this role, the Secretariat has prioritized buffering conflicts. Moreover, the group within the secretariat responsible for participatory politics did not see their role prioritized in terms of resources, people or strategies. In examining the overall functioning of the Secretariat, Costa Sobrinho also points out that more energy was spent on talking to those strategic actors who were resisting government proposals as there was an assumption within the Secretariat that all conflicts are negotiable, and that a win-win solution is always attainable.

The number of public hearings held during the period is also noteworthy. From 2003 to 2010, 515 hearings with civil society were organized by the General Secretariat of the President. Of these, 326 were with business and employers. In other words, listening to social movements was not a priority, either because they were in direct dialogue with other ministries, because they were considered less strategic or because they were exerting less pressure on the government.

We conclude this section by noting that in the Brazilian literature, although impressive in their numbers, these participatory spaces are not considered sufficient to meet the challenges of popular participation (Dagnino 2004; Tatagiba 2004; Cortes and Gugliano 2010). Recent studies analyse them, on the one hand, in terms of the redistribution of political power, and on the other, as existing forms of collective action and modes of interaction between civil society and state. The dominance of health workers to the detriment of users in the National Health Council is one of the findings of the current research (Cortes *et al.* 2009). There is a feeling of general disappointment on the part of organized civil society, which points to the lack of effective decision-making power linked to these spaces.

[A] **Relationships with social movements**

Since its inception, the PT has had close relationships with a wide range of social movements, having been described as 'a political expression of popular and grassroots objectives without attempting to control or co-opt its own basis of support' (Guidry 2003: 103). Brazil's largest social movement, the MST (*Movimento Sem Terra*, or Landless Movement) and the main labour federation, the CUT (*Central Única dos Trabalhadores*), have traditionally been closely linked with the party, even if formally autonomous. There has usually been a considerable overlap in membership between them, particularly the CUT, and the PT. Notable activists associated with these movements have risen to political prominence within the party, sometimes winning seats in state or federal legislative bodies. And perhaps most importantly of all, the party has until recent years always defended the claims of these movements in institutional settings. Throughout the 1990s, the PT was the party in Congress associated with land reform proposals or the fight for a higher minimum wage.

The Lula administration's relationship with social movements in general, and with the MST and labour unions in particular, displays specific characteristics. For the CUT, one of the first issues they faced was the controversial pension reforms proposed by the Lula administration. As a way of reducing social spending, the administration reduced the

pensions of several categories of civil servants, which occasioned large protests in Brasilia mid-2003. Subsequently, conflicts in Congress over the readjustment of the minimum wage led to the curious situation in which the PT government defended a lower readjustment than right-wing parties wanted. Early on, movements were disappointed but hopeful that mobilization would yield positive responses from the government. João Machado, a member of the leftist tendency within the PT called *Democracia Socialista*, commented that by the end of the first year, the Lula administration had forced social movements to change practices, step-up opposition, actively 'pressuring the government and opposing its choices' (Machado 2005). The formation of the Coordination of Social Movements (CMS) by the MST, CUT and other groups was, according to Machado, a response to this new challenge and the belief that 'a broad and unified popular mobilization alone can guarantee the conquests of the toiling classes'. Lula's second and third years in office saw an increase in confrontation, which included strikes and marches in Brasilia, but without the CUT or the MST breaking ties with the PT (Machado 2005). Even on the MST's biggest ever march, organized to push for agrarian reform in 2005, MST leader João Pedro Stédile made it clear that '[w]e know that in order to achieve agrarian reform, it is not a question of political will or the personal commitment of the president'. '[T]he march is not against the Brazilian government, but for agrarian reform and a change in economic policy' (cited in Fuentes 2005). Dissension within the PT also grew, leading to a few expulsions and the departure of several prominent *petistas*, who went on to form a breakaway party, the Party of Socialism and Liberty (PSOL, *Partido Socialismo e Liberdade*).

The CUT supported Lula's re-election campaign in 1986, though not without internal conflict. Frei Betto, a prominent liberation theologian, called on the support of progressive Christians in terms that seemed to capture the mood of activists in Brazil at the time when, speaking about Lula, he argued that 'he still owes us a lot', but '[we] are better with him than without him'. The MST, however, did not endorse Lula until the second round (Marques and Nakatani 2007). The MST's change in attitude towards the PT is evident in its statement on PT's performance:

> Our analysis of the Lula government's policies shows that Lula favored the agribusiness sector much more than family-owned agriculture. The general guidelines of his economic and agricultural policy have always given priority to the export-oriented agribusiness. And agrarian reform, the most important measure to alter the status quo, is in fact paralyzed or restricted to a few cases of token social compensation.'
>
> (Stédile 2007)

For many previously ardent PT supporters this was a vote 'for maintaining living conditions, not for Lula's political project', (post-election CMS statement as cited in Wainwright, 2007). While disappointed with the progress of agrarian reform, Stédile claims that, '[o]nly the strength of millions of mobilized, politically aware Brazilians will help the government to face those [powerful] interests and change the current economic model. We are hopeful.' (Stédile 2007).

The Council on Land Reform was established under Lula, and there has been significant participation. However, because the ministry in charge of land reform is itself underfunded and thus unable to carry out its own policy directives, participatory democracy in this context has been 'by default' rather than by design, in the words of Wolford (2010). The MST participates in the forums by regularly transgressing its boundaries as a way to make claims beyond what facilitators can provide. The Council on Land Reform serves the MST as long as it can disrupt it and make specific gains, but the analysis is that it has done very little to actually advance land reform (Stédile 2007; Wolford 2010).

The National Labor Forum, established by the government in 2004 was imagined as a site to:

> […] bring together workers, owners, and the government itself to create a consensus around [...] democratization of labor relations by adopting a labor relations model based on liberty and autonomy; update labor legislation and make it more compatible

> with the new exigencies of national development [...] to modernize the institutions of labor regulation.'
>
> (Molin 2011: 194).

First there were state-level conferences where union reform was debated, which attracted a total of 10,000 participants. In addition, conferences, meetings, workshops, and preparatory debates brought together another 20,000 participants. By 2004, representatives of the three main labour federations were present at the national-level forum, but despite efforts at consensus-building, the administration's proposals were seen as too pro-market by some. Divisions over whether to support the administration or break with it were largely behind schisms that led to the formation of four new national labour federations that split from the old ones. Nevertheless, a constitutional amendment (PEC 369/05) was sent to Congress with a 'weak consensus' and largely with the government's wording and it was through CUT's influence that the constitutional amendment was passed. CUT in particular, which had long defended the freedom to organize and pluralism in labour relations (in line with the ILO's position), backed the government's proposal. Other critiques by progressives within the labour movement were that the constitutional amendment contained 'liberal and pro-business bias' in its emphasis on private arbitration and labour flexibilization.

CUT's leadership justified their position as a defence of 'possible labour reform' (Druck 2006). Even sympathetic observers noted that, '[t]he unions filled an important position in providing the administration with political support, although their role in the exercise of power was a subordinate one' (Boito and Marcelino 2011). This led to new cycles of strikes. Between 2004 and 2009 there was an average of 360 strikes a year involving 1.5 million strikers (Boito and Marcelino 2011). Baltar *et al.* point to 'the minimum wage revaluation policy, social security, income transfers and improved wage bargaining', as well as to 'increase in protected work, mainly on open-ended contracts, the raising of the minimum wage, the recovery of the average wage, a drop in open unemployment and curbs on unprotected subcontracting' (2010: 34). As political scientist Wendy Hunter noted

recently, radical factions have found it difficult to mobilize critical opposition against a president who 'presided over a set of policies that yielded growth, kept inflation at bay, diminished poverty and appeared to make some inroads into Brazil's long-standing socio-economic inequality.' (Hunter 2010: 176).

[A] **From *Petismo* to *Lulismo***

Two types of transformative politics have evolved around the PT in two different periods, each with distinct political agendas, overall strategies and alliances. The terms *Petismo* and *Lulismo* are used in the Brazilian debate on the PT's development (Singer 2009; Rennó and Cabello 2010; Ricci 2010). We are also of the opinion that these concepts describe the two types of politics well.

Petismo refers to the 'PT way of governing' (*o modo petista de governar*) as it was perceived by the public in the 1990s: direct democracy and ample popular participation; crusade-like campaigns against corruption, patrimonialism and clientelism in the municipal and state institutions; and socio-economic redistribution through improved public infrastructure and services benefitting the subaltern classes, in contrast to the privatization and austerity policies offered by the neoliberal right-wing. The PT's overall strategy was to transform Brazil to a socialist country by democratic means. The alliances promoted were with other left-oriented parties and groups, the trade union movement and the new social movements connected to a wide range of struggles concerned with issues such as decent housing, land, environment, Afro-Brazilian culture and minority rights (including LGBT and indigenous peoples). While the *petista* way of governing managed to bring some unity and coherence to the diversity of agendas and interests -- and in many states and regions it managed to become an ideologically hegemonic block -- it never managed to attract a stable majority among the electorate, not even in strongholds such as the state of Rio Grande do Sul and the city of Porto Alegre. At national level, Lula suffered repeated defeats in the presidential elections, and the PT was isolated in the National Congress as well as in the assemblies of almost all the federated states. Local radical experiments in municipalities

frequently experienced discontinuation because they lacked financial and technical support from state and federal authorities. The participatory and local way of transforming Brazil was simply not able to sustain itself.

In a gradual learning or 'revisionist' process that began in the mid-1990s, and which culminated just before the second round of the presidential elections in 2002 with its 'Letter to the Brazilian People', the party leadership initiated a profound change in the PT's agenda, strategy and alliance building. The overall aim was to win the presidential elections. The broadest possible centre-left electoral alliance was pursued. It was more important to expose the charismatic personality of the candidate, Lula, than to educate the electorate about its political programme. More and more power was concentrated in the hands of the party leadership, dominated by Lula's increasingly pragmatic trade union friends. The leadership listened more to its carefully composed advisory teams of economists and marketing experts than to its own rank and file. The political programme was de-radicalized. Conservative or even neoliberal macro-economic policies were combined with certain social and redistributive measures. Due to its pragmatic concern for maintaining allies on the centre-right and, increasingly, in order to do well in the next elections, the party become more tolerant of corruption. It was even caught committing the biggest public-contract-for-money-to-the-election-fund crime in Brazil's political history, the so-called *mensalão* ('big monthly payment'), in 2005. Obviously, a new type of politics had emerged that clearly overshadowed the old *Petismo*.

[B] *Achievements and limits of Lulismo*

Lulismo refers to the post-2002 politics centred on President Lula. To what extent has *Lulismo* enhanced transformative politics? The main difference between *Lulismo* and *Petismo* is that *Lulismo* has replaced local participatory political institutions with a number of nationwide economic institutions, namely federal financial transfers, the household and the market place as the main arenas for change. Three sets of policies have spurred these changes. First, the government has skilfully managed stable growth in the national economy

and in private sector employment combined with firmer interventions in the labour market, including a sharp increase in the minimum wage. Typically, when the global financial crisis erupted in 2008, the Lula administration took bold anti-recession measures through a federal 'programme for accelerated growth' (PAC). Second, it has designed programmes for conditional cash transfers such as the *Bolsa Família* programme, targeting the poorest families of the country. Third, its financial austerity policy leading to huge primary *superávit* (surplus) on the federal budget has served to service debts to foreign and domestic financial institutions. Consequently, Brazilian banks have had the capacity to make generous consumer credit provisions. Even the poorest sections of society have had access to credit cards and other banking services.

These policies have yielded important socio-economic results. In 2011, unemployment reached a historical low of six per cent. The number of workers with a signed work contract, and thus able to enjoy the rights and benefits of formal employment, has increased from 54.8 per cent in 2000 to 65.2 per cent in 2010. Furthermore, the number of families living in extreme poverty has been halved and 28 million people were been pulled out of poverty from 2003-10. Income inequality has been reduced. The 2010 national census shows that from 2000, the poorest 50 per cent of people in Brazil increased their income by 68 per cent, while the richest ten per cent only increased theirs by ten per cent (Carta Capital 2012a). This has enhanced massive upward social mobility. Thirty-eight million people have moved into income category C ('lower middle class') of the national statistics, and approximately half of the population belongs to this category. Social strata that have historically been excluded from the mass consumption society of modern capitalism have become economically 'empowered'. It is this 'new middle class' that forms the main social base of *Lulismo* (Ricci 2010). However, *Lulismo's* electorate is marked by a pragmatism quite similar to that of the *Lulista* state managers. Electoral support for Lula and his successor Dilma Rousseff is neither based on strong political or ideological preferences, nor on strong identification with the personality of Lula. Instead, retrospective evaluation of the government's performance seems to determine the vote (Rennó and Cabello 2010).

It is therefore not certain that *Lulismo* is capable of building a social-ideological basis for an enduring political project, for a 'Brazilian social democracy' for example. Although classical social democracy can be characterized by pragmatism and multi-class support, some core elements of stable working class support and left-oriented ideology have also been prerequisites. Technocratic excellence in state and public policy management is not sufficient. Missing from Lula's administration has been a more central role for movements and unions through which to define the political character of the regime in an active way.

Additionally, it is evident that there is a continuation in state policy from Fernando Henrique Cardoso (1994-2002) to Lula and Dilma. If using the typology developed by Gøsta Esping-Anderson (1990), one can identify a pattern that leads Brazil towards a welfare capitalist society closer to the South European or Christian Democratic version (which since 2008 has been in deep crisis) rather than the Scandinavian or Social Democratic type.

First, the Brazilian welfare system is based on conditional cash transfers while the social democratic model prioritizes the expansion of public service provision in order to ensure universal and equal access to education and health. In Brazil, federal public spending was 18.9 percent of the GDP in 2001. This increased to 21.6 per cent in 2010. Seventy per cent of this increase was spent on cash transfers to families, which rose to 10.53 per cent of the GDP in 2010, up from 8.64 per cent in 2001. However, federal investment in infrastructure only increased from 0.43 per cent to 0.77 per cent (IPEA 2011). In 2009, total public investment by the three spheres of government (federal, state and municipal), was only 2.9 per cent of the GNP. This is extremely low in an international-comparative perspective. The level of public investment in Brazil from 2000-10 was only one third of the average spending of 25 middle income countries with a GDP per capita similar to Brazil (Afonso 2011). But even more important, federal government consumption in terms of salaries and purchases fell from 4.33 to 3.99 per cent of the GDP (IPEA 2011). This contributes to a very low share of the labour force working in the public sector, only 8.4 per cent, with a severe impact on the labour intensive service sectors such as health and education. While a large majority of the population depends entirely on the government for

the provision of education and health services, the corresponding public sectors are underfunded and of questionable quality. The private market for health services has a larger share of the GDP than the public sector, and the private sector has increased to the detriment of the public institutions in the education sector too (Carta Capital 2012b).

Secondly, the Brazilian cash transfer system is highly conditional and 'targets' the poorest types of households/families based on the paternalistic will of the rulers, while a social democracy tends to emphasize unconditional support to the individual rather than the family, based on universal citizen rights or rights acquired from (universal) participation in the labour market.

[A] **Concluding remarks**

In Brazil, the 1988 Constitution and local PT administrations have secured the prevalence of participatory spaces in the governance system. What was added by Lula's 'pink' government in 2003 was an emphasis on sector policy making on a federal scale. Deliberative processes around local, regional and national conferences with ample social participation flourished. These conferences were accompanied by the establishment of councils with civil society representation to oversee the implementation of the formulated policies. While there was considerable civil society influence on policy formulation within the sectoral ministries, there were a number of setbacks when sectoral ministries needed to bargain with other ministries and the national assembly on issues regarding legislation and resource allocation. Civil society organizations have been proactive and influential in the deliberative processes, but in some policy areas influence has been obtained at the expense of autonomy and militancy.

At national level, the PT-led government has adopted participatory practices, but these were much less radical than those experienced at the local level. The paradox is that many of the policies considered successful by the Lula government have not even been discussed in the national participatory spaces. The Lula government did not have a clear strategy for participatory democracy, and perhaps more important, it has not enhanced any discussion of passive v. active conceptions of society participation in

government. Pragmatic *Lulismo*, oriented towards piecemeal social and economic changes, has replaced the PT's previous emphasis on empowered participation and *Democratic Revolution*. This is even more clearly demonstrated by the administration of Lula's successor, Dilma Roussef. The new middle class that has resulted from *Lulismo* is linked to improved access to private goods supplied by the market, not to the expansion of universal and high quality services provided by the public sector. Private consumption rather than public participation underpins the logic of the new social forces that could push the PT and Brazilian politics into a more liberal-conservative direction. The former 'social movement party' (PT) has become a government and election machine, seeking votes from social strata that are increasingly associated more with evangelical churches than with trade union militancy and radical social movements.

Tentatively, how can this transformation of the Workers Party and its ideology, government strategy and main policies be explained? On a final note, we would like to present some hypotheses that in combination may solve the puzzle of transformative politics in Brazil.

First, there have been important internal changes in the PT itself (Amaral 2010). With Lula's presidential victory, membership of the PT increased from 400,000 to 800,000, many from the new middle class. Ideologically, the party moved further to the right, some of the more radical members were expelled, while others left the party in protest at the unfolding scandals and founded the Party for Socialism and Liberty (PSOL). Another important change was the introduction of the PED, direct elections for the presidency of the party, which caused internal alliances to form. This new form of internal democracy resulted in the local party faithful (the *nuclei*) -- which were already weakened as a collective form of internal organization within the party -- losing power to internal disputes and negotiation between different tendencies controlled by a handful leaders.

Second, the demands of the civil society movements have been partially satisfied. Lula's government was much more open to social movements than previous governments. Although few concrete policies were introduced, the 'ritual' of going to Brasilia

to attend meetings, councils and conferences has had a positive effect in comparison with the various forms of disqualification, if not repression, that they were subject to under previous presidents. There are new public themes and new government agendas that engage civil society organizations in a meaningful way. Although many of the militants are critical of much of what the government does, they stick with the PT and defend the government's record in comparison with previous administrations. In addition, a large number of the otherwise critical civil society leaders have been recruited into the offices of the government.

Third, the power structures surrounding federal *Lulismo* are different from those feeding the PT's participatory governance at the local level. It is a fact that 'coalition presidentialism', as identified out by Abranches (1988), remains strong at the federal level. Lula had no majority in the National Congress; his party won only 17 per cent of the deputies in Congress and the National Congress is not a City Council. The Congress has powers to render federal government unviable. Thus, instead of opting for participatory solutions to the problems and dilemmas of government, the administration combined horse trading and compromises in National Congress with diluted conceptions of participation. Furthermore, while progressive social movements have considerable influence in urban settings, they have much less power at national level, where politicians funded by agribusiness with rural and clientelist constituencies tend to be over-represented. This reminds us that the scaling up of participatory democracy is, as suggested by Leonardo Avritzer (2009), a true challenge.

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Notes