

## The relationship between neo-liberal "modernization" and "backward" political practices in Brazil of the 1990s

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### Abstract

*Our goal is to investigate the reasons behind the presence of clientelist-type practices among the popular classes in Brazil, highlighting the decade of the 1990s. Our proposal gives salience to factors regarding the socio-political conjuncture, thereby taking us beyond explanations that rely exclusively on historical-cultural aspects or that sustain an economic bias. We use bibliographic and journalistic sources, from which we develop our own interpretation of the period. Thus, we observe that clientelist practices are encouraged to manifest themselves at the level of national political organization – particularly within the federal sphere – yet are also reflected at state and municipal levels, due to the coalition of political forces created through the implantation of a neoliberal project in Brazil. The latter has joined “modern” Brazilian social democracy and “old” regional oligarchies situated primarily within the PFL, PP, PTB and certain sectors of the PMDB, whose representatives are known for their attachment to patrimonialist and paternalistic practices. The inclusion of the latter in the “conservative pact” that has promoted neo-liberal political reform has thus meant awarding new value to such practices. Herein lies partial explanation for the vigor with which practices such as “fisiologismo” [“physiologism”], patronage, abuse of state machinery, buying and selling of votes and clientelism have manifested themselves on the national scene over the course of the 1990s.*

**KEYWORDS:** *Brazilian politics; political behavior; political clientelism; neo-liberal project; conservative pact.*

“In the end, we [PSDB and PT] were fighting over who commands backwardness, the backward masses of this country and the political parties that represent them”

(Fernando Henrique Cardoso, April 2005).

## I. INTRODUCTION

How can we explain the notorious survival of “backward” practices on the national political scene, notwithstanding all the legal and institutional changes that have taken place over the last 15 years? Undoubtedly, there are reasons which are linked to the fact that such practices have responded to the immediate interests of certain politicians (electoral reproduction, acquisition of wealth, search for privileges, for example) and of one entrepreneur or another who has associated himself with politicians in search of future benefits in negotiations with the State. But if all boiled down to just this, such practices would now have been ruled out by the Brazilian plutocracy. There are a large number of “backward” practices among the latter, including *physiologism*<sup>1</sup>, buying and selling of support between Executive and Congressional levels, relationships of patronage and nepotism, private use of the State apparatus or federal-level favoritism (through budget amendments) and parochial politics (the basis for reinforcement of clientelist practices). All in fact have a “function” within the politico-economic system that has been in vogue in recent years: they permit and facilitate, even within the regime that is considered here, at least in some ways democratic, the functioning of governments that resort to decision-making styles that are strongly centered around Executive power and its discretionary powers of intervention. But why should we have needed governments with these characteristics in recent times?

This phenomenon has emerged due to the fact that, at the end of the 1980s, a certain part of the Brazilian ruling class adhered to the “modern” Neo-liberal socioeconomic program: a set of measures that, in Brazil, materialized through commercial opening, a shrinking of the State’s role as economic interventor, through privatizations and holding back on the expansion of public policies of a universal nature, regressive labor reform and a reform of the social security system based on the reduction of rights, among other things

The 1980s were further marked by the consolidation of the political force of organized sectors of the popular classes (social and trade union movements) and by the writing of some of their class interests into the 1988 Constitution, which included the right to advanced social protection and mechanisms for widening popular political participation, via referendum, plebiscite, bills proposed through popular initiative etc. Around this time, many had the impression that the post-dictatorship political scenario would include the participation of new actors who had, until then, been ignored by strategic State decisions. Furthermore, the process of “political opening” promoted a gradual return of influence of the nation’s Congress on the political scene.

Fernando Collor de Melo and Fernando Henrique Cardoso were elected as persons apt to conduct the implantation of the neo-liberal program in Brazil. Yet this program is essentially anti-popular in nature, thus making “strong and autonomous government” necessary, in relation to the other powers and to pressures from sectors of the popular classes. The latter in turn made it possible to make decisions which were unfavorable to a large part of the country’s population. Although Collor de Melo had taken the first steps toward implementing a neo-liberal program in

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<sup>1</sup> Defined by the practice of some of those congressional representatives and senators who organized their congressional behavior on exchange of favors with Executive power and with the leadership of the two houses. The now consecrated motto, pronounced by a former congressman who used it to justify his position in relation to the Executive, “He who gives, receives in return” illustrates this well.

the nation, the task of establishing a “strong and autonomous government” for these purposes was left to Fernando Henrique Cardoso.

We start from the premise that during Fernando Henrique Cardoso’s two terms in office, macroeconomic policy was his central concern. In other words, his major goal was to achieve and guarantee a particular type of economic stability, measured primarily through control over inflation. Choosing this as his central goal meant subordinating it to other themes that State policy had to take on, such as agrarian reform, environmental problems and the need to alleviate poverty and social inequality.

The strategy selected for reaching this goal, under Fernando Henrique Cardoso’s leadership, was to put together a new “conservative pact”<sup>2</sup> that placed the PSDB together with parties and political bosses of the clientelist type and “old” political oligarchies<sup>3</sup> that were used

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<sup>2</sup> Novy (2002, p. 178) confirms our interpretation of the “conservative pact” sustained by the FHC government that brought “the backward” and “the modern” together: “[...] the President of the Republic [FHC], whose political discourse revolved around the concept of “modernization” depended (the author refers to the final period of FHC’s first mandate) on the most retrograde of political forces in order to implant this modernization in Brazil. The modernizing efforts of the establishment in Brasília that was interested in these transformations reached its limits in the alliances that were necessary for the support of these politics”. According to Suassuna and Novaes (1994), the major components of the political party alliance that elected Fernando Henrique Cardoso was made up of the PSDB-PFL-PTB. According to Gomes (2000, p. 28), the PPB was also part of Fernando Henrique Cardoso’s support base. There was also a part of the PMDB that supported the FHC administration at the congressional level, and even supplied *cadre* for its ministries, as was the case of Transportation Minister Eliseu Padilha, a member of the PMDB from the state of Rio Grande do Sul. According to Comim (1998, p. 12), the “original government alliance” that was formalized during the FHC administration was made up by the PSDB-PFL-PTB. Regarding the composition of these parties that formed alliances around the neo-liberal project, we note that: the PFL (Partido da Frente Liberal), principal heir of the old Arena party, has a political trajectory marked by the practice that “if one gives, one gets” in other words, *physiologism*. Thus it is recognized as a party with an updated right wing agenda and a consolidated national presence: the PPB (Partido Progressista Brasileiro), also made up of *cadre* from the extinct Arena party, was during the period we are looking at, a party with a clearly right wing political orientation, representing the interests of the nation’s entrepreneurial class, especially that of São Paulo. This was the city of its prime spokesman: Paulo Maluf, ex-mayor of São Paulo, whose claim to fame was having put together a structure of command for the city of São Paulo that was based on clientelist distribution of command over the smaller divisions of the municipality. Nonetheless, the PPB was able to become a nationally-integrated party, thanks to its penchant for governmental coalitions (NOVY, 2002, p. 162-163). The PTB (Partido Trabalhista Brasileiro) was founded in the year 1979. At the beginning, it clamored for the return to nationalist ideas identified with liberalism. The PMDB, founded in 1980, brought together a large number of politicians that belonged to the MDB during the military government. It arrived at the center of national power with José Sarney, who became President of the Republic after Tancredo Neves’ death. It contains a gamut of tendencies that go from politicians linked to “backward” practices to those with a social-democratic background. Therefore, among the large parties within congress, it is the least cohesive and coherent in its actions.

<sup>3</sup> Here we do not understand oligarchy as a “form” of government but as a way of exercising political power, whose characteristics traits were: the existence of a group with strong family ties and political loyalties, revolving around a central figure, the “main boss”; the major tie of the group to a specific locale or region over which it exercises, over a period that goes beyond one generation, significant influence and political power, with access to the local or regional state apparatus and the privileges that this access allows through a relationship in which members and protégés of the oligarchy’s boss take possession of the state machine ; the development of relations with their electorate based on protection and paternalism, in such a way as to constitute electoral clientele. Given the taste for exposure that Brazilian oligarchs have, it becomes easy to recognize and name them. In 1995, the magazine *Carta Capital* published a summarized biography of some of the Brazilian oligarchs who were at the time actively devoted to politics and came up with 79 names, from almost all regions of the country. Among the names on the list were to be found those who enjoyed national prominence, such as the Sarney family, from Maranhão, the

to implementing “backward” practices in the regions where they had their grassroots electoral support base. In this way, the group of *Tucano*<sup>4</sup> intellectuals who headed the government would not need to invent new political practices within the country: it would be enough to reinstall, at the federal level, procedures of political relationship that had already been implemented at the state and local level by the politicians of these ally parties.

It is worth emphasizing that the practices which we refer to as “backwards” emerge within the political scenario of the period, mainly because they coincide with the “traditional politics” of some of the political parties that made up the “conservative pact”<sup>5</sup> we have referred to, insofar as they form a part of their procedural agenda. In our characterization of the “pact” that was sought by representatives of the power bloc during the FHC government, our analysis can be enriched by looking at the ideological features that it maintained during this period. Thus, the “conservative pact” can be described as an ideological and political bloc, insofar as it was able to intellectually articulate “a successful alliance between what we could call a ‘submissive cosmopolitanism’ on the part of the São Paulo and Rio de Janeiro elites who had links to international finance and the local perspective of the *sertão* bosses and urban Brazilian *malandragem*” (FIORI, 2001, p. 55; cf. also FIORI & MEDEIROS, 2001, p. 288). Even Fernando Henrique Cardoso himself, commenting on the political “power dispute” between the PSDB and the PT, made clear how the “*Tucanos*” saw their role within the recent national political scenario: “In the end, we [PSDB e PT] were fighting over who had control over backwardness, the backward masses of the country and the political parties that represent them” (Cardoso *apud* NOGUEIRA, 2005).

Furthermore, the FHC government chose the path of “cooptation”, of “commercialized” control over Congress – that is, prioritizing the support of members of parliament who could be “bought off” –, as a way of guaranteeing that its own preferences came to prevail. This option was facilitated by the prerogatives that Executive power had within the realm of constitutional powers such as, for example: distribution of a large number of important positions within the state apparatus that are not the object of electoral contest but rather are dependent on Executive nomination and approval; control over a large variety of resources, such as economic credit; execution of the individual and collective amendments proposed by members of the parliament, radio and television concessions, licitations etc. Thus, control over Legislative power by the Executive, in those decisions that could be considered of extreme relevance, no longer required repressive actions and the use of the Police and military apparatus as they had in the preceding

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Maciels, from Pernambuco, the Franco family, from Sergipe, the Magalhães family, from Bahia, and the Bornhausens, from Santa Catarina – as well as some that, although they have been the “bosses” of their regions for some time, had not been able to project much of an image – the Alves and Rosado families, from Rio Grande do Norte, the Melo family, from Alagoas and Pernambuco, the Coelho family, from Bahia and Pernambuco (DINIZ, 1995b).

<sup>4</sup> Nickname that was given to the PSDB, since it is the PSDB symbol (President FHC’s party and the party that led the “conservative pact” we have discussed above) – the toucan, a middle sized BIRD with a long beak and that is found principally in the rainforest area of the Brazilian “Mata Atlântica”.

<sup>5</sup> The use of these practices by parties included here as “forces of backwardness” can be verified daily by the presence of their acronyms, a good portion of their members and their leadership, on the lists that denounce such practices, which appear constantly in the press and in bibliographic register. See for example, Dimenstein (1988); Krieger, Novaes and Faria (1992); Pinto (1992); Dimenstein & Souza (1994); Granato (1994); Krieger, Rodrigues and Bonassa (1994); Cardoso (2000); Puls (2000) and Vaz (2005).

period of dictatorship. These benefits could now be obtained primarily through the “commercialization” of the support of certain political parties and parliament members<sup>6</sup>.

During Fernando Henrique Cardoso’s administration, when disagreements arose, even partially, around particular government projects, it was common for Executive power to engage in virulent exercise of power – threatening political parties, buying parliamentary support, engaging in media-orchestrated campaigns, establishing spurious agreements with party bosses and regional oligarchies – until obtained the desired parliamentary submission. That was and has been the standard type of relationship between the executive and the legislative power over the last 15 years. All we have to do is observe that for some time now, the Executive has substituted Congress in legislative activities and that Congress has been quite timid in discussing and intervening around themes that are of great relevance to the nation<sup>7</sup>.

The three parties of the period analyzed here guaranteed a Congressional and political party *carte blanche* regarding the interests of those class fractions able to take best advantage of the neoliberal model and the *rentier* economic policy that was in effect during the period we have focused on, at least in terms of the country’s daily macro-economic administration. As for parliament members, they reaped the benefits necessary for their electoral reproduction: addendum to the federal budget favoring those who supported them, as well as positions at various governmental levels and within public enterprises etc.

With regard to government control of working class political action, the procedures that were implemented during the period were: “reform” of labor legislation that meant the weakening of worker’s rights and popular ability to pressure; acts of scorn and disqualification for worker’s representational entities; reduction of social rights and a preference for social welfare programs with a sharp clientelist profile, for which the Programa Comunidade Solidária (Solidarity with Communities) would serve as a model<sup>8</sup>.

A look at the actions taken by two *Tucano* administrations reveals that the alliance that sustained them relied on several parties (in particular, PFL, PTB, PPB and part of PMDB) whose political procedures included, significantly, those political practices we have qualified as “backward” but which did not compromise the Executive’s execution of a neoliberal program. Thus, if at the level of discourse there seemed to be a contradiction between neoliberal “modernization” and *physiologism*, neoliberalism and patrimonialist practices, neoliberalism

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<sup>6</sup> The sum of the benches of these coalition parties guaranteed the “negotiated-commercialized” support of more than three-fifths of the House representatives, during FHC’s first mandate (NICOLAU, 2000, p. 724).

<sup>7</sup> In fact, it was not the FHC government that inaugurated the institutional arrangement that allowed for the preponderance of Executive over Legislative power in promoting laws. Executive dominance in this regard was already visible during the three preceding governments. Considering, for example, the origin of the laws sanctioned by the post-dictatorship governments, it becomes evident that it was the Executive which in fact took initiative in legislative production in the Brazil of recent times: the during the Sarney government it was responsible for 85% of the total of laws that were sanctioned, in the Collor government, 88%, during Itamar Franco’s presidency, 82% and during FHC’s administration, 82%. (FIGUEIREDO, LIMONGI & VALENTE, 1999, p. 53).

<sup>8</sup> According to Oliveira (1995a, p. 9), the “Comunidade Solidária” program was to become a part of the *Tucano* project of the construction of neoliberal hegemony, whose main characteristic – in relation to the State and civil society – was to attempt to “capture civil society, not through its interests but through its wons”. In this way, “[there was] a recognition of a material situation, but one that moves in the opposite direction of the constitution of rights”.

and clientelism, at the practical level the relationship between the two ended up being “adequate” or “sufficient”. What happened in Brazil is that the political current that was most in synch with neoliberalism accommodated itself to political party practices that were *physiologic* or clientelist in nature, for vote-winning purposes and in order to guarantee control over legislative power. We should further remember that neoliberalism meant a change in patterns of State intervention in the economy, which is not necessarily the same as completely “rationalizing” the State and eliminating waste, low productivity and corruption within it. The latter are almost inevitable derivatives of practices of the “backward” type that we have already listed. Nonetheless, we should emphasize that waste, corruption and poor administration do not exclusively manifest themselves where such practices exist.

We therefore propose thinking about the Brazilian politics of recent years (the last 15 years) in the terms posed by the following questions: Which political practices are indispensable for the implantation of neoliberal reform in Brazil? How has internal political contest been adjusted to requirements for its implantation?

## II. TENDENCIES OF POLITICAL BEHAVIOR IN BRAZIL DURING THE 1990s

Even the international organisms that have exercised a major influence on recent Brazilian governments have, rhetorically and the name of the need for “State managerial efficiency”, demonstrated their repudiation of the “backward-traditional political behavior we have been referring to. Such behavior has generated contretemps, poor management of public resources, management problems in general, as well as facilitating corrupt practices.

In the terms of the rhetoric that prevails in public administration (at least at the federal level), the most adequate and functional behavior for implanting and carrying out the Washington Consensus program is different from the political model in which practices of a patrimonialist and paternalist practices reign, as is the case for a large portion of what goes on at the other two levels, that is, the state and the municipal. For rhetorical effects, the neo-liberal program would be carried out better through a “strong”, centralizing and technocratic model, without making concessions to clientelist and patrimonialist programs.

To be carried out effectively, the strategy for implantation of neo-liberal reforms foresaw the need for more time than that which one presidential mandate represented: in fact, its spokespersons spoke of a minimum of ten years time. This need thus lies at the root of the evaluation according to which, in neoliberal strategy, democratic rules can be reduced or restricted in order to guarantee that neoliberal policy is successfully carried out (LESBAUPIN, 1996, p. 14-24).

Even the international organisms that have been exercising considerable influence on recent Brazilian government administrations have, rhetorically and in the name of the “managerial efficiency of the State”, demonstrated their repudiation for “backward” or “traditional” political behavior. This behavior has caused wasteful use of public resources, difficulties in carrying out management programs and other irregular occurrences, has facilitated corrupt practices etc.

In theory, execution of a neoliberal program seems to demand that political agents act in foreseeable ways, respecting the “rules of the game” that are in effect and avoiding surprises. The measures prescribed seek to transfer activities that were hitherto within the realm of the

State to private initiative while at the same time seeking to centralize relevant decisions on national macroeconomics, including decisions on the destiny of public funds. And particularly, with the purpose of having agents respect a new fiscal order adjusted to a new economic policy subordinated to commitments regarding the State's public debt. Therefore, it is behavior that is austere and concerned with fiscal responsibility, as well as with the "limited" resources available to states and municipalities. This "adequate" behavior does not include patrimonialist and clientelistic practices that compromise public resources through fraud, improper use of funds and expenses that are "irresponsible" and unplanned.

Tied to the neo-liberal socio-economic program<sup>9</sup> and seen as a pre-condition for its realization was a "process of State reform" carried out in the 1990s<sup>10</sup> which included administrative and fiscal reform as well as another set of activities that affected forms and capacity for socio-economic intervention: an accelerated rate of privatizations, and adjustment of macroeconomic and public policies to "agreements" with the IMF (International Monetary Fund) and the World Bank (OLIVEIRA, 1999b, p. 76). These "agreements" committed a considerable part of the federal budget which was then prioritarily destined to servicing foreign and domestic debt; furthermore, the governments of the period were required to adopt restrictive fiscal policies as a pre-condition for "credibility in the eyes of the world's new Mandarins, financial markets" (FIORI, 1997, p. 220). And at the center of efforts to free the State from commitments to social spending that depended on debt to sustain services, an attempt to change Social Welfare legislation was made. In sum, a set of measures were proposed which compromised State ability to develop solid and continuous state policies.

By the mid 1990s, a situation of dismantling of the Brazilian state was perceivable, expressed in its alleged "fiscal inability" to deal with demands for social services (demands that had been more or less reflected within the 1988 Constitution) and a strong privatizing process that took it by seige, initiated during the Collor administration, was underway. Furthermore, this situation represented "the spasms of an exhausted State, placed at the services of economic globalization, spending its resources on repayment of its foreign debt [...]" (OLIVEIRA, 1995b, p. 62). Considering what was soon to come, during FHC's first presidential term, Oliveira (*idem*, p. 65) uses foresight and asserts that "the ruined State would be incapable of implementing vigorous and universalizing social policies" .

The strategies chosen by the first administrations of the period under analysis (Collor and FHC) in order to situate Brazil within the "new globalized order" were liberal in nature and passive in stance before the conditions that were suggested by the central decision-making agencies in this process: the IMF and the World Bank, in particular. Among the consequences of these strategies is a "crisis of the public sector" which in practice materialized through a reduction of the role of the State "[...] to the exclusive function of guardian of macro-economic equilibrium. [States] Guardians that in the end become prisoners of the very traps they themselves have set, impotent, or unable to define priorities and implement policies of sectoral incentives for competitiveness, to offer social protection to their population, to provide even the

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<sup>9</sup> Given the limited space we have here and the knowledge already accumulated regarding this matter, we will refrain from dealing with the details of the process of implantation of neo-liberal reforms in Brazil, which dates from the end of the 1980s.

<sup>10</sup> A more detailed discussion of the nature of the changes that affected the Brazilian state during the period we are focusing on, including its "official positions", can be found in Veríssimo and Woiski (1995); Diniz (1995; 1996; 1997); Bresser Pereira (1998a; 1998b); Burstyn (1998) and Cardoso (1998).

most basic public services or even – finally – to guarantee order and law abidance” (FIORI, 1997, p. 249-250).

Among those governing Brazil, those who were faithful to the neoliberal program promoted the erosion of the few social gains that workers had won – a good portion of which had been written into the 1988 Constitution – yet at the same time permitted themselves an insistent discourse on the “modernization” of public administration. Fernando Henrique Cardoso, for example, asserted the need for a “rationalization of [State] management and of the undoing of clientelist political party practices” (CARDOSO, 1998, p. 9).

The most widely disseminated ideology of the neo-liberal movement consolidated itself in Brazil through a “modernization discourse” in which modernity meant, above all, three things: “shrinking the State (through privatizations and the reduction of public expenditure on social rights), importing key technologies and managing in the interests of national and international finance” (CHAUI, 2002, p. A3; cf. also FIORI, 1997, p. 223).

The so-called “politics of modernization”, a code name for “neoliberal reforms”, can be perceived within the set of goals that had been established and the means that were used to attain them: stabilizing currency, balancing public finance, privatizing state firms, stimulating labor sub-contracting, creating conditions that would be favorable to foreign capital, re-directing State action around social policies so that compensatory rather than universalizing policies would be put into place. Four initiatives of the FHC government made their symbolic mark on the idea of “modernization” sustained therein: free trade, privatization, Administrative Reform of the State and the Law of Fiscal Responsibility” (approved in 2000).

A critical synthesis of the more general consequences of the neoliberal reforms led by FHC in the economic arena during his two mandates can be thus described: as a result of the method for inflation control through high interests, public debt mushroomed, going from 30% to over 60% of the GNP (Gross National Product); levels of economic expansion were very low, averaging 2.2% per year; there was a deficit in the trade balance throughout practically his entire mandate; privatization processes ceased avoiding (or even began to favor) the emergence of private oligopolies, and the lack of planning and control over these processes generated serious problems such as the crisis of electric energy; the number of unemployed grew from 155% between 1995 and 2000, from 4.5 million workers to 11.5 million; the labor component of the national revenue decreased 7.5% between 1995 and 1999, dropping from 44 to 40.7% and falling to 32% of the GNP in 2003.

We should give recognition to the efforts devoted to the modernization of Brazilian politics during the 1980s and 1990s, which at a first glimpse seem to have led to the incorporation, within a general political culture, of new traits and procedures. Among these procedures we can include the consensus regarding the evils of corruption, the perfection of public administration’s control instruments and the watchkeeping role of the press, among others. At the same time, we see that the political schema that were developed in order to guarantee the “governability” that was indispensable for implantating a neo-liberal program was also able to rely on political practices of a patrimonialist and clientelist type. This means – synthesizing the central hypothesis of this article – the socio-economic “modernity” that went by the name of neoliberalism found, in its implantation process in Brazil, resources through adherence to and renewal of procedures belonging to the political and institutional legacies of the country’s past: patrimonialism, patronage, *physiologism* and clientelism.

### III. THE POLITICAL FORCES OF ‘BACKWARDNESS’ AND HOW THEY FUNCTIONED IN THE IMPLANTATION OF THE BRAZILIAN NEOLIBERAL PROJECT

In order to obtain passive congressional participation in negotiations around important political decisions of the period, the FHC government made alliances, particularly with traditional style political forces, thus paying respect to the leaders of the country’s old political oligarchies<sup>11</sup>. The government supported them, for example, in an attempt to secure the presidency of both congressional houses<sup>12</sup> and favored representatives from their parties with resources coming from federal budget amendments or by bestowing them positions within the state machinery

The FHC administration sought a “strong” control over Congress, trying to guarantee “governability” in order to implant anti-popular measures. As we have alluded above, the path chosen was: a) situate itself within a political party coalition of conservative nature; b) make abusive use of mechanisms for the creation and editing of laws and bills; c) treating Congress as a “market” where political support could be bought and sold. For these purposes, it attempted to make use of those other mechanisms that would permit “negotiation” with members of parliament and coalition parties, particularly the manipulation of amendments to the federal budget presented by parliament members and political party benches. Since the Executive had large discretionary power regarding the execution of the yearly budget, it was able to make use of this power to win parliamentary support. In other words, the practice of “commercializing” parliamentary political support of the Executive was not due to the fact that parliament members were merely “sell-outs” looking out for their own interests, as common sense would have it.

In the case of the two FHC administrations, the initiative to make “commercialized” support the basis of relationships between the Legislature and the Executive came from the latter. For example, study of the way the federal budget was carried out over the 1995-1998 period revealed that “[...] the President of the Republic rewards parliament members who systematically vote in favor of projects that are in government interest, authorizing the

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<sup>11</sup> PFL influence in the coalition that elected FHC was so evident during the two first years of his mandate that the journalist Fernando Rodrigues observed in 1996: “It became clearer and clearer that the PSDB owes its existence to the [economic plan] *Plano Real*. And that the government party is the PFL. And that FHC is only able to enjoy peace because the PFL helped it to abandon prudence in the distribution of positions and financial support” (Rodrigues *apud* COGGIOLA, 1997, p. 272-273). There was a “PFLization of power” so to speak; in other words, government adherence to clientelist ideas and, most importantly, practices, which were characteristic of the political group that made up the the PFL. (GOMES, 2001, p. 624). In 1999, a journalist from Bahia who was well-versed on the political trajectory of one of the major representatives of the PFL Sr. Antônio Carlos Magalhães, engaged in the following analysis of the relationship between the PSDB and the PFL over this period: “Poor PSDB, I saw this party come into being. It was a hope, an expectation we held, a reaction against *physiologism*. FHC, in his book, *A democracia necessária*, condemns the national parties for being ‘a blend, a mixture’ like certain whiskies. He advocated well-defined parties. But then he helped to make the PSDB an undrinkable rum. A new party that betrayed the people and its origins. The Toucans became cumbersome birds, flying dizzily around the PFL dinosaurs: Antônio Carlos [Magalhães], Inocêncio [Oliveira]. [Jorge] Bornhausen etc. Horrendous predators” (GOMES, 1999).

<sup>12</sup> Immediately after his election, FHC took personal care to chose two allies for the presidencies of the House (Luís Eduardo Magalhães, PFL) and the senate (José Sarney, PMDB) (*Boletim Análise do DIAP*, 1996).

execution of individual amendments and, at the same time, punishes those who do not vote for these projects simply by refraining from executing the amendments that the latter propose. . [...] In other words, in light of this institutional framework, it should be no surprise that some parliament members vote systematically for government projects, since they know that such behavior increases the probability that the head of state will attend to their demands. On the other hand, parliament members who do not comply frequently with government preferences have lesser possibilities for implanting programs and procedures that benefit their electorate” (PEREIRA & MUELLER, 2002, p. 274).

In other terms, the government makes use of its prerogative of executing or not executing budget amendments, proposed individually by parliament members, as an incentive in exchange for support to congressional bills and projects of its own interest<sup>13</sup>.

Fiori (2001) considers the existence of something that “persists” throughout recent Brazilian history, the choice that was made, through the coalitions that sustained prevailing economic models, of a “conservative pact”<sup>14</sup>. This interests us because the notion of a “conservative pact”, in reference to the neo-liberal experience in Brazil, meant the alliance of neoliberals with “the segments – even the most traditional and ‘backward’ – of regional and oligarchic politics that had control over a large amount of regional power, both rural and urban. These practices were also interesting to the neo-liberal coalition because of their capacity for electoral and parliamentary mobilization<sup>15</sup> indispensable for the reproduction of a conservative

<sup>13</sup> Executive purchase of parliamentary support was not restricted to voting on bills, but extended itself as well to the task of blocking undesirable initiatives proposed by the opposition. One situation that effectively illustrates the use of this resource can be found in what went on between April and May of the year 2000, when through an agreement between the PT and the President of Congress (Antônio Carlos Magalhães), an increase in the minimum wage was proposed that went beyond that which the government wanted to concede. Given the conjunctural circumstances – it was a year of municipal elections, which reinforced the electoral appeal of the congressional proposal – close to 90 members of the government coalition within parliament rebelled, and decided to vote in favor of the proposed raise. Through some particular maneuvers, the Executive power was able to postpone voting until its parliamentary majority was reestablished. This was achieved by awarding financing to these congressional representatives through individual budget amendments. Thus, the period that covered the end of April through early May became an incomparable moment for the release of funds for members of parliament, when compared to other months. The Executive used the same tactics to impede the installment of a congressional investigative committee on corruption (“CPI da Corrupção”) in mid- 2001. For the sole purpose of guaranteeing the participation of parliament members in the government coalition, this episode cost the government close to R\$ 100 millions in funds released through parliamentary amendments. At this time, the press noted a change in position on the part of negotiating representatives, who began to withdraw their signatures from the demand for the CPI, as the money they had requested was released. One very marked example was that of representative Luciano Bivar (PSL-PE) “who conditioned the withdrawal of his name from the petition when an amendment of R\$ 1 million to benefit his most important electoral district, Jaboatão dos Guararapes, was released” (PEREIRA & MUELLER, 2002, p. 298). For other details on the values disbursed by the Executive due to the “need” to negotiate with the Legislature, see Pereira and Mueller (2002, p. 287-289). The confessions of one member of parliament (PSDB representative Dino Fernandes, from the PSDB) who was approached by the government presidency is revealing of the climate of purchase of “support” to stop the above-mentioned commission: “I realize that, if I leave my signature [on the petition], I will not be able to placate the government, and what I want is to be able to build a sports center” (*O grande anão e seus 400 anões*, 2001).

<sup>14</sup> On the notion of the “conservative pact”, see the discussion in Fiori and Medeiros (2001, p. 269-289).

<sup>15</sup> For example, analysis of the “parliamentary elite” in Congress during 1995 and 1996 reveals that the majority of the 10 most influential representatives from both houses were members of the base that sustained the government: Luís Eduardo Magalhães (PFL), Inocêncio Oliveira (PFL), Antônio Carlos Magalhães (PFL), José Sarney (PMDB), Michel Temer (PMDB), Delfim Neto (PPB), José Aníbal

political order. In this way, the implantation of the neo-liberal program, as guided by “*Tucano*” intellectuals, was actually sustained by an alliance between the latter and the “bosses of the *sertão*” (regional oligarchies and “*malandragem política*” etc.), in the emphatic terms used by Fiori (2001, p. 78-80).

This particularity, the alliance between “*Tucanos*” and hinterland (*sertão*) bosses, represented a coalition of conservative forces who were well-accustomed to patrimonialist and clientelist practices and had few scruples in sustaining predatory relations with public well being, notwithstanding the fact that they were part of an alliance whose project, at least at the rhetorical level, prescribed the modernization of political institutions and promised to do away with oligarchic clientelism.

The central nucleus that had command over the coalition engaged in implanting neo-liberalism in Brazil would, in turn, accept – in exchange for congressional support-, the provision of favors and positions within the state machine to the oligarchy. This thus guaranteed them the resources they needed for political survival. In the name of a minimum of cohesion within the coalition, the neo-liberal and “modern” segment of the plutocracy and its “*technopols*” (professors-financers), “[...] became accomplices in the oldest and most corrupt practices of Brazilian politics. They gave up their dreams, within the Nation’s Congress, where they submitted their new neoliberal ‘modernity’ to the most commercial of rules for buying and selling of support” (FIORI & MEDEIROS, 2001, p. 284).

What, up to this point, could be read as just an episode and even one that was met with antipathy, soon becomes complicity with “neo-liberal modernity” and ends up stimulating processes of private and corrupt usage of the state machine. In Fiori’s terms (2001, p. 79), the “*Tucanos* promised to do away with the ‘rent-seekers’ system but ended up turning the State into a sort of “executive sub-committee” of financial self-seekers, of the underworld of the National Congress.

The three administrations that were elected to Office between the end of the 1980s and the beginning of the 1990s sustained themselves through Center-right coalitions that, in all three cases, were capable of bringing together a good portion of the bourgeoisie<sup>16</sup> and of regional power oligarchies that had already provided support for the governments of the developmentalist period. “That is why, even when the [strictly neoliberal] coalition was arbitrated – after 1994 – by a group of modernizing intellectuals (who saw themselves,

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(PSDB). They were the ones who had a considerable influence on the agenda, pace and workings of the legislative process, becoming “arbiters of Legislative power.” The majority of those in the group advocated a market economy and identified with the neo-liberal theses that the Executive power was behind (*Os cabeças do Congresso Nacional*, 1996). Up until the legislature of the year 2000, at least, the absolute majority of the 10 members of parliament who were considered to be the most influential were to act as advocates of neo-liberal reform, thus guaranteeing the government support of those who were considered the “conductors of congressional decision-making processes”.

<sup>16</sup> According to Oliveira (1995b, p. 66), “The entire bourgeoisie was invested in Fernando Henrique Cardoso’s candidacy. All the financial support from the business sector, as well as the thousands of declarations from businessmen and the endorsement made by the powerful media magnate Roberto Marinho, of the Globo network, dispense with further need for proof. His program became the bible of the entrepreneurial class, or what is more symptomatic: the bible, made up of privatization, State withdrawal from the economy, de-regulation from top to bottom, assault on human and social rights, de-regulation of the labor market, ‘de-constitutionalization’ of Ulysses Guimarães’ citizen-constitution from which ‘non-governability’ was created [...], turned into the transcendental book shared by the candidate and the big bourgeoisie”.

explicitly, as those who would “turn the page” of the Vargas legacy] and carried out a radical project of trans-nationalizing the Brazilian economy, it maintained, in last analysis, the same basic rules and structures of the old and persistent ‘conservative pact’ [...]” (FIORI & MEDEIROS, 2001, p. 283).

At any rate, the political alliances that FHC built seemed to represent an apparent contradiction: “what existed was, on the one hand, the defense of a type of modernity, of freedom of movement for capital and, on the other, a backwardness from the point of view of political articulation” (RODRIGUES, 1998, p. 52). Yet what in fact happens is that “[...] the remnants of patriarchal oligarchies re-acquire important political roles in intermediating the prevailing neo-liberal guidelines within the ambit of the state apparatus and the socio-cultural and clientelist remnants in distinct regions of the country. The oligarchies guaranteed the socio-political – and obviously, the economic bases for the power bloc that maintained a commitment to the neo-liberal globalization of the Brazilian economy. All the more so because these oligarchies “modernize”, coming together in firms, corporations and conglomerates and paying particular attention to communications and mass media in general, thus becoming ‘electronic oligarchies’” (IANNI, 2000, p. 58)<sup>17</sup>.

In 1993 it was possible to glean, for example, through Antônio Carlos Magalhães ‘ (the representative figure of the “backward” political class) the strong presence of a “neo-liberal rhetoric that was reinforced, above all, through the demands he made [to Itamar Franco] for an acceleration of the Program of Privatizations and for the condemning of state monopolies in telecommunications and oil industries” (SUASSUNA & NOVAES, 1994, p. 18).

The first six months of the first FHC mandate revealed a clear “rightward” movement in political orientation. This was demonstrated by his immediate adhesion to the ultra-liberal formula, by the authoritarian and pompous way in which his government treated workers in the first major strike that he had to face<sup>18</sup> and – what is of particular interest here – the way in which he moved close to political forces that on the Brazilian political party spectrum were clearly identifiable as conservative and linked to *physiologic* parliamentary practices (FIORI, 1997)<sup>19</sup>. This possibility of “rightward movement” had already made itself felt from the time of the

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<sup>17</sup> Research which looked at the nine “political families” of the oligarchic type that were active in the country during 1995 showed that eight of them were owners of newspapers and-or television of radio broadcasting stations. According to the report, this power in the realm of electronic media was “the instrument that fed and renewed the oligarchies at the century’s end” (DINIZ, 1995).

<sup>18</sup> The oil workers strike, which began during the first days of the month of May, 1995.

<sup>19</sup> Fiori (1997, p. 103) took note of a phrase of FHC’s, pronounced in the heat of his construction of alliances for the 1994 elections that, judging by the names that come to his memory, make it evident that he maintained “political ties with right wing forces”. Thus he declared: “I want to make alliances with ACM, Íris Resende, [Paulo] Maluf, Amazonino [Mendes], Ronivon [Santiago], infinitely, if this is possible and necessary”. The candidate for the nation’s presidency had a keen sense for identifying faithful supporters. There is the case of representative Ronivon Santiago (today a member of the PP, but having already been a member of the PFL, PSD, PPR, PDS, PSC and the PMDB), who became quite well known in 1997 when he assumed, in a recorded conversation, that he had sold his support for the FHC re-election amendment for R\$ 200 thousand. Accused of selling his vote and in order to avoid an impeachment process in the House, he resigned from Office. Re-elected in 2005, that very year he had to defend himself on 37 charges for electoral fraud, almost all of which were related to accusations of vote-selling in the 2002 elections. (The special congressional investigation committee or *CPI do Mensalão* [“monthly payments”] began to investigate accusations of vote selling in 1997). Amazonino Mendes, at that time governor of the state of Amazonas, was in turn responsible for paying for votes in favor of FHC’s re-election.

PSDB's linkage to the Collor administration<sup>20</sup> and was definitively consolidated with the alliance that brought the PSDB-PFL together in the 1994 electoral process.

Although the neo-liberal project that the PSDB conducted had been sustained by a conservative coalition<sup>21</sup> that included “the *physiologic* political bosses”, it was not they who were the “major predators” of the Brazilian state during the period. The latter were constituted by groups linked to large private capitals and national and international finance. These were the ones who got great advantage from privatizations, from pension funds and from businesses linked to the new Regulation Agencies. In sum, they were the ones who reaped great profit from the businesses carried out with the *crème-de-le-crème* of the national economy. This is why the “hard and reactionary nucleus of the coalition” is exactly its most modern element. Oligarchic groups within the coalition and the rural bosses known as “*coronéis*” carried out a more “minor role in these festivities, and were sometimes hardly more than those who were left to enjoy the spoils” (FIORI, 2001, p. 277).

According to Comim (1998, p. 12), until 1997, “[...] at least as far as the macro-economic daily management of the country is concerned, the government benefitted from the *carte blanche* given to the Congress and political party leadership.” The author provides the following example: “Whenever it became necessary, interest rates jumped skyward, state governments were pressed and budgets were CUT, measures that were always ‘absorbed’ with little further protest by the Legislature, since stability (and re-election, of course) were placed above all else, regardless of the means used to sustain it.

It became apparent, for example, that in spite of the setbacks that the FHC government had to deal with in getting its initial proposal for social security reform approved, in 1996, its pact “with its ally parties – PFL, PMDB, PSDB, PPB e PTB – against what [they referred to as] the privileges of the social security system was well – recognized [...]” (*Jornal do DIAP*, 1996).

In great lines, the relationship between “backward” and “modern” appears in the alliance of “backward” political parties – that is, those parties in which a large part of their parliamentary representatives and, in particular, their leadership, organizes a large portion of their political procedures using the practices that we defined earlier as “backward” – yet under the guidance of the PSDB as the “central nucleus” of the neo-liberal program in Brazil. This

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<sup>20</sup> Fernando Collor scoffed at the consecrated forms of mediation and interlocution with society, beginning with political parties, with which he preferred to forge conjunctural majorities, re-made for each voting. For these purposes, he privileged members of conservative parties (PRN, PDS, PFL, PTB and some sectors of the PMDB). These political forces participated in political negotiations that for the most part consisted of approval of the Executive power's nominees, which in and of itself reveals that the latter was already firmly enjoying its outstanding position in terms of the distribution of political power. Concentration of decision-making power within the Executive can be illustrated by the fact that within what was just his first year of government Collor had promulgated 148 provisional measures, with very little rejection or resistance on the part of the Congress. Furthermore, Collor showed absolutely no inclination to include the participation of organized sectors of civil society in government decision-making (COSTA, 2000, p. 261-262).

<sup>21</sup> On the occasion, Celso Furtado explained that part of the anti agrarian reform position that FHC took during his first mandate was the result of the “political support” he cultivated, among which could be included his vice-president, Marco Maciel, “a man from the Northeast, quite representative of the Northeastern oligarchy”. Or, as in the case of his support, at that time, from Bahia senator Antônio Carlos Magalhães, “a skillful operator who knows how to take advantage of everything, but is against anything that makes changes in the essential [agrarian structure, for example]” (Furtado *apud* RODRIGUES, 1998, p. 79-80).

relationship relies on the effective participation of the “forces of backwardness” in endorsing and approving the major social security system reforms prescribed by the above mentioned neoliberal program<sup>22</sup>. During the two FHC administrations, there was a proven, clear support on the part of parties such as the PFL, PTB and PPB and a large portion of the PMDB (cf. *Departamento Intersindical de Assessoria Parlamentar*, 1988, p. 16) for policies of privatization of state enterprises and public services, initiatives of economic and labor deregulation and the increasing opening of the economy to international capital, all of which were being carried out under Fernando Henrique Cardoso’s leadership<sup>23</sup>.

If we look at the party affiliations of parliament members within the legislature that ran from 1999 to 2002, we can confirm the participation of parties linked to the oligarchies and to “backward” politics in the implementation of neoliberal “modernity” in Brazil, with regard to neo-liberal reforms (flexibilization of labor legislation, social security reform, end of the juridical regime referred to as Regime Jurídico Único (RJU); firm-based labor conciliation; privatization of social security benefits; prescriptions for rural workers’ rights, law of fiscal responsibility). Excepting one matter (the one which concerns the flexibilization of labor legislation and in which the PMDB manifested contrary sentiments) and without looking at minor parties and the PSDB, we see that the PFL, PPB, PTB and the PMDB were favorable to all seven of the above changes.

On the other hand, on three issues referring to the protection and widening of workers rights, also chosen as an example here because of their particular relevance (combating nepotism, exempting workers from the costs the summary proceedings of labor law, definition of criteria for firing workers from jobs with guarantees of stability), again there is one sole exception (the PMDB manifested itself in favor of workers’ exemption), the same parties listed above either freed their members to do as they pleased or told them to vote against these measures, thus taking a position against workers’ interests (*Quem foi quem no Congresso Nacional*, 2002). In the perspective of FHC administration ideologues, this choice placed them within the neoliberal political project as “the parties of modernity” rather than as the parties of conservatism and of “old politics” as they had previously been classified.

Thus it becomes fundamental to look at what the actual contribution of specific parties was within the legislature, regarding the approval of those projects that were both the initiative

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<sup>22</sup> Boito Jr. (1999, p. 64-65), for example, cites the presence, in June 1997, of the then Senate president, Antônio Carlos Magalhães of the PFL, and the President of the House of Representatives, the PMDB’s Michel Temer, in a large pro-neoliberal reforms program organized by the São Paulo industrial federation FIESP (*Federação das Indústrias do Estado de São Paulo*), which they were attending to show their support for the initiative. Although it seems that Michel Temer did not behave as a typical traditional politician, in the sense that we have used here, his presence at the event is significant insofar as Temer was at the time the leader of a parliamentary front that was, significantly, made up of representatives with links to “archaic practices”.

<sup>23</sup> Nicolau (2000, p. 720) has observed that the FHC administration had successful outcomes in votings on the constitutional amendments that it proposed to Congress: of the 102 proposals from the period, 93 were victorious. The defeated proposals were primarily those that dealt with Social Security System reform (two defeats), Administrative Reform (two defeats) and coastal navigation (one defeat). According to the DIAP (Inter-Syndical Department for Parliamentary Advisement) analysis, based on representatives’ voting on administrative and social security reform, “[...] the government relied, in the case of the House, on the consistent support of 296 representatives, with the conditional support, that is, vote contingent on bargaining, of 115, and the opposition of another 102 (*Quem foi quem nas reformas constitucionais*, 1998, p. 18).

and in the interests of the executive. Looking at the voting behavior of members of the parliament on issues that were in government interests during the 1995-1998 period, Nicolau (2000) observes “rates of government support” or, in other words, rates of party loyalty to the executive. For these purposes, the author considered voting on issues for which the government leader in the House had provided clear orientation, that is, to those parliament members linked to the government. His analysis led to the conclusion that the PSDB and the PFL, which made up the nucleus of the coalition that elected FHC in 1994 and which controlled major ministries throughout his first administration, were extremely faithful in their support of voting according to FHC government interest..

The other three major parties that made up the government’s parliamentary support base – the PTB, PPB and the PMDB – were also faithful to the executive. The average rate of representatives in each bench who provided support for the government in the voting that was analyzed are as follows: PFL (77,5%), PSDB (77,3%), PTB (70,4%), PPB (67,0%) and PMDB (63,1%). Among the opposition parties within the parliamentary, average rates of government support were as follows: PDT (10,0%), PSB (8,5%), PC do B (6,3%) e PT (2,9%) (NICOLAU, 2000, p. 727). Taking this route of support for neoliberal reform, politicians such as Antônio Carlos Magalhães, Paulo Maluf, José Sarney, Inocêncio Oliveira and others adjusted themselves to “neoliberal modernity”, contributing toward the fulfillment of its program content through an updating of fisiológicas and clientelist practices (TOLEDO, 1998).

In great lines, it is also possible to find representatives of “backwardness” making use of procedures which are more proper to the patrimonialist State, in service of “modern” private economic interests. Although it may be possible to put together a long list of these procedures, one example illustrates this observation quite clearly, primarily because it takes the evaluation of party and candidate financing and their subsequent action into account: the “case of the pink folder” that was news in December of 1995. According to the accusations of that period, the then congressman Antônio Carlos Magalhães, typical representative of “the backward”<sup>24</sup>, seemed to be the major beneficiary of the electoral funds distributed by the Economic Bank during the 1994 elections, at the same time that he quite indiscreetly attempted to guarantee State activities to save the Bank from bankruptcy and avoid public intervention in its board.

At the same time, an analysis of the entirety of individual and collective amendments executed by the government during the period permits a mapping out of the political parties’ positions within the “system of exchanges” of political support for budgetary reward. It demonstrates that the parties that made up the FHC government coalition in Congresso (PSDB, PFL, PPB, PTB and PMDB) were quite well rewarded by the government through budgetary execution. For example, in the year 2000 government supporting parties, holding 73.3% of all seats in the House of Representatives, were compensated with 83.8% of all public resources executed as individual amendments by parliamentary members. On the other side, among the opposition parties, the PT, holding 11.3 % of congressional seats during the period, received only 6.1% of all resources (PEREIRA & MUELLER, 2002, p. 292).

The alliance politics that the Fernando Henrique Cardoso administration pursued in its first mandate can be understood in terms of pragmatic needs (which does not mean they were

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<sup>24</sup> Antônio Carlos Magalhães himself summarized in a phrase his main instruments of political survival “[I win elections in Bahia] with the whip in one hand and money in the other” (Magalhães *apud* GOMES, 2001, p. 700).

inevitable nor only ones possible) that had to do with “governability” and with the conduction of constitutional reforms linked to the neo-liberal project, just as it can be understood through some affinities that existed between a large portion of social-democratic proposals, as the PSDB understood them, and certain characteristics of social liberalism that were written into the programs and the rhetoric of the PFL, PPB and PTB. In short, this politics of alliances brought together parties that shared the ultimate goal of “overcoming the legacy of the Vargas era”, a terminology used to refer to the “rigidity” of labor legislation and State “excess” within the economy. In concrete and immediate terms, the agenda of such “overcoming” included “[...] the defense of issues such as the end of state monopolies, the de-regulation of the economy, the opening up of the country to international trade flows, rationalization of the State machine, subcontracting of public services to private firms and elimination of Social Welfare system privileges [...]” (COSTA, 2000, p. 277).

Through adhesion to these proposals, the PFL, PPB and the PTB gained credentials, alongside the PSDB, as “modern” parties, thus demonstrating their connection to tendencies of regressive neo-liberal reform. In this way representatives of “backwardness” within Brazilian politics participated in neoliberal “modernity”. If there were divergences between the two political groups around the need to modernize the most daily of political practices that had up until this time been based on patrimonialism, *physiologism* and clientelism, these practices could be nuanced and dealt with as subordinate to coalition priorities and the synchrony of both groups regarding neoliberal reform. This does not negate the insistent presence of these types of practices within the negotiation around reform, which maintained some influence, at least over their rhythm and intensity.

At any rate, sometimes facilitating and other times placing obstacles in the way of Executive proceedings within the House, “backward” political practices – *physiologism* and clientelism, primarily – worked as resources in political negotiation *par excellence*, through which disagreements and differences between “modern” neo-liberals and “backward” oligarchs, were to be resolved. These resources were transformed into the principal means through which Executive power could conduce its projects, thereby exempting itself from other possible ways of doing governmental politics that would mean the inclusion, within it, of a wide range of other social organizations, conflicting interests and methods for negotiating dissent.

The Fernando Henrique Cardoso administration refrained from promoting broad debate, involving different class and class-fraction interests. Wherein themes of national relevance were at stake, decisions were made “between the presidential palace and parliamentary vote merchants [...]” (FREITAS, 2003, p. A7). There was a certain, very restricted conception of democracy, widely disseminated in public opinion, in which the only ones who were really necessary were the politically dominant groups of the period. According to this conception, democratic politics could be summarized in this way: limited to the “negotiation” between the Executive and Congress, “allowing” popular segments no more than episodic and “inoffensive” manifestations of discontent with the occasional “excesses” of voracious parliamentary *physiologism*.

In turn, the PSDB coalition with the “politicians of backwardness” ended up limiting initiatives for rationalizing the management of public policies, at least to the extent that this alliance implied the survival of politicians inclined toward patrimonialist practices, as co-participants in the coalition that was in power. Nonetheless, Fernando Henrique Cardoso wrote

that his reform of the State was meant to make the old patrimonialist State “too tight an attire” for the current political scenario (CARDOSO, 1998, p. 10).

Although this had been the way politics worked during the period in which neoliberalism was implanted in Brazil, the alliance between the “modern” conductors of the neo-liberal project with the leadership and political parties attached to the “old” political practices was not able to fulfill all its goals. For example, social security system reform, one of the most important issues defended by neoliberals, was not carried out to satisfaction under the Fernando Henrique Cardoso administration. President Fernando Henrique himself decried, in 1999, “[...] the lack of good will in Congress” for the approval of some of the government’s proposals (Speech by Fernando Henrique Cardoso, 1999). In 2003, the International Monetary Fund (IMF) disseminated a document in which it criticized the FHC administration for a lack of firmness in pressuring Congress to give complete approval to Tax and Social Security reforms (*FMI faz mea-culpa*, 2003).

It is true that conduction and approval of liberal reform demanded long hours of negotiation and persuasion, probably due to the resistance on the part of the popular classes who were hurt by reform proposals. At any rate, the main *raison d’etre* of the “conservative pact”, the cooptation of Legislative power to provide support for the entirety of neoliberal reforms, lasted throughout both of Fernando Henrique Cardoso’s mandates and was sustained through the renewed value given to political figures and practices linked to what we have referred to here as “behind”-“backward”.

The Fernando Henrique Cardoso administration chose the system of “exchange of favors” – based on the liberation of budget amendments and the distribution of positions within the State apparatus – in its relationship with political parties and parliament members because it correctly considered that this system would allow it to control a part of Congress on issues that were crucial for the implantation of neo-liberalism. In other words, the “exchange system” – the “taking from one place to give in another” – was chosen as the basis of the relationship between the Executive and the Legislature and, as a series of analyses of the period demonstrate, helped to produce reasonable levels of “governability” that, in turn, allowed for the approval of important neo-liberal reforms.

It might seem that Executive power, in making use of this strategy of control over Congress, ran the risk of producing deviations from its original budget proposal, since it had to make resources that had not been a part of the plan available for projects and programs that parliament members proposed. Nonetheless, according to Pereira and Mueller (2002), the “costs” of such a strategy ended up quite low. In the first place, because Executive power had at hand a series of instruments that gave it total control over the budget, in spite of the fact that it was obliged to share approval and some amendments with Congress. For example, only Executive power authorizes execution of budget proposals; fundamental areas of budget such as health and education are the exclusive province of the Executive and only the latter can veto congressional initiatives arguing, for example, that there are budgetary restrictions etc. Furthermore, because the part of the budget that the Executive would mobilize for parliamentary amendments – around 1 or 2 % – would be quite small in relation to the totality of resources it controls on its own<sup>25</sup>.

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<sup>25</sup> Alston *et alii*’s analysis (2005, p. 6) comes to similar conclusions.

In short, the forming of a coalition that brought “Brazilian Social Democracy” together with the “*coronéis*” from the Northeast and other such oligarchs can be seen as something that promoted unity: the neoliberal program and the need for electoral support in order to widen it, in the face of sharp critique from the opposition and the person who was at that time the candidate of the Brazilian left, Luis Inácio Lula da Silva. It is in this sense that the observation has been made that “[...] FHC was the one who was conceived to make it possible, in Brazil, for a coalition of those in power to give sustenance and continuity to the IMF stabilization program and provide political feasibility for what [remained] to be done in regarding the reforms prescribed by the World Bank” (FIORI, 1997, p. 14).

The renewed value that was awarded the political parties and parliament members identified with patrimonialist and *physiological* politics was the route through which “backward” practices were revived within recent national political life, having repercussion at the regional and local levels.

#### IV. CONCLUSIONS

The purpose of this article was to carry out research that would be able to shed light on the persistence of “backward” political practices in contemporary Brazilian political organization, foregrounding the decade of the 1990s. We have begun with the hypothesis that it is necessary to give weight to motives flowing from the socio-political conjuncture that forms the backdrop of this phenomenon, in order to move beyond explanations that rely exclusively on historical and cultural or structural aspects.

Regarding our treatment of the hypotheses, we resort to secondary sources (bibliographic analyses and material collected from newspapers and magazines) in order to formulate our own interpretation of the period. We demonstrate that “backward” type practices were stimulated to manifest themselves in national political organization, particularly at the federal level, but with effective ramifications on the state and municipal levels.

Such stimulus derived from the fact that the coalition of political forces that had been formed for the implantation of the neo-liberal Project in Brazil joined forces with the “modern” Brazilian Social Democracy and the “old” regional oligarchies, recognized, particularly, through their attachment to patrimonialist and paternalist political practices. These “old” political forces were thus included, as “minor partners”, in the “conservative pact” that was put together to carry out a “modern” neo-liberal program in the country. This inclusion meant – insofar as that which interests us here – placing new value on those procedures used by oligarchic political forces. Herein lies part of our explanation for the vigor of practices such as *physiologism*, patronage, abuse of the State machine, clientelism and the buying and selling of votes within Brazilian political organization of the 1990s.

In this context, the practices that we have referred to as “backward” have functioned as the main resource used by Federal executive power – the nucleus that led the process of implementing neo-liberal reform –, to co-opt that sector of legislative power that adhered to the neo-liberal Project. This was carried out on the condition that particular interests for increasing personal and family wealth, for prestige and for guaranteeing electoral reproduction through grass-roots support be attended to.

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