

The slow road to paradise

Why Brazil is taking so much time to reach its potential

On a balmy Saturday night in February the hilltop favela of Cavalão ("Big Horse", because that was what was needed to reach it) warms up for Carnival. In the asphalted clearing that serves as the main square men cluster in plastic chairs to drink beer. The entertainment is provided by musicians drawn partly from Cavalão's police station.

AFP



Lula has no mandate to slim the state

Yet only three years ago Cavalão was an "inferno", says Valmir Mariano, who works in a luxury hotel in Niterói, the city near Rio de Janeiro of which the community forms part. Police and drug traffickers exchanged gunfire "almost every day". On a Saturday evening such as this everyone else would have been covering indoors. That changed when police installed themselves inside the favela, earned the trust of residents and began playing the occasional samba. Cavalão, formerly one of the most violent neighbourhoods in Rio state, has seen no murders since 2003.

The question Brazilians should be asking is why their country does not always work as well as this. Why does it smother enterprise, abandon schoolchildren to ignorance and squander money? Why is Cavalão's community policing unit one of only five in the state of Rio? Brazil is teeming with promising experiments and hopeful initiatives. Why does it not put them into mass production?

One answer may be that a mass market has made itself felt only recently. The Brazilian state was not born answerable to the bulk of its citizens. Until 1985 those who could not read and write were not allowed to vote. The constitution was an act of penance that cast the state in the role of saviour. It would dispense benevolence, but would require the developing world's most elaborate apparatus of regulations, taxes and benefits to do so. It is not surprising that this contraption serves itself more reliably than it does ordinary Brazilians.

But democracy and economic progress are beginning to change that. The constitution has been amended 58 times to permit reforms and to remove aberrations. Lula, who once shined shoes in São Paulo and lost a finger in a factory accident, is the first Brazilian president to be drawn from the mass of ordinary voters who elected him. Those who expected cleaner government along with the common touch were disappointed, but that has only made the clamour for accountability louder.

Part of the problem lies with the workings of the world's second-largest proportional-representation system. Parties are weak, alliances struck before election day are broken and reconfigured the day after and voters have little connection to their Congressmen. Ideas, let alone ideology, barely enter the discussion. Between the vote-buying mensalão and the subsequent "bloodsucker" scandal (which involved selling overpriced ambulances to municipalities), 91 deputies and senators in the Congress whose term ended in December were

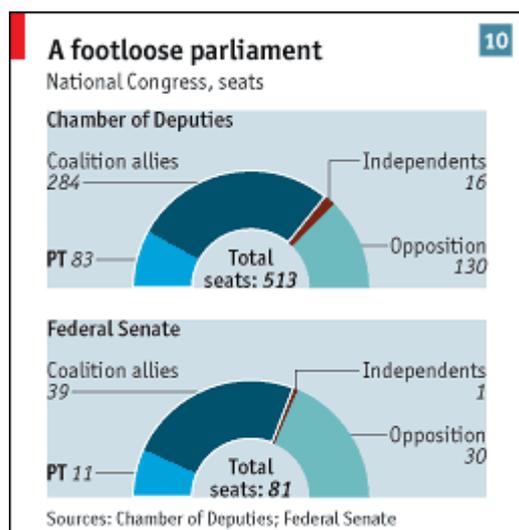
accused of corruption. Congress saw fit to expel just four. It also set a record for party-hopping: 195 of the 513 deputies switched parties, some several times, to make a total of 345 moves. One of Congress's final acts of sheer chutzpah was to vote itself a 91% pay rise, which the Supreme Court promptly overturned.

Perhaps Congressmen behave this way because their links to voters are tenuous. Candidates for "proportional" offices—the lower house of Congress and the state assemblies—compete in statewide races. Seats are distributed to each party (or electoral coalition) in proportion to the number of votes received by all its candidates. Within that quota, the winning candidates are the individuals with the most votes.

This looks fair: both parties and personalities are ranked according to their popularity. But the results can be perverse. Since every vote contributes to a party's quota, it makes sense to field as many candidates as possible, even though voters barely know them. For example, 541 candidates ran in Minas Gerais, the state with the country's second-largest electorate, and the top vote-getter won a share of only 3%. Candidates from the same party compete against each other as well as against the opposition. If one gets more votes than he needs to be elected, his surplus votes go to lesser lights from the same party or coalition. These nonentities often beat more popular candidates from less favoured groupings. Most of the 21 parties elected to Congress under this system are little more than nameplates. Few of them practice democracy internally. And by party-hopping, deputies sever their last tie with the voter.

The connection that survives is the one with the network that secured their election, which consists of mayors, special-interest groups and enterprises (which often finance campaigns off the books). Between elections these machines continue to function, producing patronage, contracts and donations that benefit all concerned. In the bloodsucker scheme, Congressmen, mayors and the ambulance vendor all shared in the bounty. "Congress is composed of representatives not of the people but of vested interests," says Mr Cardoso, the former president.

These affronts have caused a backlash. The abortive pay rise was denounced from church pulpits and in e-mails that jammed deputies' in-boxes. In the new Congress reformist deputies challenged two establishment candidates for the presidency of the lower house. They failed but were widely applauded. Indignation has gelled into a consensus, shared by the government and most political parties, that Brazil's electoral system needs reform.



At least a score of reform proposals are circulating in Congress, and more are emerging all the time. Among the most talked-about are outlawing private election finance; penalising deputies who switch parties; requiring parties to poll a minimum number of votes to reduce their number; and making voters pick a party rather than an individual. The most radical proposal under discussion is to create congressional districts, which would help voters to keep an eye on

their representatives. This could be combined with proportional representation, as is done in Germany.

Many of these ideas have drawbacks. Getting voters to pick parties rather than individuals, for example, might simply strengthen the bosses, unless the parties themselves become more democratic. And no thought is being given to correcting the worst imbalance, created by the rule that each state gets a minimum of eight seats and a maximum of 70 in the lower house. This ensures that more than half the seats go to the north, north-east and centre-west, which between them have only 41% of the electorate.

A nation of statist

No political reform will resolve Brazilians' disagreement over what constitutes good governance. Everyone wants honest politicians, but few Brazilians complain about the size of government, despite the large electronic impostômetro in the centre of São Paulo that tots up the government's tax take in real time.

Having failed to win re-election in the first round of voting last October, Lula regained the initiative by accusing his opponent, Geraldo Alckmin, of plotting to privatise the jewels of state-owned industry. He polled the most votes in regions where government transfers were highest. "Brazil is divided between those who depend on the government and those who pay the bills," says Guilherme Afif Domingos, an anti-tax campaigner who is now São Paulo's labour secretary.

Lula emerged from the contest with popular backing and an overwhelming congressional majority but no mandate for state-slimming reforms. His 14-party base extends from the conservative Progress Party to the Socialist Party of Brazil and incorporates almost all of the centrist Party of the Brazilian Democracy Movement, a confederation of political fiefs that until now has resisted unity. Although about 70% of all deputies are in the coalition, Lula can probably count on only just over 60%, reckons Christopher Garman of Eurasia Group, a consultancy. That is enough to change the constitution, but apart from simplifying taxes the government seems content to let public opinion dictate the pace of reform. Mr Mantega, the finance minister, says it "wants to do a long-term fiscal programme where spending is under control". But it is relying on economic growth and a proposed cap on public salaries to reduce state spending as a share of GDP.

A stronger reforming impulse may come from regional government. Aécio Neves, governor of Minas Gerais, eliminated his state's budget deficit and shook up the bureaucracy. He was re-elected with 77% of the vote. Rio de Janeiro's new governor, Sérgio Cabral, has installed a cabinet of technocrats. His new chief of military police helped pioneer the sort of policing that pacified Cavalão. In São Paulo José Serra has promised to cut the time required to open a business from 152 days to 15. In 2010, when Lula's second and final term runs out, Brazil may elect as president the first state governor since Fernando Collor. Mr Serra and Mr Neves, both of the opposition Party of Brazilian Social Democracy (PSDB), will be among the strongest contenders. They will put efficiency on the national agenda.

The problem is that few Brazilian politicians can conceive of benevolence without power, when it is often by surrendering power—either to the markets or to institutions within the state—that they can do the most good. Police in Rio require the same esprit de corps as regulatory agencies in Brasília, but no party has dedicated itself to providing it. Lula's PT and the PSDB, the likeliest source of an alternative presidential candidate, are political rivals but philosophical kin. The two "liberal" parties excised that word from their names this year, in effect disavowing the creed that challenges the size of the state. Even the reformist Mr Neves has trouble tolerating an unfettered press in his home state.

It is this political lacuna that makes optimists about Brazil so impatient. Democracy and economic change are pulling it forward, but at a halting pace. If only Brazil could sort out the way it governs itself, it could be racing for glory.

Fonte: The Economist, v. 383, n. 8524, A special report on Brazil, p. 14-15, 14 April 2007.