

Chapter 1

BRAZIL

Brazil's Transition: From Constrained Liberalization to Vibrant Democracy

FRANCES HAGOPIAN

The Brazilian military ruled Brazil from 1964 to 1985; for half of that time, the opposition patiently played by the regime's rules in a protracted transition to democracy. Brazil's experience with democratization is instructive for the lessons it offers about the strategic decisions taken by both autocrats and democrats that can result in a peaceful transition—and how, in time, constraints on effective democratic governance imposed by institutional and substantive compromises can be overcome.

Democracy and Dictatorship

Brazil established a competitive political system at the end of the 19th century, but during decades of oligarchical rule the overwhelming majority of Brazilians were denied the effective rights of citizenship. Even as the political system opened to broader political participation and competition after World War II, the urban lower classes were well controlled, rural workers were not allowed to organize unions, and the illiterate could not vote. Although the country prospered in the late 1950s with infrastructural investment, import substituting industrialization, and the construction of a new national capital in Brasília, the political system began to strain. Institutional weakness—exemplified by a highly fragmented political party system and an ineffective Congress—did little to assuage the fears of an elite threatened by the mobilization of peasant leagues, the electoral advance of a populist labor party, and the president's leftist rhetoric.

At the height of the Cold War in April 1964, the Brazilian military, guided by doctrinal fears of Communist-inspired insurrection and civil war, reacted to the perfect storm of soaring inflation and dwindling foreign reserves, demands for land reform, the apparent ineptitude of civilian leaders, and intensifying labor and student unrest by staging a coup and imposing a military authori-

tarian regime. Military rulers then stabilized the economy, strengthened the state and expanded its role in the economy, abolished existing political parties, and turned harshly repressive, suspending habeas corpus—the right to be released from unlawful detention and not to suffer prolonged incarceration without a formal charge—and imposing press censorship and a state of siege. Like other Latin American militaries during this period, the Brazilian regime subjected enemies—real and imagined—to arbitrary detention, torture, exile, and even death. Nonetheless, even at the height of the repression, it was less brutal than its neighbors. Military courts routinely handed down “not guilty” verdicts, only about 500 politicians lost their political rights—including to hold office (as compared with 15,000 in Uruguay)—and the government was responsible for “only” 333 deaths, a per capita death toll 50 and 100 times lower than Chile and Argentina, respectively.

It was hugely important, as Fernando Henrique Cardoso stresses, that the Brazilian military regime clung to a veil of legality, staged regular legislative and municipal elections, and permitted representative institutions (including Congress and a pro-government official opposition party) to function. Although the regime cancelled elections for state governors and mayors of state capitals, manipulated electoral laws, and divested elected positions of meaningful constitutional powers, competitive elections ultimately paved the way for Brazil’s particular path to democratization.

The Political Transition

The Brazilian transition to democracy was gradual, launched from above, and tolerant of restricted partisan and civic mobilization. A fissure between “hard-line” military officers (who believed Brazil needed indefinite military rule to realize its potential) and “soft-liners” (who saw military rule as custodial and temporary and feared the future loss of civilian support for the military as an institution if the hard-liners’ repressive power was not restrained) created the opening for political liberalization. In early 1974, the new soft-line president General Ernesto Geisel signaled that he would “relax” military rule, ease up on press censorship, and allow a freer expression of ideas and elections. Seven years of double-digit growth, political and social stability, and an opposition so dispirited that it had considered disbanding in 1972 gave Geisel confidence that the regime could win competitive elections.

The opposition faced a familiar dilemma: boycott elections that could not possibly result in the unconditional transfer of power or use the space afforded by the regime to organize, advertise positions, and mobilize support for a democratic opening. It chose the latter. Facing accusations that they were legitimizing the dictatorship, Cardoso and others effectively argued that participating within the system—and indeed using the system to their advantage—was the surest path to democratic change. They were proved

right. The opposition immediately won 16 of the 22 contested Senate seats in 1974, increased its share of seats in the lower chamber from 28% to 44%, and took control of 5 additional state legislatures. This result was a stinging defeat for the government; Cardoso points out that it was not a result of a popular thirst for democracy but rather the opposition's effective campaign protesting bread-and-butter economic issues—notably the erosion of the purchasing power of workers' salaries amid an economic boom. Over the longer term, contesting elections strengthened the opposition's capacity to mobilize voters and pressure the government to stay the course of its political opening. Adhering to the logic articulated by Cardoso—the transition would not take place via a frontal assault on the regime's fortress but by laying siege to it until those on the inside were ready to deal—the opposition persisted even as the regime adroitly rewrote the rules, time and again, to manipulate the political process to its advantage in municipal (1976), congressional (1978), and, eventually, gubernatorial elections (1982). The opposition also understood that structural change and time were on its side. Economic growth and industrialization had moved millions of Brazilians into cities, created a strong middle class that was able to consume a range of durable goods from refrigerators to cars, and expanded the size of the working class to nearly 30% of the population.

A vibrant civil society also emerged in the space created by the political opening. Influential segments of elite opinion were the first to express reservations about authoritarian rule. The hierarchy of the Roman Catholic Church notably condemned repression, kept records of state-sponsored murder and violence in the countryside, sheltered striking workers, embraced democracy, and promoted grassroots groups that fostered the norms of participation. The death in October 1975 of prominent Jewish journalist Vladimir Herzog in the custody of the Intelligence Unit of the Second Army in São Paulo provoked the normally docile Association of Brazilian Lawyers to issue a statement charging the government with torture, and Cardinal Evaristo Arns bravely held a joint Catholic-Jewish ceremony for Herzog in the São Paulo cathedral that turned into the first mass protest against the military regime. A group of prominent entrepreneurs also courageously waged an anti-statism campaign in 1974, and a few years later drew a direct link between a strong interventionist state and arbitrary rule, and called for democracy as the only solution when the state controlled society rather than the other way around.

As political space opened, grassroots religious groups, neighborhood associations, and a powerful women's movement pressed for specific interests as well as greater political freedom. In the late 1970s, Luiz Inácio (Lula) da Silva led a new union movement that was suspicious of state intervention and drew strength from its connections to the shop floor instead of state patrons; the movement impressively mobilized thousands in the industrial heartland of São Paulo to strike for higher wages and collective bargaining rights. Civil society mobilization in elite circles, the streets, factories, and polls strength-

ened the bargaining hand of the political opposition. Against a military that had suffered no defeats in war or plebiscite and had negotiated its exit from a position of strength, the irrepressible tide of democratic fervor empowered the democratic opposition.

The transition accelerated with the gubernatorial elections of 1982. Seeking to reverse the plebiscitary quality that elections had assumed since 1974 by dividing the opposition, the regime allowed new parties to form beginning in 1979. The opposition predictably split into five parties, ranging from Lula's Workers' Party (Partido dos Trabalhadores, or PT) on the left to a short-lived moderate party on the right (which dissolved itself in 1981 after the government imposed yet another set of rules forbidding electoral alliances), but the opposition's decision to contest elections in the face of the blatant manipulation of electoral rules once again bore fruit. With annual inflation raging at over 200% and the economy mired in a deep recession caused by the mounting cost of servicing a staggering foreign debt, opposition parties elected 10 governors in the most industrialized and developed states of Brazil, which accounted for three-fifths of the national electorate and three-quarters of the gross domestic product, including São Paulo, Minas Gerais, and Rio de Janeiro. Thereafter, a slim opposition majority in the lower chamber compelled the government to negotiate controversial bills, and even regime party governors became more accountable to their constituencies than to the military government.

Even after these electoral setbacks, the military, convinced that the regime candidate would prevail in an Electoral College that was stacked with thousands of pro-regime mayors and state assemblymen, stayed on course to hand power to a civilian president in 1985. In 1984, with the goal of passing a constitutional amendment to force direct presidential elections, the opposition mobilized the campaign for Direct Elections Now that drew millions of protesters chanting "Direct Elections Now" in massive street demonstrations sequenced in major state capitals across Brazil, beginning in São Paulo in January. The military did not interfere. Although the opposition narrowly failed to win the two-thirds congressional majority needed to change the constitution, it opted to contest the indirect election. The military regime's party nominated a highly controversial presidential candidate that set in motion an avalanche of defections among the political class, which helped opposition candidate Tancredo Neves (the moderate governor of the important state of Minas Gerais and a commanding, consensus-building politician) win the election.

Building a Democracy: The Role of Fernando Henrique Cardoso

The Brazilian transition to democracy continued after the military handed over power to a civilian president in 1985, and Brazilians faced the hard challenges of constructing a democratic regime. The first challenge was to estab-

lish civilian control over the military without triggering a military backlash. The military wished to avoid prosecution for human rights abuses (after the Argentine government put top military officers on trial, all Latin American militaries harbored such fears), retain control over military affairs (promotions, budgets, and weapons procurement), and continue to play a constitutional role in “guaranteeing internal order.” Although no military officers were prosecuted, in time, civilian governments opened the archives of military repression and compensated the families of 265 victims who had been killed or disappeared under the military regime. Civilian governments also curbed the military’s national security ambitions in the Amazon, clamped down on political comments by active duty officers, suspended purchases of jet fighter planes, and halted the country’s nuclear enrichment program. Most notably, at the end of his first term as president, in a brilliant sequence of steps laid out in his interview, Cardoso definitively reduced the power of uniformed military officers in the cabinet when he abolished three separate service ministries and named a civilian to head a new Ministry of Defense.

Democratic leaders also had to balance demands for economic redistribution and justice with the need to establish property rights and assuage the fears of economic elites. The issues of agrarian reform and property rights were particularly explosive, as agrarian elites and cattle ranchers often met land seizures carried out by the Movement of Those without Land (*Movimento dos Trabalhadores Rurais Sem Terra*) with ruthless violence. Ultimately, the questions of redistribution and rights were settled in the Congress, which (doubling as a Constituent Assembly) drafted, debated, and ultimately promulgated a new democratic constitution in 1988. The right effectively turned the tide against agrarian reform in Congress, but other rights that were written into the constitution—including labor rights, indigenous rights, and the universal right of all citizens to health care—became permanent commitments of Brazilian democracy. A president was finally elected by popular vote in 1989.

Throughout the years of transition, Fernando Henrique Cardoso was the opposition’s intellectual leader and one of the most outspoken and influential critics of the military regime. Striking a middle ground between radical and moderate camps, Cardoso helped to prevent the opposition from splintering. He backed labor strikes and Lula’s release from prison but restrained the opposition from pushing for too much too fast. He admired the Spanish model. A visible figure in the campaign for Direct Elections Now from the outset (he delivered the opposition’s keynote Senate speech in favor of the constitutional amendment), Cardoso—who believed there was a real possibility of defeating the government’s candidate despite the obstacles—persuaded the opposition not to withdraw from the elections and convinced Ulysses Guimarães, a key opposition leader, to help coordinate Tancredo Neves’s campaign. Cardoso

10 DEMOCRATIC TRANSITIONS

also played an important role in drafting the democratic constitution of 1988 as the rapporteur of the Internal Rules Committee and the Commission of Systematization. In 1993, as finance minister, he worked with a team of academic economists to develop the Real Plan to curb inflation and then used his persuasive talents to get the plan adopted, implemented, and accepted at a time, he reveals, when the Congress was weak. In 1994, a public grateful for his role in vanquishing inflation elected Cardoso president. His administration's economic reforms laid the foundation for economic and democratic stability.

The Brazilian transition to genuine democratic governance was ultimately in some ways harder than other transitions, such as Argentina's, where military defeat undermined the credibility of the armed forces. But Brazil's complex social structure, highly urban society, and political culture shaped by the country's politicoelectoral history made pressure for gradual democratization through the electoral process entirely viable. The democratic opposition accepted the regime's rules and pace, and made countless compromises along the way. Whether these compromises unnecessarily prolonged the transition, as some argued at the time, we cannot know for sure. But with hindsight it is now clear that they did not permanently constrain democracy. Civilian control was unambiguously established over the military, social welfare provisions were dramatically expanded, more equitable economic growth has occurred, and today democracy in Brazil is vibrant, innovative, and deeply entrenched.

Biosketch of Fernando Henrique Cardoso, President of Brazil 1995–2003

PHOTO: YASUYOSHI CHIBA / SCANPIX



Fernando Henrique Cardoso made his initial professional reputation as a sociologist; his dissertation and first book were on race in Brazil. He soon displayed his political and administrative talents in the governance of the University of São Paulo. Deprived by the military regime of his tenured position there, Cardoso went into exile in Chile, where he coauthored a landmark volume on dependency and development. He turned down attractive international academic posts to return to Brazil in 1968. With help from the Ford Foundation, he cofounded CEBRAP (Centro Brasileiro de Análise e Planejamento, or Brazilian Center for Analysis and Planning), an independent social science research center, where he led the development of research on urban São Paulo, focusing on income distribution and other themes with policy implications that challenged the military regime. Cardoso entered elective politics in the partially free 1978 congressional elections, then played an increasingly important role in Congress as a member of the opposition, and cofounded the Social Democratic Party of Brazil.

As an opposition leader in Brazil's gradual transition, Cardoso built bridges among opponents of the military regime and then in the country's successive democratic governments. He served as rapporteur of the congressional com-

mittees that fashioned Brazil's 1988 constitution. As finance minister, beginning in 1993, he drew upon academic expertise to curb inflation with the Real Plan and won public support by articulating the new economic approach to the broad citizenry. The success of the Real Plan strongly aided his election as president in 1994. Cardoso then used his personal and relationship-building skills to forge a governing coalition. He also drew on his family's extensive military background to understand the mores of the Brazilian officers and win their support for important reforms, including the establishment of a civilian Ministry of Defense. He served two presidential terms, oversaw market-opening economic reforms and active international diplomacy, and then led a seamless transition to the longtime left and labor leader Luiz Inácio (Lula) da Silva, elected in 2002, who continued and extended many of Cardoso's economic and social policies.

Interview with President Fernando Henrique Cardoso

What were the critical factors that contributed to the transition from military rule to democratic governance in Brazil?

First, one must bear in mind that the Brazilian transition was carried out during the Cold War, with a world divided in two. The military coup of March 31, 1964, cannot be explained otherwise. The thawing of the Cold War, in turn, helped the transition. In other words, international circumstances matter—even though they are not the essential factor.

It is the internal factors that are essential. Brazil's experience shows the importance of combining social pressure with occupying institutional spaces, even when these are narrow at first. The military in Brazil kept the Congress running, except for a brief period. They did not prohibit political party life; they suppressed the previous parties but created two new parties during the same time as they established mechanisms typical of arbitrary rule. Under the national security directive, the military could not (and did not want to) let go of the appearance of liberal institutions. The existence of these institutions was fundamental to the dynamics of the transition. Social pressure could find expression in the elections. Partial gains, in turn, reinforced the social pressure against the regime.

In this process a new society gradually emerged and found new forms of unarmed struggle. Armed struggle was a disaster and served as a justification for the worst period of political repression by the military regime, which took place from 1968 to 1973.

Social Mobilization

How did you become involved in the political process?

I threw myself into this struggle at great risk. My path was from society to politics. In 1973, I began to have a strong public voice. The Brazilian Society for the Advancement of Science, which was a sort of conglomerate of independent opposition people—professors, scientists, and other independent intellectuals who criticized the regime—was a forum for discussion and criticism that was important for undermining the regime.

The CEBRAP was also a major instrument for intellectual mobilization. We created this center with support from the Ford Foundation, which brought considerable internal debate because the Ford Foundation is a US organization. People had doubts as to whether it was legitimate for a US foundation to provide support, but I had already worked at ECLA (United Nations Economic Commission for Latin America), and I didn't share this apprehension. CEBRAP became an important center, and many people who later played a key role in Brazil's intellectual life went through there, including Pedro Malan, José Serra, and Luciano Coutinho [who later became finance minister, governor of São Paulo and presidential candidate, and president of the National Development Bank, respectively]. We didn't belong to any party, but we did accept people who were getting out of prison on the condition that they end their association with the armed struggle. There we worked with the Church, especially with the Cardinal of São Paulo, Dom Paulo Evaristo Arns. I gave many talks at convents, and in 1975 I wrote a book with other researchers from CEBRAP called *São Paulo: Growth and Poverty*, which denounced Brazil's social situation at the time.

Even though economic growth was 7% annually, the social situation was worsening due to internal migration and huge population growth. The state did not have the wherewithal to provide more health care, education, or transport. In addition, there was a get-tough policy to hold wages down.

How did the sense of freedom awaken and connect with social movements? How did the political forces begin to organize?

There was political space for social criticism—opposing torture, for example—and the Catholic Church did a lot. The Cardinal Bishop of São Paulo, Dom Paulo Evaristo Arns, was a very active man, and opposed torture. In 1975, we held a very large demonstration when they killed the director of TV Cultura, Vladimir Herzog. Dom Paulo was very bold when he made the decision to organize a protest mass with Rabbi Henry Sobel and Presbyterian Pastor James Wright. The governor of São Paulo (appointed by President Ernesto Geisel, 1974–79),

Paulo Egídio Martins, was a friend of ours who had a conservative liberal position. Dom Paulo sent a messenger to speak with the secretary of interior, and he answered, “you know, you can cause a massacre,” and Dom Paulo called me and we spoke. In the end, he decided to go forward with the mass, which was the first popular mobilization against the regime. He gave a hard-hitting homily; Cardinal Helder Câmara was in attendance, and I participated with the priests at the altar.

Building a Coalition

In 1974, there was already a major change in the opposition. The opposition leader was a legislator by the name of Ulysses Guimarães, an extraordinary man from the former Partido Social Democrático (Social Democratic Party), the main government party before the military coup. Ulysses had conservative origins, and little by little he emerged as a leader of the redemocratization effort. He wanted to breathe new life into the Movimento Democrático Brasileiro (MDB, or Brazilian Democratic Movement), the only legal party opposing the dictatorship. In 1974, there were elections, and he came to see me at CEBRAP with his friend, another legislator. Ulysses had read my articles, where I mentioned that it was time for the left to grow closer to the MDB. At that time, that proposal was a sin in the eyes of many. Colleagues argued that we had to be pure—that the genuine opposition should not make contact with an opposition that enjoyed the consent of the regime. In the article, I had argued that it would not be possible to break the military domination without an alliance among various sectors. Ulysses Guimarães came to my office without knowing what CEBRAP was; we were a research center, not a political organization. For us to act politically, one had to ask who was ready and willing. Some of my colleagues agreed to prepare a campaign program for the MDB in 1974. Among those working together were Francisco Weffort and Francisco de Oliveira, both of whom would join the Workers’ Party (PT, or Partido dos Trabalhadores) years later; Bolívar Lamounier; Professor Maria Hermínia Tavares de Almeida; and Paulo Singer, who is with the PT to this day. That program was a framework for future programs. It wasn’t enough to criticize the violence and torture and to talk about democracy; one also had to speak of women, blacks, indigenous peoples, civil society, and the trade unions, and to respond to the intense social pressure to seek redress for grievances. It was a social democratic program.

Creating a Consensus for Change

At that time, some of our group thought that social democracy was a betrayal. Nonetheless, in practice I no longer thought so. Ulysses Guimarães invited Chico Oliveira and me to Brasília to present the program to the leaders of the

MDB—the old political leaders who had fought with the military government, including Tancredo Neves and André Franco Montoro, among others. We did not think they were going to accept it, but to our surprise, all adhered to the program. For them it was mainly important to include more people in the opposition, and they weren't very concerned about the program, except for Ulysses Guimarães.

Then came the 1974 elections. The opposition won 16 of the 22 seats up for grabs in the Senate and elected 161 members of the lower chamber—less than the government party but much more than in the 1970 elections. These results were a total surprise for the regime. It turned out well for the opposition because the economic situation of the masses was poor, not because they opposed the regime. Then the opening began. Golbery do Couto e Silva was Geisel's lead political minister even though he was a military man. In 1964, he had established the National Information Service, which played a key role in the repression. Yet Golbery returned to the government concerned about limiting the power of the extreme right and the repressive apparatus.

Geisel had an ambiguous attitude. On one occasion, the police came to CEBRAP and arrested several researchers. They were not involved in any subversive movement, yet they were tortured at the police facilities in São Paulo. When they were released, I took them to the home of a friend of mine, Severo Gomes, who at the time was one of Geisel's ministers; he was later a senator for the opposition party. Severo asked me to write a letter to Geisel about what had happened, and he took it to him. Geisel told Severo that I was also a Communist. "What do you mean, 'a Communist'?" answered Severo. Geisel was a tough person, but he was influenced by Golbery do Couto e Silva. With a certain easing-up of the regime, the press began to take more risks. There was a daily newspaper called the *Gazeta Mercantil* that was influenced by people who had been Communists; some were major intellectuals. In 1977, I believe, they created a forum of the 10 most important business leaders of Brazil. They began to criticize the excessive gigantism of the "entrepreneur state." It was unusual, for the press had invented a leadership that was, in fact, dispersed. It was not a question of leadership of the business associations, but rather of major individual business leaders, who were themselves economically strong.

The voice of the press had repercussions in the government. The two leading daily newspapers of São Paulo played a role in this. Ever since the 1968 Institutional Act 5 (AI-5),¹ O Estado de São Paulo had protested press censorship by publishing several verses by the poet Luís de Camões in place of articles the government had censored. The mobilization against censorship (and in favor of repealing AI-5) picked up momentum. It was Golbery, mainly, who perceived the need to move forward with liberalizing the regime. The idea was to proceed with liberalization with the slogan "slow, gradual and sure." But we opposed that; we wanted to proceed more quickly, even if it wasn't so sure. The transformation wasn't linear; there were moments when Geisel was

under considerable pressure, and others when he enjoyed more freedom of action to liberalize.

In 1977, other interesting events ensued. Ulysses had been the anti-candidate for president, going up against Geisel in the Electoral College, which was controlled by the dictatorship. At the same time, a movement of unionized workers emerged, which was not linked to the Communist Party or to any other part of the preexisting left. Then Lula appeared; he was the secretary general of the São Bernardo union, and then its president. He did not have a political formation and opposed the idea of political parties, but he had considerable skills as a speaker. As he did not come out of the left, his way of seeing things was not the usual perspective. With support from the German unions, which were very strong in the automobile sector, the new union began to stage strikes around economic demands without a broader political program. Yet the economic grievances came to present themselves as claims for rights. A group of lawyers associated with the unions—among them Almir Pazzianotto, who was later Sarney's labor minister—played an important role in this regard. With this new approach, these unions grew.

In 1977, I entered the MDB. The next year I went to Lula's union, for the first time, as a precandidate for the Senate. Lula sent me a message saying he wanted to support me. I was impressed because he had a powerful apparatus. The unions began to become politicized. Some of Lula's strikes, especially in 1978–79, mobilized people, the Church, the intellectuals, and part of the MDB.

Defeating the Authoritarian System from Within

In 1978, there were new elections for Congress. The opposition did not obtain a majority in either the Chamber of Deputies or the Senate [in 1977, the government had introduced the so-called bionic senator, elected indirectly, to ensure that it would not lose its majority in the Senate]. Nonetheless, the opposition got a very good number of votes, especially in the most socially and economically dynamic states and localities. The idea then came about to run a dissident member of the military in the elections to succeed Geisel. We knew the likelihood of winning in the Electoral College was very slim. Despite the growth of the opposition in Congress, especially in the lower house, the regime had the Electoral College under its control—including, among others, representatives to the provincial legislative assemblies. Our objective was not to win, but to show strength vis-à-vis the regime in its own court.

I was in Rio with Severo Gomes, who had already stepped down from the government and moved to the opposition, and he suggested that we go to the home of General Euler Bentes Monteiro, who appeared to oppose the government candidate, General João Batista de Figueiredo. At that first meeting, General Euler Bentes told us that he would agree to be the opposition candidate, and Severo told us to consult with Ulysses Guimarães. Ulysses's reaction was

cold because he was promoting a civilian candidacy—that of the former governor of Minas Gerais, Magalhães Pinto, who distanced himself from the regime and had begun to embrace a new position. Ulysses wanted Magalhães to be the candidate because he was a civilian, and, although he was close to the regime, he represented internal opposition to it. On one occasion, when I was a senator, Magalhães called me. He asked me if I knew that our children were dating, and added that he didn't want it to be known. Afterward, my son married his daughter. They've divorced, but my grandchildren are also his grandchildren.

Ulysses had the idea of opening a breach in the regime using Magalhães, and now this Army general was coming forward who also wanted to be the candidate. I preferred the general because he would crack the regime closer to its foundation. Some time elapsed without Ulysses making a decision. He called me and asked, "What do you really think of this general?" I replied, "I think you are holding back your support." He did not like my response at all and told me, "but you know that São Paulo is civilian oriented." "I know," I answered, "but this is a military regime and it's the first time an active duty four-star military officer has switched sides, and we are not going to win without breaking them from within as well."

My conception was always that the transition would not occur without a direct confrontation. I always used the following image: they are a fortress; we have to surround the fortress, and if we impose a strong cordon, those on the inside will get hungry and seek us out. Then the transition will occur as the result of a sort of confluence of forces that break away from the government to join the opposition. It will not be the opposition alone. My view, however, was considered by many to be a position that could be taken advantage of by the regime.

I believe that my perspective eventually won out. Euller was the candidate, but he lost—it was an election to be lost—for there was no way he could have won, but the breach remained.

What was the military's strategy, and how did they act to counter a growing opposition?

At first, Golbery wanted a slow transition. The votes won by the opposition in 1974 and 1978 were surprising. The government reacted by delaying the return to elected state governments, which had been anticipated for 1978. It brought the two-party political arrangement to an end in 1979. This measure was aimed at dividing the opposition front. It was in this context that the PT arose. At first, the new union movement was looked upon favorably by the government; never before had a trade union leader appeared on the front pages of the magazines as Lula did. Because Lula was new, he was not associated with the Cold War or with the old left; he represented something new. The most moder-

ate sectors of the MDB also tried to create another party called the PP—Partido Popular—with the encouragement of the government, under the leadership of Tancredo Neves. Olavo Setúbal, who had been appointed mayor of São Paulo by Geisel and was a major banker, joined the party. Yet the PP was short lived; its cadre returned, for the most part, to the MDB, which came to be called the PMDB (Partido do Movimento Democrático Brasileiro, or Brazilian Democratic Movement Party).

How was the struggle for democracy activated in this new stage of the transition?

At that time, other movements emerged: a very strong movement for amnesty, even at the end of the Geisel administration, plus the strikes organized by Lula. Interestingly, Lula did not support the amnesty because he said that a real amnesty for workers would be ending Vargas's labor legislation, which tied the state to the unions. The new union leaders had a more independent outlook, with a more Catholic and non-statist influence. The new unionism sought to break the ties with the government. They fought for a more autonomous union. We were involved in the struggle for political amnesty. The major figure in that struggle was Senator Teotônio Vilela, a relative of mine on my mother's side. He also supported the regime but changed his views at the end. People began to change positions. Teotônio became a hero of the opposition; the name of my party's foundation is Teotônio Vilela, even though he was with ARENA (Aliança Renovadora Nacional, or the National Renewal Alliance Party), the government party under the two-party system.

The Amnesty Law was adopted at that time. The return of those who'd been in exile had an impact on the formation of the new parties, especially the PT and the PDT (Partido Democrático Trabalhista, or Democratic Labor Party), the party created by Leonel Brizola. [The military succeeded in taking the former PTB, or Partido Trabalhista do Brasil, from him; it was left in the hands of Ivete Vargas, the great-niece of President Getúlio Vargas.] Golbery and the government maneuvered for her, and not Brizola, to carry the symbolic banner of the PTB.

The Experience of Exile

In many transitions there are tensions between the exiles and the leaders of the opposition on the inside. What lessons does Brazil's experience offer in this regard?

There is always tension between the people who are in the country struggling against the regime and those who are outside, the exiles. I was outside and inside at different stages. Those inside, who are experiencing the situation on a day-to-day basis, are more able to realize what's happening at different stages in the process, yet at the same time they are scornful of those who are outside.

I clearly recall a talk in Paris with Brizola. He insisted that as soon as he returned to Brazil, the MDB would become the PTB, which was his and Getúlio Vargas's old party. He did not believe in the continuity of the MDB and thought the PTB was going to return as strong as it had been earlier. Time went by, and after the amnesty he returned to Brazil. We went to the home of a journalist by the name of Claudio Abramo, at a gathering of young people, and others who were not so young, with Brizola. All of a sudden, one man got up and corrected a number of things Brizola said about the trade union movement. Brizola became irritated and challenged him: "What do you know about that? Who are you?" It turns out he was the lawyer for Lula's union, Almir Pazzianotto. Brizola was recalling the trade union world of his time, without realizing that we were in another time; he thought that on returning he was going to retake everything. He had retaken something, but it was never the same, and the MDB was much stronger than Brizola's party.

I recall that Ulysses Guimarães, the great leader of the redemocratization movement, looked down on Brizola and Arraes, old-school politicians who were in exile. Ulysses was going to Europe but did not intend to speak with them. There was a certain tension between the opposition leadership here and there, and since I had contact with both, to some extent I served as a bridge. Ulysses once called and told me that Arraes, who (according to Ulysses) was the head of the Communist Party, was going to return. There's always that failure to find common ground, and it was not easy to get the two groups to work together.

Defeating the Authoritarian System from Within

How did you come to be senator and Franco Montoro become governor?

I ran for the Senate in the 1978 elections. There was considerable doubt as to whether the electoral authorities would allow my candidacy. AI-5 got me thrown out of the university in 1969. I was forced into retirement; I was 37 years old and a professor at the University of São Paulo. The law did not permit me to be accepted as a candidate. That allowed me to assure my wife that, for me, being a candidate was just a protest and not the beginning of a political career.

At that time there was a system of incorporating internal party elections into the general election, known as the system of *lemas*. As in Uruguay, each political party could nominate up to three candidates for Senate, and those candidates' votes were added up to decide which party won; of the three, the one with the most votes would win the seat. The objective of my candidacy was to increase the vote for the MDB by drawing in younger people, intellectuals, artists, etc. So they held a meeting at the home of a friend of mine, José Gregori, who was later minister of justice in my administration; at that time he

was a member of the Church's Justice and Peace Commission. Those present reached the conclusion that I was the only one who had a certain presence in society, although that wasn't so obvious then, because I wasn't a legislator and I didn't have a political life. The courts of São Paulo rejected my candidacy and the Court of Appeals also rejected it. Then, just two weeks before the election, the Federal Supreme Court accepted it. A judge agreed with the argument that university tenure is for life, and that no one can be condemned to lose their political rights for life.

I received 1,300,000 votes, more than the ARENA candidate and less than Montoro. So from 1978 on they invented the notion that I was the alternate senator. There was no such position. When they introduced us, Montoro's ticket had one alternate and I had another; mine was chosen by Lula. My alternate was Maurício Soares, who was associated with the metallurgical workers' union. Montoro's was the mayor of Campinas.

In 1982, Montoro became governor and I replaced him, taking his place as senator. I was in Berkeley, as a visiting professor, and Professor Robert Bellah called me to offer me a permanent position in the university. I turned down the offer because I had decided to return to Brazil to become a senator.

The Campaign for Direct Election of the President

Another moment in the struggle for redemocratization began, a struggle in the streets: the campaign for Direct Elections Now (Diretas Já). This happened because, in the 1982 elections (when, for the first time since 1965, there were also elections for state governors), the opposition won São Paulo with Montoro, Minas with Tancredo, and Rio with Brizola.

The movement for Direct Elections Now emerged in this context: the regime was operating from the trenches of Brasília, with governors allied with it in the states that had less social mobilization and economic dynamism, while the opposition had won new bases of power: the governors' offices of Brazil's three leading states. André Franco Montoro, governor of São Paulo, was decisive in the Diretas Já campaign.

With Montoro elected governor of São Paulo, I assumed office as senator in 1982. I also became the chairman of the PMDB in São Paulo because the sitting chairman, Mário Covas, was appointed mayor of the city of São Paulo by Montoro (direct elections for the state governments preceded direct elections for mayors of the state capitals). I was the chairman of the MDB at the time of the campaign for direct elections, and I tell you that to reiterate how important Montoro was. In late 1983, Montoro called and told me the time had come to hold a major rally in favor of direct elections to the presidency of the republic. I told him that I didn't think the conditions were right. I consulted the party; the Executive Committee unanimously decided that it was insane, that we

were going to expose ourselves. So I suggested to Montoro that we speak with the other parties; I sought out the PT, but the PT wanted to go it alone, for they opposed alliances at that time.

The PT held a rally in October or November 1983 in favor of direct elections; I went. They didn't jeer when I asked for a minute of silence for the death of Teotônio Vilela. It was a very small rally, a very sectarian thing of the PT. Montoro wanted to do something much broader, with Brizola, Lula, Ulysses, and all leaders of the parties opposing the government. And so he called a rally of the different opposition groups for January 25, 1984, in the plaza in front of the great Cathedral of São Paulo.

January 25 is the date of the founding of the city of São Paulo and of the University of São Paulo, so I went as a professor to the celebration of the university. We were there when José Gregori (then a legislator), who was in the plaza at the cathedral, called me by phone and said, "come here, because there's quite a crowd." The loudspeakers were not enough for all the people; the crowd continued to grow despite the rain. So we went, and we were surprised by the number of people. It was the first large rally, to be followed by others. Everyone came together there: Lula, Montoro, Tancredo. The people harassed the TV Globo vehicles; Globo had taken a long time to give the campaign coverage proportional to its significance and size. Then came the huge campaign of support for a constitutional amendment reestablishing direct elections for president of the republic, called the Dante de Oliveira amendment, the name of the PMDB legislator from Mato Grosso who introduced it.

In April 1984, the amendment went to a vote before the Congress. It won by a wide majority in the Chamber of Deputies but failed to gain the number of votes needed to change the constitution. So the question arose as to what to do next. A few weeks went by.

Having failed to secure approval of direct presidential elections, how did you react?

I went to the Senate and gave a speech with the message "change now," which meant that we were going to fight in Congress for the election of a new president. **We would accept that once again the election could be indirect. It was not an easy decision. We intended to use the instruments of the regime to change it, but if we were not successful, we could end up helping the regime gain legitimacy.** At a dinner that brought four or five of us together, including Ulysses, I told him that of those of us who had come together, I had paid the highest price under the military regime because I went into exile, lost my position at the university, was imprisoned, and had been targeted by threats. The others present had not suffered all this. I said that I was not willing to see the situation in Brazil continue any longer, that I believed there was an opportunity to win through indirect elections and bring about a change. Ulysses,

whom I admire profoundly, told me that we should make the decision but that he was not going to follow that path—he continued to believe that we should insist on mobilizing to support direct elections.

Defeating the Authoritarian System from Within

Our candidate for the direct elections was Ulysses, but not for the indirect elections, because he had fought a lot with the military, was harsher in his criticism, and had fewer votes in Congress. Montoro or Tancredo could win congressional approval. We wanted direct elections, but once we lost that battle, we decided to wage the fight in Congress. Thus began a new stage: how could an opposition candidate win in the Electoral College? Who was going to be the candidate? There were two possible choices: Montoro and Tancredo.

Montoro was the governor of São Paulo and had more popular votes than Tancredo, but Tancredo had a better chance in terms of votes in Congress. His outlook was more acceptable, including for the military, and he was a more agreeable person than Ulysses. Once when I was president of the party in São Paulo, Ulysses came to see me at the headquarters, which was a mansion. We approached the window, near a large tree. He asked me what I thought about the fact that Montoro's secretary of interior had given an interview to *Veja* magazine in which he said he could support Tancredo. "Do you believe that Montoro also supports Tancredo?" he asked me. "Well," I told him, "I think so; to win, it's Tancredo." He didn't like my answer, but he was a great man. He asked me, "What do you think I should do?" I told him that he should support Tancredo and run the campaign. He answered that he wanted to hear that directly from Montoro.

We had a terrible dinner at the palace—with Montoro, his secretary of interior Roberto Gusmão, Ulysses, and me—at which Ulysses demanded that each person around the table state what he really thought. Ulysses realized it was Tancredo's moment. He was a formidable guy, and he agreed to embrace Tancredo's campaign completely. Winning in Congress required wider support from other factions of those who were backing the government. So a group was formed called the Frente Liberal, which separated from the government party. It had already changed its name when multiparty politics was established. Having been known as ARENA, it came to be called the Partido Democrático Social (PDS), and then the Partido del Frente Liberal (PFL) emerged from the PDS.

We wanted the vice presidential candidate to be Aureliano Chaves or Marco Maciel, but the PFL came up with Jose Sarney. Sarney had recently stepped down as chairman of the PDS. He wasn't our first choice. Nonetheless, that was the decision. If we wanted the support of the Frente Liberal, it was with Sarney, so the ticket was Tancredo-Sarney. It was very difficult to win approval of this ticket in our party, the PMDB. More than 100 of the 500 voting delegates at

the convention that approved the Tancredo-Sarney ticket voted against it. In January 1985, Tancredo was elected president in the Electoral College.

Ulysses carried considerable weight in the selection of president-elect Tancredo's cabinet ministers. I had a very good relationship with both of them. Sometime between January and March, when the new president was to take office, Tancredo took me to his office one day at the Fundação Getúlio Vargas in Brasília and told me, in his style, "I'd like to invite you to be a minister, but I have four ministers from São Paulo, and if I were to appoint you, I'd have a fifth." I answered that I did not aspire to the cabinet post. It would be difficult for me to give up my seat in the Senate, and I wanted to be the leader of the PMDB in the Senate if the cabinet appointment of the other candidate for leader in the Senate, Pedro Simon, was confirmed. Simon was then appointed by Tancredo, and the person who was seeking the presidency of the Senate for my party, Humberto Lucena, lost his election but wanted to continue in his leadership position within the party. That's why Tancredo asked that I give it up.

Two or three days before turning over the helm of the party, I was called by Ulysses, who said that Tancredo had just appointed me leader of the pro-government forces in Congress. I was surprised, because the position did not exist. I then went to speak with Tancredo. He was at his ranch with Miguel Arraes. He finished speaking with Arraes and then he came to me. I asked him what the appointment was about and he told me, "don't worry, I already called the Senate and I told them to tear down some walls so your office will be the largest in the Senate. That way everyone will know you're in charge. Moreover, it's more important to be a leader than a minister." And we went to have lunch: Tancredo, his wife, Arraes, and I. Arraes was a leader of the left, but a very close friend of mine and Tancredo's good friend as well.

Setbacks

The sudden illness and death of president-elect Tancredo Neves must have been a shock for the process of democratic transition. What happened when it became necessary to replace him as the first civilian president after the military regime?

On the eve of the inauguration, I was at the Embassy of Portugal with Mário Soares, Ulysses Guimarães, and other political leaders when we were advised by phone that Tancredo had been taken to hospital. Several of us went to the hospital to find out what was going on. There was a waiting room. The physician went through to perform surgery, and there was great uncertainty. Then a discussion ensued about who would replace Tancredo on an interim basis. Sarney, who was very skillful, said that it would not be he, and suggested Ulysses, arguing that he had not yet been sworn in as vice president, and that the next in the line of succession was the speaker of the Chamber of Deputies,

who was Ulysses. Ulysses, however, argued that Sarney should occupy the presidency until Tancredo recovered. The discussion unfolded at the hospital. There they decided to go to the home of the chief of staff of the presidency, Leitão de Abreu. He was an ultraconservative jurist from southern Brazil, but a very decent man. It was he, when he was serving as a justice of the Supreme Court, who had handed down the ruling that allowed for my Senate candidacy in 1978.

Ulysses, José Fragelli (president of the Senate), General Leônidas (appointed minister of the Army), and I all arrived at one o'clock in the morning. Leitão de Abreu was asleep. He woke up and got dressed, even putting on a tie, very formal, and the discussion began. He too believed that Ulysses should become interim president. I recalled the case of president-elect Rodrigues Alves, who died before taking office and was replaced by his vice president in 1918, but I did not know the exact circumstances. The decision, basically made by Ulysses and Leitão de Abreu with the consent of the president of the Senate, was clear: José Sarney would replace Tancredo Neves.

We left Leitão de Abreu's house and went to the Congress. We met in the office of the president of the Senate. Other legislators and politicians joined. My party was furious because they wanted Ulysses, not Sarney. I remember that the speech by Afonso Arinos was decisive. Arinos was a renowned constitutional scholar in addition to being the biographer of Rodrigues Alves. He said that it should be Sarney. I don't know why Ulysses wanted Sarney. People say that it was because he calculated that if he himself were to assume the presidency, he would not be able to be a candidate for the next presidential term. The truth is that no one knew that Tancredo was going to die: for us it was a matter of one week. We were not discussing who was going to be the future president of Brazil; we discussed who could occupy the position in the interim, causing the least possible harm. So Ulysses wasn't in fact worried about the next election, but he was fearful of provoking a very strong reaction from the military. Ulysses was quite confrontational with the military; he was a grandiose guy, so the issues being debated were never small.

This illustrates the uncertain circumstances of the transition. We were approaching the succession to the military government, and we were still very cautious. **Transitions are very complicated; one must do a lot of calculating because you never know what's going to happen the next day. You have to maintain an overall view and always keep your eye on the main objective.** The main objective was to win power, but how? Under what conditions? When? What are the preconditions for being able to govern? With whom is an alliance acceptable, and with whom it is not? And how to go about that? There's never any certainty. In our case, Tancredo died and Sarney became the first nonmilitary president, he who had been one of the political leaders of the authoritarian military regime! The situation was extremely delicate and continued to be so throughout Sarney's term in office; Sarney inherited a cabinet put

together by Tancredo in collaboration with Ulysses. Ulysses was the big leader, and Sarney did not have effective strength in Congress, at least at the beginning of his term.

What were the most important decisions Sarney made, and how was it possible to maintain the cohesion of the democratic forces?

Once Sarney had become president, Ulysses hosted a dinner at his home with all the ministers, except the minister of the treasury, Francisco Dornelles, since he was not from the PMDB. I went to Dornelles's house to explain to him that the dinner was not a meeting against him. Ulysses brought together all the ministers, so it was almost a challenge to Sarney. At one point Sarney did not know what to do, and while Tancredo was alive it was very difficult. Sarney was—and yet wasn't—in charge, and the time came when we were telling him to start governing, because Tancredo was not coming back. But he was fraught with indecision, and we were afraid. Sarney was very skillful. I resigned my fictitious position as leader of the Congress, but Sarney asked me not to because it was going to seem as if he were losing people, above all because he needed people for the dialogue with the left. So I stayed on for a year as Sarney's leader in Congress. It was very difficult due to the political tensions between Sarney and Ulysses. Each time there was a crisis, Sarney sought the support of the military. He was very close to the military; he knew the generals well.

New Constitution and System of Government

Under pressure, but by his own decision, Sarney called a national Constituent Assembly. This had been one of the issues of the opposition: to truly change the previous regime, and the constitution that had been decreed by the military. It was a very important moment for the country. The assembly lasted almost two years, from early 1987 to late 1988. Most of the old opposition wanted a very social democratic constitution, in which full rights and liberties would be guaranteed and social rights would be expanded. Sarney organized a group that was more conservative.

Of the political issues, the big topic of debate was whether the presidential system should be replaced by a parliamentary one. Part of the PMDB was parliamentarianist—those of us who would later form the PSDB. Ulysses was presidentialist, like Sarney, and like the military, whom I sought out to explain how the proposed parliamentary system would work. (I recall a major debate with the minister of the Army.) The discussion of the system of government was combined with a debate on the duration of Sarney's term. The term inherited from the previous constitution was six years. Sarney did not want the assembly to change the duration of his term, but most of the opposition

defended a term of four years. Sarney was able to organize a sufficient base of support to ensure a five-year term. His minister of communications, Antonio Carlos Magalhães, played a key role in this effort. Like Sarney, ACM, as we called Magalhães, had been a major political figure in the military regime.

Role of the Military in Constitutional Reform

I believe the military were reasonable; they appointed advisers for the constitutional process. If one reads the constitution, there is only one point that talks about the military. There the big discussion was trying to figure out whether the armed forces would be limited to defending the country's borders and territory, or whether they were also to play a role in maintaining internal order. The text approved by the assembly establishes that the armed forces are for the defense of the homeland and of the constitutionally established authorities and are responsible, upon the request of these authorities, for maintaining internal order. A state of siege, for example, can only be decreed at the request of the president, after consulting the Council of the Republic, and with the authorization of Congress.

Political and Social Rights

We made progress in relation to both political and social rights. The result was a good constitution, despite being national-statist from an economic point of view, and therefore not concerned about maintaining a balanced budget. Many crazy things happened at the assembly; many benefits were created without having the fiscal basis to pay for them. For this reason the constitution had to be amended during my administration. Without amendments there would have been no stabilization or modernization of the economy. In any event, the 1988 constitution represents political and social gains. I don't know if it would have been possible to make it as social democratic if Tancredo had been president. He was more conservative. So was Sarney, but he didn't have the political strength to confront most of the old opposition in his effort to "address the social debt" of the military regime.

First Direct Elections for President

The first direct elections for the presidency of the republic were held in 1989, under economic conditions that were quite unfavorable for the government. At the end of the Sarney administration we went to the brink of hyperinflation. The government was very much weakened politically. Against it were Lula and the PT, and Brizola and the PDT; Sarney's support in the PMDB was residual. Franco Montoro, Mário Covas, José Serra (who had been elected a federal deputy in 1986), and I had left the PMDB the year before to found the PSDB.

Even within the PMDB, we had fought for parliamentarianism and for a four-year term for Sarney. We saw that the PMDB, growing closer to the state, was increasingly becoming a traditional political force. With the PSDB we were out to build an alternative social democratic party. Serra and I in particular were concerned about the country's isolation in relation to the transformations in the international economy. For this reason he and I wrote a document that was an important piece in the campaign of Mário Covas, our candidate in the 1989 elections. It was called "The Capitalist Shock" and advocated the position that Brazil should be integrated into the world.

Yet it was Collor de Melo who won the elections. He won in the second round, defeating Lula. The PSDB decided to support the PT in the second round. It was up to me to conduct the negotiations with the PT. They had 13 major points. My interlocutors were José Dirceu and Plínio Sampaio, whom I knew well. They were advocating direct agrarian reform without government intervention, and proposed that newspapers should be directed by a committee of editors. These were such radical proposals that I decided to speak with the old Communist leader João Amazonas, president of the Partido Comunista do Brasil and a member of the coalition backing Lula, to tell him that this was an election, not a revolution. We didn't come to an agreement, so my party's decision was to vote for Lula even though we were not committed to this program. There was excitement because, if Lula won, we would become part of the government. But Collor won. We were all very lucky, as it turns out; Lula has said so on more than one occasion: he was lucky to lose because he couldn't have governed with the ideas he had at that time.

So a common theme during a transition is that there is a lot of luck and surprise?

Yes. When the inevitable approaches, the unexpected comes up. I always say that. Politics, like life, is like that. Collor was a very interesting guy. He had tried to become Covas's vice presidential candidate. Now he is more cautious, but back then he made very big mistakes. Recently, Collor, who's now a senator, gave advice to our current president, Dilma Rousseff: "don't do what I did; I was contemptuous of Congress."

Collor wanted to govern without the parties. He had clashes with his younger brother, who in mid-1992 made serious allegations of corruption in the government. In Congress, a commission was established to look into them. The PT assumed a leading role in the commission. With the press against him, and without the support of Congress, Collor was impeached. The PSDB voted in favor of the impeachment. I didn't expect this to be the outcome. I said at some point during that time that recourse to impeachment is like the atom bomb: it's best not to use it. But Collor's situation became unsustainable.

Collor was very young. He opened the economy abruptly and made some major changes without any negotiation. We all criticized that, but I believe if

it weren't for those changes, the Brazilian economy never would have opened up. When I was minister of finance, after Collor, the industrialists of São Paulo and the economists strongly advocated more state, more protection, more subsidies. That's the predominant culture, but it's not modernization. Collor made changes and completely dismantled the public administration. He had innovative ideas, but his actions made no sense in that they did not take stock of reality. **Change does not happen through sudden ruptures; one must accumulate forces to win.** Collor wanted to change the country all of a sudden, but failed. He lost his base of support in Congress and was impeached.

So Itamar Franco, Collor's vice president, became president (1992–95). He was an unusual character; he had been Tancredo's opponent in Minas Gerais state politics. He did not want to vote for Tancredo in the Electoral College. He was from the PMDB but did not follow it; he voted on his own, and when we all thought he was going to support Covas, he went for Collor. Yet he was a man of good faith and organized a coalition government. The PFL and PT remained in the opposition. A prominent woman from the PT agreed to serve as a minister, and for that reason she was expelled from the party.

Itamar Franco, a man with a nationalist outlook, admired me at that time and called me to his office when it was clear that the Chamber of Deputies was going to conduct a proceeding against Collor. As a result, the president was suspended and the vice president took his place. Itamar was fearful of São Paulo since he was from Minas, and during our conversation in his office he asked me what people from São Paulo thought of him. I told him I thought he was stubborn, insistent in his ideas, and that he wanted to be involved in everything all the time. He asked me if I thought he was thick skulled. I told him no, but that I thought he was stubborn. There we began to talk, and when we wrapped it up, he authorized me to give an interview to a newspaper from São Paulo to convey the idea that he would be a sensible president.

Responding to Economic Crisis

With the first president dead and the second impeached, it must have been very difficult to stabilize the economy and consolidate the transition. How did the new president manage to deal with economic troubles?

First he appointed me foreign minister, and seven months later minister of finance—the fourth in seven months. The situation was complicated; inflation was accelerating and the government was not finding its way. A new expectation was created when I assumed the ministry of finance. I knew—and said—that fighting inflation was the priority, but that I was not willing to adopt a new stabilization package with price controls, frozen salaries, etc. We had to build an alternative.

I formed a small team of economists close to me. There was considerable skepticism among them about whether we could do anything more than just manage the situation. They were not willing to repeat the “mistakes of the past,” and they feared that Itamar would not be able to resist the temptation to adopt a new shock plan against inflation. In addition, the Congress was experiencing its own crisis, for in mid-1993 a scandal broke out in the powerful budget committee that involved many parties and legislators. How could it be possible, for example, to approve fiscal adjustment measures without the firm support of the president and with party leaders who were on the defensive due to a scandal that no one knew how (or when) it would end?

I tried to convince the economists that the crisis gave us an opportunity to approve an agenda of measures that, in normal situations, the Congress would not accept. As for Itamar, he was an unpredictable politician, but we had been colleagues in the Senate, we got along well, I knew what he was like and how he thought, and he trusted me. I also had the support of my party, especially of Mário Covas and Tasso Jereissati, and this too was decisive for convincing the economists to come work with me on a stabilization program. In that context, it wasn’t a chimera.

I assumed the post in May, but only in December 1993 did we announce to the country a program that provided for an emergency fiscal adjustment and an innovative monetary mechanism for transitioning to a new currency. The innovation was that, for the first time, an effort would be made to stabilize the economy without surprises and with total transparency as to how to do so. Success depended on congressional approval of the fiscal adjustment and the voluntary accession of the economic actors to the monetary mechanism that would lead to the issuance of the new currency.

There were plenty of problems from May to December. Inflation continued to be high, and trending upward. The pressure within the government and from society for immediate responses from the Ministry of Finance was mounting all the time. Itamar grew angry over a minor issue with the president of the Central Bank, and fired him. I took that occasion to expand my team, and I convinced the president to appoint Pedro Malan as president of the Central Bank. Itamar also had a problem with the president of the BNDES (Banco Nacional de Desenvolvimento Econômico e Social, or National Bank for Economic and Social Development), and I convinced him to appoint Persio Arida to replace him.

Persio was identified as one of the “fathers” of the Cruzado Plan, which had brought considerable popularity to the Sarney administration for a year, but which had failed at the end of the day. Itamar may have seen in Persio a signal that I might be ready to reissue a plan like the Cruzado Plan. That is why he did not oppose Persio’s appointment as president of the BNDES. I didn’t know that Persio was very critical of the Cruzado Plan, but he and Andre Lara Resende

would play a key role, along with Edmar Bacha, in the theoretical formulation of the mechanism that made possible the transition to the currency known as the *real*. It was up to me to talk to the country, to explain what we intended to do, to convince Itamar that there were risks but that we were on the right path, and to negotiate the approval of the fiscal adjustment measures with the parties.

We approved the fiscal adjustment measures in February, and then we moved on to the transition to the new currency. We did not set a date for its issue. It was open ended and depended on the degree of trust the economic actors had in the Unidade Real de Valor (URV), a proto-currency without inflation. The prices of goods and services were denominated in URV but paid in cruzeiros, the currency tied to inflation, whose value we were adjusting daily. We killed inflation with its own poison. But we didn't know how long full acceptance of the URV was going to take, and by law I had to leave the ministry by April in order to run for office. I feared that an early exit could compromise trust in the success of the stabilization program.

During this process, an alliance began to form between the PSDB and the PFL that would be at the heart of my candidacy for president. Itamar wanted me to be a candidate. At first I very much resisted becoming a candidate. He was right. If the program suffered political orphanhood, this would have been fatal for the stabilization effort. Lula, who was the favorite in all the polls, directly opposed the program. He, his party, and the unions linked to the CUT (Central Única dos Trabalhadores, or Unified Workers' Central) nicknamed the Real Plan an "electoral swindle." This was a serious mistake that cost them the presidency of the republic in October 1994.

Civilian Control of the Armed Forces

How did you handle your relationship with the military before and during your government to subordinate them to the civilian authorities?

I had good relations with Itamar's military ministers. Let me mention an episode to illustrate this point. During Carnival in February 1994, Itamar went to Rio to attend the procession of the samba schools. A wretched legislator arranged for a woman provocatively dressed as a policewoman to enter the presidential box, where the president was viewing the show. It was a setup. The photographers, who were below the presidential box, took photos of the woman next to the president. Itamar fell in love with her. The next day he was preparing to phone her in front of television cameras.

I was in Brasilia and General Cahim, minister of administration, sought me out, saying that he was there on behalf of his colleagues in the armed forces. They were scandalized by the president's behavior, and he told me that he and his colleagues supported replacing Itamar in Congress. They thought there was a legal way to have him replaced by Senator Jarbas Passarinho, a respect-

able man, a former Army colonel and a conservative. They wanted to know if I would agree to continue in the ministry under the new circumstances. I put a halt to the situation and I never told Itamar of the plan by his military ministers to depose him. At that time, the military no longer had the say they had had in the times of Sarney, at the beginning of the return to democracy. I suggested to Itamar that he find out more about what was happening in the military milieu, that things were ugly due to the photograph and the phone call, that it would be worth investigating whether there were military officers involved in the trap that was laid for him in Rio, etc. He didn't do anything, but he did not step down. He was a good guy; at the end of the day, people knew he was naïve, and that he hadn't acted with any negative animus.

When I was elected president of the republic, I decided to create the Ministry of Defense. I called each of the military officers that I was going to appoint minister of the Navy, Air Force, Army, and Joint Chiefs of Staff, and I told them that I would appoint them on the condition that they cooperate with the formation of the new Ministry of Defense. It took three years to create it. I had only one problem. It was, I believe, in 1998, in the final stage of implementation of the Ministry of Defense, when I was trying to choose commanders for the branches of the armed forces to serve under the minister of defense, who would be a civilian. The minister of the Navy asked to speak with me at my official residence; he came in uniform. He wanted to be the commander of the Navy. I told him that I was not appointing him, but that I wanted to appoint the number-two man in the Navy, Admiral Lacerda. General Alberto Cardoso, a minister in the military cabinet, invited Lacerda on my behalf but he said that he would not accept the position. So I called Cardoso again and I told him, "we're going to appoint the third admiral, Sergio Chagastelles. If he also says no, then imprison all three of them, because it's insubordination, not rejection." The third candidate accepted the post.

In 1999, once the Ministry of Defense was established, I had the commander of the Air Force, Brigadier Lieutenant Walter Brauer, step down for making certain statements to TV Globo that gave the impression that he was calling into question the authority of the civilian minister of defense. I called the head of the high command of the Air Force and told him that I had dismissed Brauer for what he said to the reporters. Nothing happened; there was no reaction on the part of the active duty military officers. A few retired officers hosted a luncheon for him as a gesture of solidarity.

Justice and Reconciliation

Early in my administration, in 1995, I dined at the home of the minister of the Navy with all the other military ministers and General Alberto Cardoso. There were five generals and myself; we were going to toast democracy. I told them that I had been a prisoner for one day in Operation Bandeirantes, a clandestine

tine initiative of the dictatorship in which those imprisoned were tortured. I told them that I had seen some people tortured, and that for me human rights represented more than merely a rhetorical concern. I also told them that I was going to establish a commission to make reparations and offer apologies in the name of the Brazilian government for the violence perpetrated by the state.

I established a commission to review the punishments imposed without any legal trial during the dictatorship. Many people who demanded them received reparations until the time came for the promotion, postmortem, of a military officer by the name of Carlos Lamarca. He became a guerrilla fighter who had killed a military officer and was himself killed later. His family received a pension, but the commission tried to promote him to colonel, which was an exaggeration. So the representative of the armed forces on the commission, a retired general, asked to come to my home to speak with me. He told me he was a member of the reparations commission but that his opinions always lost out. He said that the commission was prejudiced but that he continued to serve on it, and that he had established a committee to support me in his city during my campaign. He told me that he had great respect for me but that he could not continue if they were going to promote Lamarca. I told him that when I established the commission I gave it full powers, and that I was going to abide by its decisions. Personally, I thought the promotion of Lamarca to colonel was an exaggeration, but if the commission approved it, I would carry it out. However, his resignation would cause me major political damage. The general was so proper with me that he did not step down from the commission even though they approved Lamarca's promotion.

The only active duty officer who protested the commission's decision was a general who was in command of the Army in the northeast. We quietly relieved him of his command; he was transferred to the reserves without any major incident. In other words, the military officers made the transition to obeying, and continued in that vein with Lula and now with the new president, who has established a Truth Commission to clarify responsibilities for events that occurred under military rule. **The transition to democracy was slow, gradual, and unsteady, but now there is no longer the looming threat of a military coup.** The military had the custom of celebrating April 1 (the date they called the revolution and we called the coup d'état); this ended during my administration. The military stopped talking about its role in "recovering democracy"; during my administration there were no more such references or celebrations.

Civilian Control of the Armed Forces

The Brazilian transition took several years, and the relationship between the armed forces and the civilian government took decades to work out. In contemporary Egypt, it would be very difficult to accept that the military question is going to take 25 years

to resolve. Might it have been possible to move forward more quickly on this front in Brazil? Would doing so actually have endangered the process?

The thing to emphasize is that here the armed forces were never defeated by the opposition. There was an internal change, within the regime, and an external one, in society. In Argentina and Uruguay, the military split. In Chile, the armed forces were not defeated either. Pinochet stayed on for eight years. Here the process was gradual; there was never a rupture. The first sign of a rupture was the Constituent Assembly in 1987–88, because up until then the transition essentially unfolded in keeping with the rules of the authoritarian regime, albeit modified by mounting pressure from the opposition.

One point remained unresolved: the reciprocal amnesty. The Amnesty Law was adopted in Congress in 1979, but it was still the military regime, without the right to vote, without full freedoms. Today there is a controversy over amnesty for all—those responsible for torture and the torturers. About two years ago, the Supreme Court decided that the amnesty covers all of them. With the establishment of the Truth Commission, the issue heated up again. To get the military to calm down, it was determined that the commission will clarify the facts and not impose sanctions on those responsible.

Was there fear at any time of military interference that could provoke a turnaround? What role did social organizations play to inhibit military intervention?

Once he was elected president, one of the first steps taken by Tancredo Neves was to appoint the minister of the Army, a general who very likely would have protected and defended us from a possible military reaction. I already referred to him General Leônidas Pires Gonçalves. He was not a hard-liner but a typical professional military man, and he somehow assured Sarney, after Tancredo died, that there would be no turning back. The head of the information service, which was a key position, was also an even-handed man. From that point on, when the Constituent Assembly began to deliberate, we did not think there would be any backsliding; the assembly acted as if there were (and indeed there was) full freedom.

The military never embraced an authoritarian ideology, in that they always said they were going to govern for a brief time, to ensure a future democracy. It was hard for them, too. Staying in power created problems for the armed forces as an institution. Geisel sought to reestablish control over the sectors most associated with torture, which had gained strength in the most brutal period of repression. He succeeded in reestablishing the military hierarchy. Yet internal resistance to the opening did not come to an end. In 1980–81, the far right carried out several attacks with the direct participation of members of the military.

Sarney played an important role in ensuring there would be no backslid-

ing, for he was a conservative liberal and had served the military regime. All of a sudden, he began to meet openly with representatives of the left. He would receive them at the palace, for example. That type of gesture was important for sending a signal that the years of guns and bullets were a thing of the past. Then came the fall of the Berlin Wall in 1989, and the Cold War was over, so much so that when Lula was running for president against Collor, the workers' movements and others were very much out there, and there was no longer fear of a military coup.

Many transitions face problems with the police and security apparatuses inherited from military regimes. What was Brazil's experience in this regard?

Under the military regime, the state police were placed under the direct control of the Army. So the military police were maintained in each state—some of them very powerful, as in São Paulo and Minas—in the hands of the Army. This influence continued even after the direct election of governors in 1982. It was only with the new 1988 constitution that governors' command over the military police of their respective states was legally established.

Did people criticize the police and call for the prosecution of those involved in repression? What was the solution?

Yes, of course. It's the whole controversy around the Amnesty Law. No changes were made to the law. But now, every time someone who belonged to the repressive groups is appointed to a position, there is enormous pressure against them. The press and the groups that defend human rights are very attentive, so neither appointments nor promotions of these officers can take place without close scrutiny. These officials have not been imprisoned, but their careers have been more or less contained.

How did the military view you—as a politician who was the son and grandson of military men? Did this help you understand the dynamic?

Yes, my family background helped me understand the codes. I gave great consideration to the military. They wanted to improve their salaries and obtain materiel—artillery, airplanes, and so on. Yet I didn't have money for it, not even to improve their salaries or buy very much. They wanted attention. I attended the celebrations of the important days for the military; I often went to naval maneuvers with the Navy. I went to the jungle and spent the night there to observe the Army's training, and each time an officer was promoted to general, I went with my wife. That is a high distinction, because they also came with their wives. I would make a short speech, giving them instructions; in this way we began to design a Brazilian defense strategy, which did not really exist.

Did they consider you part of the military family?

In a way, yes. It wasn't explicit, but they did know that there were about 10 or 12 generals in my family, two or three of them ministers of the armed forces. There was a tradition, but my family was also very progressive, from my grandfather to my father. From the war with Paraguay, the military opposed slavery and participated in the campaign against it. They felt themselves to be a sort of "father of the homeland," responsible for the country. The military always kept its distance from business; the state yes, the market no. My father was an attorney in addition to being a military man.

Ruth, my wife, who was from São Paulo—and who was very anti-military—was invited to the military academy to give a class. She was delighted because she realized that much had already changed, that the armed forces had modernized. They had also changed a lot in a technical sense, especially the Navy: they sent many people to study abroad in the United States. The wives and children of military officers pursued university studies. Their relationships with their wives and children gradually changed the mentality of the military officers. Today I doubt there is a segment of the military with authoritarian political thinking, or that claims to stand above the rest as the only pure defenders of the homeland.

Constitutional Reform

Did you create a Constituent Assembly? What were the most important political issues you dealt with? What changes were made in the electoral system? What could have been done differently?

There was a major discussion as to whether there was going to be a specific Constituent Assembly or whether there would be a normal assembly with the powers to rewrite the constitution. In the end, it was a normal assembly with the power to draft the constitutional provisions. The difference is somewhat subtle, because in both cases the representatives are elected, but then the regular assembly grants constituent powers to those who at the same time are thinking about their reelection.

This formula was decided upon during the Sarney administration and met with the approval of Congress. In other words, the following was declared: in the upcoming (1986) elections, the deputies and senators elected will have a constitutional mandate to approve a new original constitution by simple majority (50% plus 1).

The big political issues in this Congress with constituent capacities had to do with the federal question. The concern was that the military had centralized everything, including the tax system, and that they had suffocated the state and local levels. Even before the Constituent Assembly, under Figueire-

do, there was already major pressure from the localities, and certain taxes were assigned to the local governments so they could have more revenue. The process of decentralizing revenue was accentuated with the new constitution. The tax base of the local and state governments grew, and the share of federal taxes earmarked for the subnational governments also grew. Half of the revenues from the two main federal taxes came to be distributed to state and local governments, based on the criteria of population and income. The question of how to distribute taxes was a major topic of debate in the assembly.

At a certain point, then-President Sarney made a speech in which he said that Brazil would become ungovernable because the new constitution had decentralized revenues but had not transferred responsibilities proportionally. All social security continued in the hands of the federal government, now expanded by the social rights created by the Constituent Assembly. This forced us, during my administration, to increase federal taxes that were not shared with the states and localities. The tax burden grew.

Electoral System

The constitution also defined the electoral system. The disproportionate representation of the states in the federal Chamber of Deputies, a legacy of the democratic regime of 1946–64 and accentuated by the military, was maintained. São Paulo has only 70 members of the Chamber of Deputies; it should have more than 100 if the system were to respect the principle of “one person, one vote.” The system overrepresents the most backward states, where society and the electorate have little autonomy in relation to the local *de facto* powers.

I believe that it would have been good if we had insisted, as a minimum, on reducing the distortions in proportional representation. Looking back, I think the best thing would have been to introduce a system of votes by districts. In the Constituent Assembly, the district-based system was not highly regarded by the “progressive” forces. They imagined that it would reinforce the rule by local political bosses. We didn’t realize that with the migration from rural areas to the cities this reasoning was no longer so well founded. If the vote were by district and proportional to the population, the persons living in the country’s urban metropolises (where more than one-third of the population lives and where people are more “progressive”) would have greater political representation. Today the constitution prohibits district-based voting. The vote must be proportional.

System of Government

The system of government was also discussed. Parliamentarianism was approved in the committee that discussed the issue but was rejected in the plenary of the assembly. We were able to establish that a plebiscite on the system

of government would be held within five years. In 1993, the PSDB advocated parliamentarianism with a mixed district-based system, like Germany's. Yet presidentialism won when the electorate was asked to vote on the issue in a plebiscite.

Going back to the Constituent Assembly, we created an instrument inspired by the Italian parliamentary system—provisional measures to replace the decrees of the dictatorship. We were concerned about giving the executive an instrument with which to act and not being held hostage to impasses in Congress. This would have made sense in a parliamentary system and was created under the assumption that parliamentarianism would ultimately be adopted. But this isn't what happened, and provisional measures ended up in the presidential system. This gave excessive agenda-setting power to the president and is one of the factors behind the weakening of Congress. If Congress took the power it has seriously, it would take much more initiative. Actually, every time there is a desire to discuss ministers' accountability some discussion does take place, but most of the legislators prefer to exchange favors rather than exercise their oversight role with respect to the executive.

Today it would be very difficult to govern with parliamentarianism. In a federal system with such strong localities, a dispersed population—with so much inequality and with so many competing interests—the president is practically a power broker. When it comes down to it, the president of Brazil is like a monarch who has to avoid fragmentation. The people vote for a president, which gives him or her considerable symbolic and actual strength. I would say that the president of Brazil has much more power than the president of the United States to set the agenda.

Mechanisms for Constitutional Reform

How did giving Congress powers to draft the constitution work? What lessons did you take away from that experience?

The speaker of the Chamber, Ulysses Guimarães, was elected president of the Constituent Assembly, and he named me to draw up the rules that were going to define how the assembly would operate. It was very difficult to adopt a set of rules, given that the legislators thought that such rules would diminish their power. The prevailing attitude among the deputies reminded me of when I was a professor in France in 1968, when there was so much talk of "prohibiting prohibitions," to the point that it was thought one must start from zero prohibitions, with full freedoms. A preliminary draft was rejected that was drawn up by a group of notables under the command of Afonso Arinos, a respectable jurist who, after chairing the government commission to prepare a preliminary draft constitution, was elected senator for Rio de Janeiro.

We followed the model of Portugal. Eight thematic committees were cre-

ated: rights and guarantees, organization of the branches of government and the political order, the economic order, the social order and social rights, etc. And there were 24 subcommittees. This defined the model of the constitution from a formal standpoint. Each party appointed its members to these committees and subcommittees (proportionate to the number of seats they held in the legislature). In addition, a committee on systematization was established to consolidate the proposals of the various committees. Senator Bernardo Cabral was elected the general rapporteur of the constitution to consolidate a more organized proposal. That committee was at the heart of the new constitution. They say that the constitution, with nearly 250 articles, is lengthy. And indeed it is. One mustn't forget, however, that it would have had another 2,000 articles if it had been based on all the texts approved in the committees and subcommittees. The committee on systematization had to make a Herculean effort to put the hundreds of proposals into a more reasonable form.

We elected a liberal and parliamentarianist jurist, Senator Afonso Arinos de Mello Franco, to chair the committee on systematization. Senator Jarbas Passarinho and I, plus a deputy from Rio de Janeiro, were appointed ad hoc executive vice chairpersons. The first proposal by the general rapporteur was pro-parliamentarian. We voted on it in the committee on systematization, and parliamentarianism won.

Balance of Powers

That victory provoked great national confusion because Sarney did not want parliamentarianism. At one point a shorter presidential term of five years was proposed on the condition that the president appoint a parliamentarian prime minister. The leader of my party at the time, Mário Covas, did not accept the proposal, which might have made parliamentarianism possible. In response, Sarney organized and established a group called *Centrão*, or Broad Center. This group was the most conservative in the Constituent Assembly, and that was the end of parliamentarianism. The presidentialist system ultimately came to a vote and was approved. Yet as I said earlier, the institution of the provisional measure, when joined with presidentialism, gave the president immense decision-making powers.

This measure enables the president, in the event of a very important or urgent matter, to make the decision he wishes until the Congress states its views. The Congress has 30 days to establish a committee to evaluate whether the provisional measure corresponds to the criteria of urgency and relevance. No committee was ever established to evaluate the hundreds of provisional measures sent by the executive, however. At the end of my administration, Congress sought to limit the reissuing of provisional measures (the main provisional measure for the Real Plan, for example, was reissued for several years until it won legislative approval). It was determined that the provisional

measure would be in force for a maximum of 60 days, and that as of the 45th day the congressional agenda would be blocked until the pending provisional measures were voted on. Instead of increasing the initiative of Congress, however, this change increased the executive's agenda-setting power. So, in practice, it is the president of the republic who legislates. It has reached such a point that now the Supreme Court has forced Congress to form committees that must vote to allow the provisional measures to stand.

The effective counterweights to the executive are the judicial branch and the Public Ministry (Ministério Público) [the body of public prosecutors working at both the state and federal levels], both of which were strengthened in the 1988 constitution. The Supreme Court has really become a constitutional court; it is not simply passive in relation to constitutional review. It has the power to force Congress to make decisions when it deems that the lack of a decision, in practice, impedes the implementation of a constitutional provision. Moreover, the constitution grants complete autonomy to the Public Ministry. Its members are in charge of defending the diffuse rights of society. They can investigate and accuse a governor, president, or minister and bring them before the judicial branch to answer accusations. And they do so independently of the executive, which is good, and it works. At first, they were very politicized. They were practically a branch of the PT, which was then in the opposition. But the Public Ministry has evolved in recent years. It is an important component of the system of checks and balances, which is necessary because the power of the executive is very great in Brazil.

We have a complicated system that gives the president considerable power while also creating other mechanisms that subject politics to considerable judicial checks. Congress approves a law, but this may be futile, since someone can appeal to the court, saying that the new statute is at odds with the constitution. The whole decision-making system is very cumbersome.

Economic Context

What was the role of the economic situation in the Brazilian transition? To what extent did it help social mobilization? To what extent did it weaken the military government? Did it pose a risk to the transition?

Initially, the private sector organizations issued appeals to support the coup. In 1964, the first military president, General Castelo Branco, made major economic reforms to promote a new stage of growth: inflation was reduced, the tax system was streamlined, and new mechanisms were put in place to finance the government and its enterprises. The results bore fruit in the second military administration, from 1968 to 1973, when the so-called economic miracle occurred. Growth was spectacular, but its benefits were concentrated disproportionately in the hands of the owner classes and the middle classes.

The beginning of the easing of tensions by the regime coincided with the end of the economic miracle. The first oil crisis [1973] hit Brazil very hard because we imported almost all the oil we consumed. Even so, the economy continued to grow because the government decided to go into debt abroad, taking advantage of the availability of so-called petro-dollars, and implemented an ambitious investment program. This program provoked the business sector's first major negative reaction to the regime. A more liberal sector thought the government—at that time under the command of General/President Ernesto Geisel—had become too statist. Some of these people grew closer to the opposition. They didn't like the mix of super economic statism and political authoritarianism. In this period of growth, rapid external indebtedness inflation accelerated. That began to undercut the purchasing power of wages, which breathed new life into the trade union movement and was reflected in the congressional results of 1974 and 1978, in favor of the opposition party.

The economic situation moved into a new stage with the second oil shock and the abrupt hike in the interest rate in 1979. Inflation climbed to more than 100% annually, and growth fell off sharply. In 1981, Brazil entered a recession for the first time since the mid-1960s, which spurred the campaigns of the parties opposing the state governors. The struggles for democracy and to regain economic growth and wages became linked. In 1982, Brazil asked the International Monetary Fund (IMF) for help because it could no longer make the interest payments on its external debt. IMF aid had a high political cost for the government. I recall that we stopped the approval of a decree on salary reductions that was imposed by the IMF and sent to Congress by the executive. Another opposition senator and I pressured and convinced the president of the Senate, Nilo Coelho of the government party, to approve the Chamber of Deputies' decision to vote against the decree. This was a decisive blow. One week later the president of the Senate suffered a massive heart attack; the political situation was so dramatic it cost him his life.

After 1982, the regime clearly lost its main source of legitimacy: economic growth. The business class no longer feared the armed left; it had been repressed and defeated from 1968 to 1976. Without the fear of disorder on the one hand, and without prospects for growth on the other, the business class was willing to gamble on the end of the military regime. Yet, except for the more liberal and bolder among them, business leaders in general were latecomers.

At their outset, many new democratic governments have faced serious economic difficulties. Inflation climbs once again, making people think that democracy is of no use to improve the economy. Did that happen?

Yes and no. Indeed, democracy did not bring about an improvement in the economic situation. On the contrary, inflation continued to rise, interrupted only

temporarily by successive stabilization plans, each of which failed to control inflation. However, politics continued to spawn new agendas and new hopes, with the Constituent Assembly, the return of direct elections for president of the republic, and the impeachment of the first elected president.

Inflation was terrible, but it did not completely disrupt the economy or society. Brazil had the unique experience of controlled hyperinflation, so to speak. There was an “indexing” of assets [assets and wages were adjusted] by means of a correction of deposits and debts based on an official indicator of inflation. The hyperindexing of the economy made possible some degree of “normalcy,” albeit unstable, given that it made growth difficult and was regressive in terms of distribution. Understanding this “strange normalcy” of the social and economic situation—and the possibility of overcoming it—was essential for creating the Real Plan.

Social Mobilization

How did social movements—the Catholic base communities, lawyers, workers, business executives, women—relate to the political parties that made the transition? And what happened after the transition to direct election of the president? Did the social organizations weaken?

During the transition, all civil society was very active, and the parties sought to have contact with all those groups. Then the parties sought to *control* them. It's what the PT did, and it controlled the movements so much that it killed them. Many of the civil society groups became subordinated to the party's political project; they became part of the party apparatus and were bureaucratized. When the PT won the presidency, they benefited with more public resources but at the price of their autonomy. Some of these organizations have become almost state organizations. The Movimento dos Trabalhadores sem Terra (Movement of Landless Workers), which radicalized, is a partial exception.

The trade unions lost the ability to mobilize, especially in the private sector—in part for structural reasons, and in part because they were co-opted by the state. Lula was in the position to reinforce the autonomy of the unions vis-à-vis the state. When he rose to prominence as a union leader, his main banner was ending the compulsory union tax and the requirement that unions must be recognized by the state in order to officially exist. As president, he maintained the compulsory union tax, earmarked part of those revenues to the trade union federations, and made the Ministry of Labor a tool for securing political support through recognizing new trade union organizations.

Did women's movements play a role during the transition?

Yes, women played an important role, mainly in the campaigns for amnesty and direct elections. Many of the artists and intellectuals who became involved were women. But women continued to have a small presence in the political parties and the private sector trade unions. The industrial workers' unions are very *machista*.

The parties are now seeking to better reflect women's role in society. A growing number of heads of household are women, and women's participation in the labor force has increased considerably. There is a law that requires political parties to have a minimum percentage of women on their slates for candidates to Congress.

Yet policies and laws change slowly, much more slowly than changes in society. President Rouseff may accelerate the process of change by her own example and because she has appointed many women to important positions in the state.

Contemporary Transitions

How do you see democratizing trends today in the Arab world and elsewhere? What impact will the new communications technologies have? How do you view the dominant forces affecting transitions now? And what lessons are useful, looking to the future?

The new technologies allow people to express themselves. The problem with all this is that it is easy to mobilize to destroy, but much more difficult to rebuild. The new technologies are not sufficient by themselves to take the next step forward. Institutions are needed, along with the capacity to understand, process, and exercise leadership that is sustained over time. How the new technologies can be used to build something new isn't clear. When a country is closed and authoritarian, and also has economic problems, it is easy to mobilize. For us, television was fundamental. When TV Globo began to publicize the mobilization for direct elections, everything changed. Now you no longer need television; the Internet now facilitates mobilizing. But what is to be done next?

This is a complicated moment because we are witnessing an enormous crisis in the democratic capitalist system, with varying degrees of depth and recovery. There's a fascination with the Chinese model, which is authoritarian. China, Chávez, etc., all represent a kind of statism. Chávez did not have a one-party system, but he would very much have liked to have had one. So there is no single model to follow. There are those who think that Western capitalist democracy has met its demise. That's not what I think, not only because I value political liberalism, but also because I believe that the economic recovery

is going to happen as the result of opening up to new sources of investment, technology, and innovation. I believe that the United States has more potential to create and innovate than Europe or China does at this time. Until the economic turnaround takes place, however, authoritarian governments are gaining a degree of prestige.

In Brazil there has been a certain amount of backsliding toward more centralization, with less trust in civil society and more trust in the state. Regulation is always necessary, but at times it can become political intervention, which is detrimental. Argentina is a case in point.

I don't think it's enough to preach democracy. Perhaps the big issues are justice and equality. The time comes when there is such a great distance between the politicians in charge and the people that there is general unrest. The situation is worse when there are cultural and ethnic differences. Here in Brazil, we were able to reduce poverty considerably, and inequality to some extent. In some countries nothing has changed, and it continues to be difficult to promote democracy without a concrete sense of more respect for others, for their citizenship rights and greater equality.

The situation in Africa is troubling in that sense. Although the continent is improving a great deal economically, much remains to be done in other respects. What is happening in South Africa frightens me because there is black racism, enormous corruption, and tribalism. Mandela was exceptional because he was capable of leading his people there, and able to create a system that respected the rights of the white ethnic minority even though that minority lost power.

There is no enlightened path to progress and democracy. Getting rid of the authoritarian regime is easier than establishing a true democratic culture and practices.

Fundamental Principles

If, for example, someone from Russia wishes to promote democracy and came to speak with you and said, "There are many of us in Russia who really believe firmly in democratic liberal ideas with the hope of having a better future; what advice would you give us to improve our chances of achieving what you have achieved in Brazil?" what would you tell them?

Have considerable patience and realize that change comes little by little, because it takes time for democracy to take hold and for the market to become more sophisticated. The problem is that the economy is growing with monopolies and oligopolies in Russia, and that could get worse over time. It is difficult to anticipate what the pace of history will be; looking at it today, one gets the impression that the doors are closed, but we must recall that the Soviet Union came apart quickly. So it is always advisable to say that one should

maintain the hope that a better situation is possible. Who would have imagined what has happened lately in the Arab world?

On Russia, I don't think one can entertain the illusion that the whole world is going to become liberal democratic. Bush's mistake was to go forward when he should have stopped, when he should have contained more than trying to advance. This is not the time to *advance* the cause of liberal democracy, but to *defend* it.

Given the great variety in the different transitions and the various personalities involved, what lessons do you think can be learned from previous transitions that may be relevant today and in the future?

In Brazil the change did not occur suddenly. There was no D-Day; it was a process. It was an agreed-upon transition, without formal agreements but with negotiation. We had political struggle and negotiation, a presence in society and institutional spaces, and confrontation with the regime and rapprochement with sectors that were dissatisfied with the regime. We started as a single opposition front. The front fragmented along the way, with the end of two-party politics. **We were able to converge around the main objectives despite the plurality of visions and interests of the different opposition parties that rose up. In this way, a culture of mutual negotiation and dialogue was reinforced as an aspect of Brazilian democracy. But this can deteriorate into co-optation and the accommodation of interests, weakening democratic politics, discouraging the citizenry, and compromising the state's ability to engage in republican action. The style of the transition conditions democratic governance, for better or worse.**

International Influence

What impact did international factors have in the Brazilian transition?

Initially, Spain was the main point of reference. Later on it became Chile, right at the moment of strengthening democratic governance. We were observing what was happening with the Concertación in that country. In Brazil we did not have a single broad coalition like the Concertación, yet the PT and the PSDB realized, as of my administration, that they were both part of a single process of democratization and modernization, even though they might fight a lot. Who emerged as new phenomena after the dictatorship? Lula and I. Our parties have fought over something that is very simple: which of the two is going to be in charge. The fight is political; it revolves around who is going to control the executive branch.

Do the parties fight over which path to take—how best to respond to globalization and to modernize Brazil?

Yes, to some extent. There are differences because, for example, the PT has a state-centered and party-centered outlook. We in the PSDB are more pluralist and less hierarchical. But there is a strong social democratic tendency in both parties. And as for macroeconomic issues, there are no radical differences. They accused us of being neoliberals, but we never were; we accused them of being Stalinists, even though they never were.

It's a shame that Lula let himself be absorbed by traditional Brazilian political culture. He was too accepting of the political dynamics. I, who come from a more traditional context, made an effort to change the political culture. When I left the government the oligarchic groups were weakened; Sarney and Antonio Carlos Magalhães were weakened and had fought me. Lula put them back into politics, and when his second term ended he traveled to São Paulo on the same plane as Sarney, who was the symbol of the oligarchy. There was backsliding during his presidency in that sense. But Brazil's democracy is here to stay; it will not revert to authoritarian rule.

Time Line

- Mar. 1964: Amidst mass demonstrations and high inflation, President João Goulart announces redistributive "basic reforms" that anger conservative political factions, including much of the military. In response, the military stages a coup against Goulart on March 31.
- Oct. 1965: The military holds gubernatorial elections but does worse than expected. Military hard-liners successfully push to ban existing parties and establish the Brazilian Democratic Movement (MDB) as the sole legal opposition party.
- Mar. 1967: Hard-liner General Artur da Costa e Silva is elected president by the military-dominated legislature, with the support of the quasi-official National Renewal Alliance Party (ARENA). He is later replaced by another hard-liner, General Emílio Garrastazu Médici. Repression reaches its height under these leaders.
- Dec. 1968: Military government issues Institutional Act 5 (AI-5), giving the president the power to force the national and state-level legislatures into recess, to assume legislative power, to censor the press, and to suspend habeas corpus for "politically motivated" crimes.
- Mar. 1974: The legislature elects General Ernesto Geisel, a moderate, as president. He announces *distensão* (limited political liberalization).
- Nov. 1974: Campaigning on economic issues, MDB wins 16 of 22 contested Sen-

- ate seats, 44% of the lower house, and 5 more state legislatures. This validates its controversial decision to participate in the elections.
- Oct. 1975: Journalist Vladimir Herzog dies in military custody after torture. Religious leaders hold an ecumenical funeral that transforms into the first demonstration against the military regime. Geisel orders curbs on repression and fires the general responsible for Herzog's death.
- Apr. 1977: Government enacts the "April package," which ends direct elections for one-third of the Senate, limits the opposition's access to media before elections, and overrepresents states with a strong pro-government sentiment in Congress.
- May 1978: The Novo Sindicalismo labor movement, led in part by Luiz Inácio (Lula) da Silva, holds major strikes to challenge the regime and the labor system.
- Nov. 1978: Congressional elections are held. Opposition wins popular vote in Senate but fails to win control of either chamber because of the April package.
- Mar. 1979: General João Figueiredo, a moderate, is appointed president by the military-dominated Electoral College. Dissident General Euller Bentes Monteiro runs against Figueiredo, exposing rifts in the military. In office, Figueiredo promotes a policy of *abertura* (opening).
- Aug. 1979: Figueiredo announces amnesty, including for crimes committed by the military. Opposition leaders begin returning from exile.
- Nov. 1979: The government ends the two-party electoral system, allowing all parties to compete. The MDB is renamed the Brazilian Democratic Movement Party (PMDB), and ARENA becomes the Democratic Social Party (PDS). New parties emerge, including the leftist Workers' Party (PT) led by Lula and others from Novo Sindicalismo.
- Dec. 1980: A large group of landless peasants occupies and demands the redistribution of farmland. This begins the Landless Peasant Movement, which formally incorporates and grows rapidly over the next two decades.
- Aug. 1982: The Mexican banking crisis spreads to Brazil, severely damaging the economy and provoking public anger and inflation that successive governments struggle to control.
- Nov. 1982: In the general elections, the opposition wins a majority of the popular vote in the Chamber of Deputies and most important state governments, forcing the regime to negotiate over legislation. The opposition does not win control of the Senate or the Electoral College.
- Jan. 1984: The Diretas Já (Direct Elections Now) campaign for direct presidential elections holds protests that continue through the year and are often supported by opposition governors. A constitutional amendment for direct elections fails to win the required supermajority in Congress.
- Jan. 1985: A faction of the PDS defects during an indirect presidential election and forms the Liberal Front Party (PFL), which allies with the PMDB

- to elect Diretas Já leader and respected Minas Gerais politician Tancredo Neves as president and PFL's José Sarney as vice president.
- Mar. 1985: Neves becomes severely ill on the day before the swearing-in ceremony. Sarney is sworn in as acting president, and becomes president when Neves dies shortly thereafter.
- May 1985: Congress passes laws making presidential elections direct, extending the right to vote to illiterate citizens and easing registration of political parties.
- Nov. 1986: Elections are held for both houses of Congress, which will sit together to form a Constitutional Assembly. The PMDB wins a majority of the seats.
- Oct. 1988: The Constitutional Assembly, with Senator Fernando Henrique Cardoso of São Paulo as rapporteur, enacts a new constitution after over a year of deliberation. It expands political and social rights, decentralizes power, restricts the military's role in internal security, establishes strong courts, and continues the presidential system.
- Dec. 1989: Fernando Collor de Mello, a small-state governor backed by business and the media, defeats PT's Lula in a direct presidential election. Collor de Mello introduces policies to curb inflation but has little success.
- Dec. 1992: Collor de Mello resigns from office rather than face likely conviction via impeachment for alleged corruption in his administration. Vice President Itamar Franco replaces him.
- Apr. 1993: In a referendum, voters endorse continuing the presidential system rather than introducing a parliamentary system.
- Dec. 1993: Franco and Finance Minister Fernando Henrique Cardoso introduce the Real Plan, a new macroeconomic policy that succeeds in curbing inflation.
- Oct. 1994: Cardoso is elected president with Franco's endorsement, winning 54% of the vote and defeating PT's Lula, who receives 27%.
- Dec. 1995: Cardoso signs a law acknowledging the government's role in deaths under the military regime and establishes the Special Commission on Political Deaths and Disappearances to provide compensation to victims' families.
- Jun. 1997: Congress enacts a constitutional amendment allowing the reelection of the president. Cardoso heavily lobbies Congress for the amendment.
- Oct. 1998: Cardoso is reelected with 53% of the vote. Lula, his major opponent, receives 32%.
- Jul. 1999: Cardoso establishes a unified civilian Ministry of Defense, abolishing ministries controlled by military personnel.
- Apr. 2001: The federal government adopts Bolsa Escola, a widely praised social welfare program that gives poor families cash for sending their children to school.
- Oct. 2002: In presidential elections, Lula defeats the candidate endorsed by

Cardoso and wins 61% of the runoff votes. During the campaign, Lula moderates some previous stances, such as a plan to impose conditions on the payment of foreign debt.

NOTE

1. It gave the president the power to force Congress into recess, assume legislative power, censor the press, and suspend habeas corpus for “politically motivated” crimes.

GUIDE TO FURTHER READING

- Cardoso, Fernando Henrique. “Entrepreneurs and the Transition Process: The Brazilian Case.” In *Transitions from Authoritarian Rule: Comparative Perspectives*, edited by Guillermo O’Donnell, Philippe Schmitter, and Laurence Whitehead. Baltimore, Md.: Johns Hopkins University Press, 1986.
- . *A Arte da Política: A História que Vivi* [The art of politics: The history that I lived]. Rio de Janeiro: Civilização Brasileira, 2006.
- . “Reconciling the Brazilian Military with Democracy: The Power of Alfred Stepan’s Ideas.” In *Problems Confronting Contemporary Democracy: Essays in Honor of Alfred Stepan*, edited by Douglas Chalmers and Scott Mainwaring. Notre Dame, Ind.: University of Notre Dame Press, 2012.
- Cardoso, Fernando Henrique, and Brian Winter. *The Accidental President of Brazil: A Memoir*. New York: Public Affairs, 2006.
- D’Incao, Maria Ângela, and Hermínio Martins, eds. *Democracia, Crise, e Reforma: Estudos Sobre a Era Fernando Henrique Cardoso* [Democracy, crisis, and reform: Studies on the age of Fernando Henrique Cardoso]. São Paulo: Paz e Terra, 2009. See especially chapters by Hurrell and Whitehead.
- Fishlow, Albert. *Starting Over: Brazil since 1985*. Washington, D.C.: Brookings Institution Press, 2011.
- Gaspari, Elio. *A Ditadura Derrotada* [A dictatorship defeated]. São Paulo: Companhia das Letras, 2004. Fourth volume in an authoritative history of military regime, covering *distensão* and *abertura*.
- Hagopian, Frances. *Traditional Politics and Regime Change in Brazil*. Cambridge: Cambridge University Press, 1996.
- Hunter, Wendy. *Eroding Military Influence in Brazil*. Chapel Hill: University of North Carolina Press, 1997.
- . *The Transformation of the Workers’ Party in Brazil, 1989–2009*. New York: Cambridge University Press, 2010.
- Hurrell, Andrew. “The International Dimension of Democratization in Latin America: The Case of Brazil.” In *The International Dimensions of Democratization: Europe and the Americas*, edited by Laurence Whitehead. Oxford: Oxford University Press, 1996.
- Kingstone, Peter R., and Timothy J. Power, eds. *Democratic Brazil: Actors, Institutions, and Processes*. Pittsburgh, Pa.: University of Pittsburgh Press, 2000.
- Lamounier, Bolivar, and Rachel Meneguello. *Partidos Políticos e Consolidação Democrática: O Caso Brasileiro* [Political parties and democratic transition: The Brazilian case]. São Paulo: Editora Brasiliense, 1986.

- Moisés, José Alvaro. *Os Brasileiros ea Democracia: Bases Sócio-Políticas da Legitimidade Democrática* [Brazilians and democracy: Socio-political bases of democratic legitimacy]. São Paulo: Attica Press, 1995.
- Payne, Leigh A. "Working Class Strategies in the Transition to Democracy in Brazil." *Comparative Politics*, 23, no. 2 (1991): 221–38.
- Skidmore, Thomas. *The Politics of Military Rule in Brazil, 1965–1985*. New York: Oxford University Press, 1988.
- Sola, Lourdes. "The State, Structural Reform, and Democratization in Brazil." In *Democracy, Markets, and Structural Reform in Latin America: Argentina, Bolivia, Brazil, Chile, and Mexico*, edited by William C. Smith, Carlos H. Acuña, and Eduardo A. Gamarra. Boulder, Colo.: Lynne Rienner, 1994.
- Stepan, Alfred. *Rethinking Military Politics: Brazil and the Southern Cone*. Princeton, N.J.: Princeton University Press, 1988.
- , ed. *Democratizing Brazil: Problems of Transition and Consolidation*. New York: Oxford University Press, 1989.
- Weyland, Kurt. *Democracy without Equity: Failures of Reform in Brazil*. Pittsburgh, Pa.: University of Pittsburgh Press, 1996.