Florida International University
FIU Digital Commons

Western Hemisphere Security Analysis Center | College of Arts, Sciences & Education

3-2011

Brazil Under Dilma Rousseff: Similar Policy Directions Maintained.

Carlos Pereira
The Brookings Institution

Follow this and additional works at: https://digitalcommons.fiu.edu/whemsac

Recommended Citation
Pereira, Carlos, "Brazil Under Dilma Rousseff: Similar Policy Directions Maintained." (2011). *Western Hemisphere Security Analysis Center*. 21.
https://digitalcommons.fiu.edu/whemsac/21

This work is brought to you for free and open access by the College of Arts, Sciences & Education at FIU Digital Commons. It has been accepted for inclusion in Western Hemisphere Security Analysis Center by an authorized administrator of FIU Digital Commons. For more information, please contact dcc@fiu.edu.

WHEMSAC
WESTERN HEMISPHERE
SECURITY ANALYSIS CENTER

Brazil Under Dilma Rousseff: Similar Policy Directions Maintained

Carlos Pereira
The Brookings Institution

March 2011

APPLIED RESEARCH CENTER

FLORIDA INTERNATIONAL UNIVERSITY

THE WESTERN HEMISPHERIC SECURITY ANALYSIS CENTER

WHEMSAC brings together a versatile and important Latin American network of traditional and non-traditional security experts from academia, business sectors, government ministries and private organizations. Its research capabilities provide Western Hemispheric leaders with a unique, real-time research and analysis on current issues. WHEMSAC is an innovative institutional model for conducting professional qualitative and quantitative research throughout the Americas at the national, regional and international levels within an open, independent, multi-disciplinary, and collaborative academic environment. The fusion of open source political, economic, and social expertise allows WHEMSAC to provide an exceptional, qualified approach to regional security insight with traditional intra-governmental analysis.

Applied Research Center

Florida International University

10555 W Flagler Street

Miami, FL 33174

whemsac.fiu.edu

Brazil Under Dilma Rousseff: Similar Policy Directions Maintained

Carlos Pereira
The Brookings Institution

March 2011

The views expressed in this research paper are those of the author and do not necessarily reflect the official policy or position of the US Government, Department of Defense, US Southern Command or Florida International University

EXECUTIVE SUMMARY

It is unlikely that the newly elected government of Dilma Rousseff will make any fundamental changes to the major imperatives that underlie Brazilian policy: that is, macroeconomic stability and poverty alleviation. These policy imperatives have set the country on the road to good governance and have provided former presidents a chance to claim continuity. While President Rousseff of the Workers' Party (PT) may have a distinct style, personality, and set of leadership skills compared to her predecessors, she is expected to maintain the core macroeconomic stability and social policies that are currently in place.

Many who expected Rousseff to be former president Luiz Inácio "Lula" da Silva's carbon copy are discovering that from day one she has showcased a different governing style than her mentor. She has emphasized her commanding authority and has brought about fresh approaches to delicate matters, which entail domestic economic issues and foreign policy. For example, her administration has aggressively applied a set of macro-prudential measures to counter inflationary pressures on the Brazilian currency (*Real*). And in foreign policy, she has steadfastly recalibrated Itamarity's stance on the controversial issues, such as Iran, and now appears to have refocused its short-term efforts on cementing Brazil's leadership role in the region's southern cone.

INSTITUTIONALIZED ECONOMIC AND SOCIAL POLICIES[1]

Critics have long deemed Brazil as the eternal country of the future. It now seems that the future has finally arrived. Historically, Brazil's boom and bust cycle, and its ramifications of poverty and inequality, have been inextricably linked to inflationary bubbles. Inflation is the known and feared ghost that Brazilians have dealt with many times in the past. In 1994, however, then Finance Minister, Fernando Henrique Cardoso established the bases for economic sustainability with the launching of the Plan Real. The Plan entailed dropping the hyper-inflated *Cruzeiro* and introducing the *Real* as the new currency. Officials took calculated steps in implementing the *Real*; they first temporarily introduced the URV, a transitional currency that served as a catalyst to clamp down potential inflationary pressures on the newly created *Real*.

With that caveat, Brazil's government has been highly constrained both institutionally and electorally to maintain macroeconomic stability and keep inflation under control. Keeping inflation in check not only shaped the next set of elections, but also provided a shock to the Brazilian political system. For example, because of the devastating impact of hyperinflation, the president's policies to control inflation were viewed favorably by a great majority of the public, which had become strongly averse to inflation.

Since the Brazilian electorate holds the president accountable mostly for economic growth, inflation control, and the

[1] In this session the author freely borrowed pieces from his recent short commentaries posted by Brookings Institution (http://www.brookings.edu/experts/pereirac.aspx), where the author is a Visiting Fellow. See, Carlos Pereira's *The Impact of Brazil's Presidential Elections: Different Roads, Similar Direction* (September 28, 2010) and *Brazilian President Rousseff's First Governing Coalition: Better, But not Good Enough* (February 8, 2011).

unemployment rate, the 1994 election divided the country between those that viewed inflation control as the top political priority versus those that, at the time, did not understand inflation control as key for electoral success and for the wealth of the country. So it is that keeping inflationary pressures in check reshaped the political calculations and provided stability and predictability on future electoral events.

At the same time that macroeconomic stability then became a policy imperative in Brazilian politics, so too has social policy. For example, providing economic and social mobility opportunities to the poor through the implementation of large-scale programs, such as *bolsa família*, noncontributory pensions, and more access to credit is no longer a residual policy in Brazil. At present day, social policies are as important as macroeconomic stability and wield significant weight in the elections. In fact, during the 2010 presidential election, the campaign platform of the main opposition candidate, José Serra, promised to double the number of families assisted by *bolsa família*.[2]

Brazil has achieved significant social progress. According to ActionAid, Brazil has been considered, for its second consecutive year, as a leading country that "really fights hunger" among developing countries as a whole. According to the United Nations' Millennium Development Goal (MDG) Monitor, Brazil has already achieved four of the

---

[2] *Bolsa Familia* is the largest conditional cash transfer program in the world. Launched in 2003, it provides income support to poor families, subject to their fulfilling of certain human development requirements, such as child school attendance including participation in supplementary socio-educational activities, vaccinations, nutritional monitoring, prenatal and post natal tests. Since its creation, coverage has expanded rapidly. The number of beneficiaries tripled in four years rising from 3.6 million in 2003 to 11.1 million in 2006 reaching around 75 per cent of the estimated number of poor families. Read more: http://www.ilo.org/public/libdoc/jobcrisis/download/109B09_28_engl.pdf.

eight MDGs. These are: to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, and combat HIV/AIDS, malaria, and other diseases. The other four goals – reducing child mortality, improving maternal health, ensuring environmental sustainability, and developing a global partnership for development – are considered very likely to be achieved. Although the actual achievement of some of these goals is questionable, it is important to keep in mind that these are no trivial accomplishments in a society where macroeconomic mismanagement and inequality were for decades the most salient features.

Bolsa família proved very successful not only in combating inequality but also in winning votes in President Lula's reelection in 2006, and in increasing votes for his successor Dilma Rousseff four years later. The electoral base who voted Lula into office in 2006, however, was not the same as the one that voted for him in 2002. The PT's traditional electoral base was mostly formed by better educated and high income voters in the relatively urban and industrial sectors in Brazil's south and southeast. However, Lula's social programs – especially the conditional cash transfer scheme that targeted low-income families – were critical in explaining his good electoral performance among low-income voters. Hunter and Power (2007) show the impact of targeted social policy on voter choice by correlating election results with the implementation of the *bolsa família* program at the sub-national level. They demonstrate that between 60 and 85 percent of votes from the impoverished north and northeast of the country went to Lula. *Bolsa família* became the centerpiece of social policy, and the number of Brazilian families covered climbed rapidly to more than 12.7 million families or about 50.8 million people – more than two thirds of whom earned less than $33.00 a month. Moreover, the program was implemented at the relatively low cost of 2.5 percent of all government expenditure (Hunter and Sugiyama 2009).

Between 2001 and 2007, Brazil experienced a sharp and continuous decline in income inequality at an average rate of 1.2 percent per year. The per capita income of the poorest groups grew fast and substantially in this period despite modest economic growth of overall per capita income. This decline in inequality and poverty, however, should not only be interpreted as a result of poverty alleviation policies via public transfers. Barros, et al. (2010) argues that changes in labor income have played an equally important role. In addition, they stress that the decline of inequality has to do with the accelerated expansion of access to education during the 1990s.

A FORWARD MARCH

Poverty alleviation policies along with macroeconomic stability policies have led to the emergence of a "new middle class" in Brazil. According to Neri (2010), the Brazilian middle class – families earning between R$1,064 and R$4,561 per month – represented 42 percent of the population in 2003. Today that share is 52 percent and is expected to reach 55 percent in 2014. The Gini coefficient that measures Brazil's income inequality suggests that millions have moved out of poverty and entered the middle class every year since 2005.

This finding suggests that there will be more and more domestic consumers in the Brazilian market, which in turn will increase the potential to attract even more international investors to a market that is already one of the most attractive in the world – so much so that the Brazilian government has taken steps to curtail foreign direct investment (FDI) in Brazil to keep the economy from overheating. This policy implementation process showcases a welcomed maturity from the Brazilian government in its attempt to rein in the FDI avalanche, but at the same time, it paradoxically gives international investors one more reason to invest in Brazil.

paradoxically gives international investors one more reason to invest in Brazil.

Overall, Brazil has evolved in a manner that has not only convinced top credit rating agencies to raise Brazilian debt to "investment grade," but also led Brazil to reach the status of countries with high human development index. The combination of macroeconomic stability policies and a favorable international economic outlook created the conditions for economic growth that allowed social protection policies to be generated.

As a result, the Lula administration enjoyed massive popular support and left the government with an astounding 87 percent approval rate. Therefore, Dilma Rousseff's government will not have the political and/or electoral incentives to make comprehensive changes to Brazil's two main policy imperatives.

The incentive-structure of Brazil's political institutions is too ingrained and will continue to push Brazil in a similar direction. While Rousseff might decide to increase the government's ability to cool off the economy by enhancing the role of governmental agencies who subsidize the domestic private sector with cheap loans – and as a result, perhaps prevent Brazil from developing as quickly – she will not be able to take the country backwards.

A FRAGMENTED AND SOMETIMES POLARIZED ENVIRONMENT

Brazil possesses a complex mix of electoral institutions that allow for the representation of diverse interests within its multiparty system. Often this is viewed as encouraging levels of fragmentation and decentralization that can complicate the policy-making process (Ames 2001). Yet, Brazil also possesses some "majoritarian" institutions (provisional decree, urgency petition, budgetary power) that centralize power and encourage national-level governability. These two sets of institutions represent poles of a continuum; they are hybrids combining consensual and majoritarian elements at the same time.

The current institutional and political balance is relatively recent in Brazil. The Brazilian political system is a good example of a historical struggle between those advocating for consensual institutions (for example, characterized by proportional representation, federalism, multiparty system, and an independent judiciary) which prevailed during democratic periods (especially from 1946 to 1964), and those that promote strong centralism as seen during periods of authoritarian rule (Getulio Vargas' New State from 1937-1945, and the military dictatorship of 1964-1988). It took two decades for the 1988 Constitution to institute an environment capable of combining those apparently antagonistic institutional features and for democracy to become consolidated – which today, it is the only game in town.[3]

Brazilian democracy has maintained several consensual features such as presidentialism, proportional representation (PR) with open list in the electoral system, a fragmented party system, federalism, and an independent judiciary. In the opposite direction, however, the legislature has delegated the bulk of its powers to the executive, such as the power to rule by decree, line item and total veto, emergency measures, exclusive rights to legislate on budgetary and administrative issues, and the power of unilaterally executing the budget (Pereira and Mueller 2004). This paradoxical institutional combination generated by the new Constitution made

---

[3] According to Przeworski (1991), democracy is consolidated when under given political and economic conditions a particular system of institutions becomes the only game in town, when no one can imagine acting outside democratic institutions, when all the losers want to do is to try again within the same institutions under which they have lost.

democracy self-enforcing; that is, all the relevant political forces have found it best to continue to submit their interests and values to the uncertain interplay of the democratic institutions.[4]

The underlying rationale for the new constitution was to prevent institutional instability and deadlock/stalemate between Congress and the Executive, which was extremely prevalent in the previous period of democratic rule (from 1946 to 1964). In addition, the majority of legislators learned from that period and from 22 years of dictatorship that an institutionally weak president could not last without some sort of governing capacity to enforce his/her agenda. Legislators decided not to change the electoral rules – that is, not to reform the PR open-list system in the new constitution because it would create too much uncertainty with respect to legislators' electoral survival – but they also opted to transfer institutional resources to the Executive to ensure governability and stability of the democratic game.

The most important consequence of this new institutional design was that democracy has no longer been under threat in Brazil. With the exception of President Fernando Collor de Mello (1990-1992), all elected presidents since 1988 have been able to build reasonably stable post-electoral majority coalitions within Congress and have experienced relatively strong party discipline within the presidential governing coalition, along with a high level of governability. Although

[4] According to Melo (2009), the collective wisdom on Latin America was that in countries where presidents enjoyed strong constitutional powers and where multi-party coalitions prevailed, such countries would be doomed to instability and institutional crises, while countries having weak presidents and strong parties were expected to consolidate democratic rule. After almost two decades this prediction failed. The key to solving the paradox of strong presidents and robust democracies is that democratic stability in Latin American countries has been engendered by the existence of an extended system of checks and balances and rule of law, which are ultimately generated by political competition and power fragmentation.

none of the elected presidents belonged to a party with a pre-electoral absolute majority of the seats, they have, nevertheless, been able to achieve congressional support by use of their extensive legislative and non-legislative powers as well as gains from exchange mechanisms under the discretion of the executive (Pereira and Mueller 2004). In fact, Brazil has not yet faced a truly divided government under the current set of political institutions. This is not coincidental given that institutional powers and resources are held and selectively distributed by the Executive. The combination of provisional decree, vetoes, urgency petitions, budget dominance, and strategic allocation of resources (pork and cabinets) provides the Executive with an impressive set of instruments for imposing its legislative priorities on Congress' agenda.

The new Constitution of 1988 should, therefore, be viewed as the critical junction that defined present political institutions in Brazil and the powers of political actors. It provided the institutional terrain for political cooperation to take place. It also set the notion of strong executive power(s) capable of driving the policymaking process. It is important to keep in mind, however, that the institutional setting that emerged from the 1988 Constitution was a consequence of the legislature's choice and not a result of any sort of illegitimate usurpation of powers (as has been the case in other Latin American countries). To some extent the 1988 Constitution could be understood as a function of a historical learning process from previous unsettled institutional experiences, especially from the preceding very representative and fragmented democratic period (1946-1964) and the centralized military regime (1964-1985) that followed. Both extreme institutional conditions in Brazil's past could also be characterized as illustrations of limited access orders, where powerful individuals and groups cooperated through access to particular State benefits and privileges (North, Wallis, and Weingast 2009). During these periods, some groups had more access to benefits than others. This led to several often polarized and violent conflicts among powerful elite groups fighting for a greater chunk of rents-seeking benefits. With the new Constitution of 1988, however, multiparty fragmentation was preserved, but at the same time a powerful executive emerged with the capacity to coordinate political parties in coalition under the oversight of independent checks and balances institutions.

EXECUTIVE-LEGISLATIVE RELATIONS UNDER ROUSSEFF'S COALITION GOVERNMENT

As said before, presidential powers have generally allowed the President to initiate, pursue and approve much of his/her policy agenda. Whereas such a scenario may seem perilous given Latin America's history with strong presidents, Brazilian political institutions provide safeguards against abuse of powers. Although the separation of powers is clearly biased towards the president, several other political actors with different motivations (separation of purpose) are able to check the president's actions in different ways. Thus, if an incompetent or ill-intentioned president were to come to power, strong presidential powers would not mean a blank check to pursue misguided policy. Therefore, Brazilian presidents still need to build and sustain a majority coalition in Congress in order to govern. Without a safe and faithful majority coalition in Congress the presidents run the risk of facing massive problems either to deal with controversial roll calls in his/her agenda (a very good example was the recent roll call about increasing the minimal wage) or when it needs to block unwelcome opposition initiatives.

Brazil's 2010 election was unique in that, in numeric terms, the electoral coalition supporting Rousseff obtained the majority of seats in both chambers of Congress – while in the past, most coalition's majority governing capacities have been achieved after the elections, as explained prior. Rousseff's coalition will have nearly 64 percent of seats in the Senate and 61 percent in the Chamber of Deputies (see Table 1).

TABLE 1: POLITICAL PARTY SEAT ALLOCATION IN THE BRAZILIAN CHAMBER OF DEPUTIES

Rousseff's Electoral Coalition			Opposition			Independent		
Party	Currently	Elected 2010	**Party**	Currently	Elected 2010	**Party**	Currently	Elected 2010
PT	79	88	**PSDB**	59	53	**PP**	40	41
PMDB	90	79	**DEM**	56	43	**PV**	14	15
PR/PL	41	41	**PTB**	22	21	**PHS**	03	02
PSB	27	34	**PPS**	15	12	**PSL**		01
PDT	23	28	**PMN**	03	04	**PRP**		02
PSC	16	17	**PSOL**	03	03	**PRTB**		02
PCdoB	12	15	**PTdoB**	01	03			
PRB	01	08						
PTC	02	01						
TOTAL	297 (57.9%)	311 (60.62%)		137 (26.7%)	139 (27.09%)		57 (11.1%)	63 (12.28%)

Source: Brazilian Electoral Tribunal – TSE.

Based on these favorable numbers it has been widely speculated that Rousseff will face fewer difficulties with Congress than Lula did. In addition to the number of seats, however, other aspects discussed below are also fundamental for understanding executive-legislative relations in Rousseff's multiparty presidential administration.

President Rousseff will have to make at least three interconnected managerial choices that would have important consequences for the quality, sustainability, costs, and capacity of governing in Congress. These choices include: the number of parties in the coalition, the ideological heterogeneity of those parties, and the degree of proportionality or power sharing among coalition partners.

In a co-authored forthcoming paper from Power and Raile (2011), it is argued that each of these managerial choices engenders trade-offs and different costs for the executive. Coalitions that are larger, have greater ideological heterogeneity, or have a higher concentration of power in one of its members, are more difficult to manage. The less proportional the cabinet, the less satisfied the coalition partners in the legislature, and the higher the cost of sustaining their loyalty. A cabinet constituted disproportionately of an executive's own partisans may also create external animosity, but the larger effect would be to disrupt relationships within the governing coalition. Such situations imply a higher cost of governing, more coordination problems, and a greater necessity of side payments (pork barrel, patronage, policy concessions, etc.) to discipline the coalition. Ignoring such expectations can undermine support from within the governing coalition.

A comparison of how the former three Brazilian presidents managed their respective coalitions in Congress might be illustrative for understanding the impact of those choices on executive-legislative relations in the future government of Dilma Rousseff (see Table 2 in the Appendix).

President Collor had an initial governing coalition that consisted of only three political parties. Collor's coalition began with 245 seats, which was about 49 percent; this was clearly a minority coalition government. His cabinet was relatively homogeneous, featuring mostly right-wing parties. His cabinets, however, were extremely disproportional. In his first cabinet, 60 percent of the posts went to nonpartisan ministers. He did not share power with parties that could support him in times of need. In 1992, facing massive popular protests and without a credible and sustainable coalition in Congress, the cost of "buying" support eventually caught up with Collor. He was impeached and removed from office.

Fernando Henrique Cardoso (1995-2002), on the other hand, learned quickly that governing without a sustainable coalition in Congress would be too risky. He initially decided to include only four parties in his governing coalition (Social Democratic Party-PSDB, Liberal Party-PFL, Labor Party-PTB, and the Democratic Party-PMDB). Nevertheless, within two years he realized that he would need a broader majority to gain approval of his numerous constitutional reform proposals, which would require majority support in both houses. Cardoso recruited two additional parties (the PPB and PPS) into his government, bringing the coalition size up to almost 75 percent of seats in Congress. Although large in size, the Cardoso coalition was not endangered by internal ideological differences. The coalition was center-right and shared the president's views on constitutional reforms. The outstanding feature of the Cardoso coalition was the cabinet's high level of "coalescence" (Amorim Neto 2002). Cardoso's coalition management was decisive in helping him to sustain his majority coalition for almost eight years at a comparatively low cost.

Lula adopted a different coalition management approach. He formed an eight party coalition and increased the number of cabinet-level posts from 21 to 35 to accommodate the president's own Workers' Party-PT loyalties, which was awarded no fewer than 20 portfolios. In December 2003, the PMDB was added to the coalition as the ninth party in the cabinet but received only two cabinet positions. The PT did not "make room" for the PMDB. This skewed allocation increased the PT's dominance over its governing coalition partners. This sharp reduction in proportionality occurred exactly at the same time the *mensalão* is alleged to have begun[5]. The PT controlled 60 percent of the cabinet portfolios while supplying only 29 percent of the coalition's seats in the Chamber of Deputies. In his second term in office, Lula seems to have learned from the *mensalão* scandal by adjusting his governing coalition and allocating more cabinets to other coalition members; but the PT continued to monopolize his cabinet. The ideological spectrum of Lula's coalition was much more diverse than that of Cardoso's, spanning from extreme left wing to extreme right wing parties.

How about the coalition profile of Dilma Rousseff's government? Like Lula, Rousseff built a very heterogeneous, over-sized, and over-concentrated governing coalition, preferring to satisfy the internal factions within the PT. As expected, Rousseff decided to invite a large number of partners into her coalition cabinet, but the number was slightly smaller than that of Lula's. Whereas Lula had eight political parties in his first cabinet, Rousseff invited seven. The number of parties did in fact translate into a larger majority within Congress since the nominal size of Rousseff's coalition enjoys 328 seats in Brazil's Chamber of Deputies, which is above the 60 percent supermajority of 308 votes needed for constitutional amendments. Therefore, if she faces problems pursuing her political agenda, it would not be credible for her to blame the political opposition. Recently Rousseff proved her control over her coalition and rammed through in a total partisan manner the approval of the minimum wage law with the initial proposed amount of 545 *Reais*. She pulled this show of force even though she

[5] The "mensalao" relates to payments alleged to have been made each month in 2003 and 2004 to opposition politicians by President Lula's Workers Party (PT), which had a minority in Congress and governed through a coalition of several parties. The payments, said to be around $13,000 (£6,500) a month to lawmakers, were allegedly used to buy their support so they would vote in line with the PT. Read more: http://news.bbc.co.uk/2/hi/americas/4676435.stm.

faced mounting pressure from the unions who historically have backed the PT; nevertheless Rousseff along with Lula's vocal support reigned in her coalition and commanded through the legislature her initial proposal without any negotiations.

The ideological spectrum of Rousseff's coalition is very similar to that of Lula's, spanning from extreme leftwing to extreme rightwing parties. Although Rousseff will certainly try to maintain the core macroeconomic stability and social policies currently in place, we should not view coalition problems as a function of the ideological diversity of her governing coalition. That is, as the policy agenda will be very similar to her predecessor's agenda, Rousseff will probably not face too much opposition from coalition members as a function of their different ideological preferences.

Concerning power sharing, Rousseff's first cabinet is less monopolistic than Lula's given that she allocated 17 (around 46 percent) cabinet positions to PT while Lula allocated 21 posts (60 percent). The coalition *formatter* again received a substantial cabinet bonus. The Brazilian Democratic Party (PMDB) has also been over-allocated with positions with 6 portfolios (37 percent). This clearly illustrates Rousseff's intent to please the second largest party in Brazil's Chamber of Deputies, the largest party in the Senate, as well as the party of Rousseff's vice-president.

Table 3 compares cabinet disparity or the difference between the intra-coalitional percentages of cabinet posts held by the party and the intra-coalitional percentage of lower legislative house seats held by the party. The only parties with positive cabinet disparities within Rousseff's coalition are PT and PMDB, with 18.95 and 12.93, respectively. Hence, these two parties received a disproportionately high percentage of cabinet posts, which do not reflect their proportional weight in Congress, 88 seats (26.99 percent) and 79 seats (24.23 percent), respectively.

TABLE 3: CABINET DISPARITY AMONG BRAZILIAN GOVERNMENT (COLLOR, CARDOSO, LULA, AND ROUSSEFF)

Party	Collor	Cardoso	Lula	Dilma
PSDB		2.59		
PFL	-17.14	-8.51		
PMDB	-43.06	-12.26	-18.82	12.93
PP		-6.23		-9.87
PPS		3.97	-3.43	
PTB		-3.38	-13.18	
PT			31.38	18.95
PDT				-5.88
PCdoB			2.88	-1.9
PL/PR			-10.66	-9.87
PSB			-3.43	-5.02
PV			0.97	
PRN	0.2			

Note: "Cabinet Disparity" is the difference between the intra-coalitional percentage of cabinet posts held by the party and the intra-coalitional percentage of lower legislative house seats held by the party. Negative values indicate that a party has received a disproportionately low percentage of cabinet posts, while positive values indicate a disproportionately high percentage of cabinet posts. Chart appears in Carlos Pereira's *Brazil's President Rousseff's First Governing Coalition…op. cit.*

However, other important parties participating in Rousseff's coalition received cabinet seats that were worse than their share of lower-chamber legislative seats. These parties were severely under-rewarded, particularly the Popular Party-PP, Liberal Party-PL/PR, Democratic Labor Party-PDT and Brazilian Socialist Party-PSB, which received a disproportionately low percentage of cabinet posts (-9.87, -9.87, -5.88, and -5.02, respectively). As these parties had their initial expectations dashed by receiving a disproportionately low number of cabinet seats, we should observe that they will receive other forms of compensation, such as a higher distribution of monetary benefits in the form of pork barrel politics and/or patronage in lower ranks of the public administration, in order to keep them in line with the government. Otherwise, growing dissatisfaction would lead to more frequent coalition defections and consequently higher difficulties of sustaining and coordinating political support in Brazil's Congress. In other words, in addition to numerically aggrandizing coalitions, the way presidents manage their coalitions also matters for presidential success in Congress.

BRAZILIAN FOREIGN POLICY AND U.S. RELATIONS

The first official international trip of President Dilma Rousseff was to Argentina on January 31, 2011. This visit was a clear sign of her intention to follow Lula's main foreign policy goals of prioritizing regional integration within Latin America – to consolidate Brazil's status as a regional power – and furthering leadership among developing countries within the "global south."

Brazil has played an important role in establishing new multilateral organizations like Mercosur, although in this particular case it has had much more success in developing political cohesion than true economic integration. Under the Lula administration, Brazil stepped up to play a more active role in maintaining regional peace and stability; however, its growing commercial and political influence has received some pushback from neighboring countries who fear a hegemonic power is in the makings.

Historically, Brazil has looked inwards and was somewhat disconnected from its neighbors. In recent years, however, Brazilian diplomacy has broken with the Baron of Rio

Branco – considered the father of Brazilian diplomacy – inward-looking strategic diplomacy and has actively pursued a strategic plan to assert Brazilian interests in the region. In doing so, Brazil is going through a learning curve when dealing in conflictive situations as the major power. Bolivia's President Evo Morales' nationalization of the Brazilian state-owned oil company Petrobras' natural gas activities was the first test of the new boundaries Brazilian diplomacy will have to deal with.

The creation of regional multilateral organizations like UNASUR and the already established Mercosur have aided Brazil in dealing with such situations and allowed President Lula to exert presidentialism-based diplomacy with its counterparts. Rousseff will most likely also take advantage of the extra perks these gateways offer; however it remains to be seen how her personality will interact with other regional players.

Lula recognized this advantage in addition to the commercial opportunities multilateral organizations offered. He called for an enlarged Mercosur to better defend the region's interests. This request falls in line with the idea that the bloc, from its inception, was designed to become the main axis of integration in South and even Latin America. There are, however, several caveats to this strategy that suggest that Lula's call is somewhat of an elusive political statement. First, despite the fact that full membership is permitted to any Latin American country that requests admission, no country has ever requested it, aside from Venezuela, who has been waiting for over two years for its full admission, and at the present time, this outcome seems very unlikely.

One of the reasons Mercosur has unconvincing credentials as an open regionalism mechanism is its admission process and what full admission entails. In order to gain full membership, countries would have to forgo their own trade policies and agreements to abide by the bloc's more protectionist rules (or Mercosur would have to lower its own trade tariffs). Countries that have signed Free Trade Agreements with the U.S., European Union (E.U.) or China, for example, would not be eligible for full membership under current Mercosur trade rules. This would apply to Chile, Colombia, Peru, Mexico, and the Central American countries.

Second, even if new members were to join, rather than increase the bloc's bargaining power they would most likely enhance internal contradictions that stand in the way of negotiations. Since Mercosur's decision-making process is by consensus, the inclusion of new members would increase the number of veto players. To avoid this risk, the bloc would have to adopt an E.U.-style of decision-making (i.e., majority voting), and/or directly deal with the economic asymmetries and trade disputes that exist today between member countries. As Mercosur seeks horizontal expansion, it will be pushed to address shortcomings of its vertical institutionalization.

Although some important disagreements have emerged lately between the U.S. and Brazil (especially with regard to different policy approaches toward situations in Honduras, Iran, and trade issues) relations between the two countries have generally been constructive and positive in a wide range of issues, including: counter-narcotics, trade, human rights, energy, environment, promoting bio-fuels, intellectual property rights, and providing security in Haiti. Nevertheless, Brazil has been one of the key opponents to a Free Trade Area of the Americas, and it has ongoing disputes over U.S. tariffs on Brazilian ethanol, and the Doha Round of WTO negotiations over U.S subsidies for cotton farmers. Brazil had also developed concerns about the initial agreement between the U.S. and Colombia to provide the U.S. access to seven Colombian military bases. Yet Brazil too under Lula signed defense agreements with the U.S.

Most recently, Brazil and the U.S. have also clashed over policy toward Iran. Whereas Brazilians perceived the Iranian Nuclear Exchange Agreement brokered by then foreign minister Celso Amorim in partnership with Turkey as a kind of confidence building step to bring Iran back to negotiations, the U.S. understood the agreement as a delaying tactic and decided to go ahead approving extra sanctions in the U.N. Security Council. However, having differences is natural between countries with diverse interests, in which foreign policy on both sides is inevitably affected by conflicting domestic political determinants and economic disputes. It is important to point out that despite current and historical differences, Brazilian and U.S. interests are not identical, but they are potentially compatible.

It is still too soon to predict how Brazil and U.S. relations will evolve under Dilma Rousseff's administration. However, the Rousseff government has made considerable changes that may yield improved relations. Under her tutelage, the Brazilian Foreign Ministry (Itamaraty) has changed reigns. The new Minister of Foreign Relations is none other than the former Brazilian Ambassador to the U.S., Antonio Patriota, who has significantly softened Brazil's rhetoric on the Iranian issue. As a consequence, Brazil no longer demands to participate in the negotiations.

In addition, Itamaraty has ordered its embassies and UN mission to prepare a review assessing the state of Brazilian foreign policy. The report will address human rights in countries with authoritarian regimes and also focus on Brazil's relationship with the United States. Rousseff herself has repeatedly asserted her administration's commitment to human rights anywhere in the world, a move that is seen as a clear distancing effort from Iran.

This could be seen as a sign that new avenues of cooperation and fewer tensions may evolve with the U.S. President

Obama recently announced in January 2010 that he will visit Brazil. This could be an opportunity to reopen the discussions at the highest level, which could focus on several of the controversial issues mentioned above.

It’s clear that Brazil sees a national interest in the creation of a world order more hospitable to a pluralism of interests, and the Rousseff government will follow this caveat. However the manner in which it will do so seems to entail a gentler diplomatic approach to that of the Lula administration. For the U.S.’s part, it sees managing its relationship with the new Brazilian administration as an increasing priority for US foreign policy. This convergence of interests will also have to deal with essential challenges for US-Brazil relations, which at this stage would be to first build greater synergy on major global issues, which are diverse and reflect complex interests from both countries.

APPENDIX

Table 2: Participation of Coalition Members within the Collor, Cardoso, Lula, and Rousseff Cabinets

	Collor				Cardoso				Lula				Rousseff			
Party	Cabinet Posts	% Posts	Coalition Seats	% Seats	Cabinet Posts	% Posts	Coalition Seats	% Seats	Cabinet Posts	% Posts	Coalition Seats	% Seats	Cabinet Posts	% Posts	Coalition Seats	% Seats
PSDB					6	28.57	99	25.98								
PFL	2	20.00	91	37.14	4	19.05	105	27.56								
PMDB	1	10.00	130	53.06	2	9.52	83	21.78	2	5.71	78	24.53	6	37.16	79	24.23
PP					2	9.52	60	15.75					1	2.70	41	12.57
PPS					1	4.76	3	0.79	1	2.86	20	6.29				
PTB					1	4.76	31	8.14	1	2.86	51	16.04				
PT									21	60.00	91	28.62	17	45.94	88	26.99
PDT													1	2.70	28	8.58
PCdoB									2	5.71	9	2.83	1	2.70	15	4.60
PL/PR									1	2.86	43	13.52	1	2.70	41	12.57
PSB									1	2.86	20	6.29	2	5.40	34	10.42
PV									1	2.86	6	1.89				
PRN	1	10.00	24	9.80												
Ind.	6	60.00			5	23.81			5	14.29			8	21.62		
Totals	**10**	**100**	**245**	**48.71**	**21**	**100**	**381**	**74.27**	**35**	**100**	**318**	**61.99**	**37**	**100**	**326**	**63.54**

Note: The "% of Posts" means the intra-coalitional percentage of cabinet posts held by the party and "% of Seats" is party seats as a share of the overall coalition seats held in the Chamber.

WORK CITED

Ames, Barry. *The Deadlock of Democracy in Brazil*, (Ann Arbor, MI: University of Michigan Press), 2001.

Amorim Neto, Octavio. "Presidential Cabinets, Electoral Cycles, and Coalition Discipline in Brazil," pp. 48-78 in Scott Morgenstern and Benito Nacif *(Eds) Legislative Politics in Latin America*, (Cambridge MA: Cambridge University Press, 2002).

Barros, Ricardo, Mirela de Carvalho, Samuel Franco, and Rosane Mendonça, "Markets, the State, and the Dynamics of Inequality in Brazil," pp. 134-174 in Luis F. López-Calva and Nora Lustig (eds.) In *Declining Inequality in Latin America: A Decade of Progress?* (Baltimore, MD: Brookings Institution Press, 2010).

Hunter, Wendy and Power, Timothy, "Rewarding Lula: Executive Power, Social Policy, and the Brazilian Election of 2006" *Latin American Politics and Society* 49 (1): 1-30, 2007.

______ "Democracy and Social Policy in Brazil: Advancing Basic Needs, Preserving Privileged Interests" *Latin American Politics and Society*, 51 (2): 29-58, 2009.

Lijphart, Arendt, *Patterns of Democracy: Government Forms & Performance in Thirty-six Countries* (New Haven, CT: Yale University Press, 1999).

Melo, Marcus, "Strong Presidents, Robust Democracies? Separation of Powers and Rule of Law in Latin America" *Brazilian Political Science Review* 3 (2): 30-59, 2009.

Meyer, Peter, “Brazil-U.S. Relations” *Congressional Research Service Report for Congress*, RL33456, 2010.

Neri, Marcelo, *The New Middle Class in Brazil: The Bright Side of the Poor*, (Rio de Janeiro, Brazil: Fundacao Getulio Vargas Press, 2010)

North, Douglas; Wallis, John; and Weingast, Barry, *Violence and Social Order: A Conceptual Framework for Interpreting Recorded Human History*, (Cambridge, MA: Cambridge University Press, 2009).

Pereira, Carlos, “The Impact of Brazil’s Presidential Elections: Different Roads, Similar Direction,” The Brookings Institution, September 28, 2010.

______ “Brazilian President Rousseff’s First Governing Coalition: Better, but not Good Enough,” The Brookings Institution, February 8, 2011.

______, Power, Timothy and Raile, Eric, “Presidentialism, Coalitions, and Accountability,” Timothy Power & Matthew Taylor (Eds). *Accountability Institutions and Political Corruption in Brazil*, (Notre Dame University Press, forthcoming 2010).

______ and Mueller, Bernardo, “The Cost of Governing: The Strategic Behavior of the President and Legislators in Brazil's Budgetary Process” *Comparative Political Studies*, 37 (7): 781-815, 2004.

Powell, Bingham, *Elections as Instruments of Democracy: Majoritarian and Proportional Visions*, (New Haven, CT: Yale University Press, 2000).

Przeworski, Adam, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin*

America, (New York, NY: Cambridge University Press, 1991)

Raile, Eric D; Pereira, Carlos; and Power, Timothy, "The Executive Toolbox: Building Legislative Support in Multiparty Presidential Regime." *Political Research Quarterly* (forthcoming 2010).

ABOUT THE AUTHOR

Carlos Pereira is a visiting fellow in the Latin America Initiative at Brookings Institute in Washington, DC and Assistant Professor of Comparative Politics, Department of Political Science, Michigan State University. He is also a Professor of Political Economy, São Paulo School of Economics and School of Business, Getulio Vargas Foundation (FGV), Brazil. Prof. Pereira's research focuses on political economy and public policy in comparative perspective in Latin America. Among several degrees, he holds an MD from the State University of Pernambuco (Brazil); a Ph. D. in Political Science from the New School University and a University of Oxford's (St. Antony's College / Centre for Brazilian Studies) Post-doctorate in Politics (Research Fellow in Politics).

WHEMSAC PUBLICATIONS

PHASE II

Patricio Navia, “Venezuela and Chile: Two opposite Paths of Democratic Consolidation and Economic Development.” March 2011.

Miguel L. Castillo-Giron, “Land Ownership Transfers in Petén, Guatemala.” February 2011.

ARC, “Latin America and the Caribbean in 2011 and Beyond.” February 2011.

Iñigo Guevara Moyano, “Defense Expenditures: Argentina, Chile, Uruguay, and Paraguay.” December 2010.

Bradley S. Porter, “Altered Landscapes or Arms Race? Making Sense of Military Spending in South America.” November 2010.

Iñigo Guevara Moyano, “Defense Expenditure: Andean and Amazon Regions.” November 2010.

Ambassador Peter DeShazo, “Consolidating Security and Development in Colombia: Lessons for Peru and Panama.” November 2010.

Johanna Mendelson-Forman, “South American Defense Council: What it means for regional security?” November 2010.

Erich de la Fuente, “Cuba’s Role in Venezuela’s Control of the Internet and Online Social Networks.” October 2010.

Marifeli Perez-Stable, “Raul Castro’s Government Recent Economic Reforms and Some Political Considerations.” October 2010.

Iñigo Guevara Moyano, “Defense Expenditures: Central America and Dominican Republic.” September 2010.

Hal Brands, “Criminal Fiefdoms in Latin America: Understanding the Problem of Alternatively Governed Spaces.’’ September 2010.

ARC, “Honduras’ Stressed Social Fabric: Instability and Risks.” August 2010.

CTC and ARC, “Uranium in Latin America: Reserves, Energy, and Security Implications.” August 2010.

Kristina Mani, “Military Entrepreneurship in Latin America: A Brief Overview.” June 2010.

John Proni, “Independent Monitoring of the Cuban Economic Zone Oil Development.” July 2010.

Bruce Bagley and Olga Nazario, “Lithium and Bolivia: The Promise and the Problems.” June 2010.

Brian Fonseca, “Domestic Politics in the Dominican Republic after the Earthquake in Haiti.” June 2010.

PHASE I

Brian Fonseca, “Human Smuggling & The Terrorist-Criminal Nexus.” January 2009.

Arturo Contreras and Francisco Ledantec, “General Overview of Transnational Threats in Latin America with a Special Focus in South America & Its Effect on International Security and US-Latin American Relations.” December 2008.

Thomas Bruneau, “Civil Military Relations in Democratic Latin America.” December 2008.

Thomas Bruneau, “Civil Military Relations in Democratic Latin America.” December 2008.

Brian Fonseca, “Identifying Opportunities for US-Cuba Military Cooperation.” December 2008.

Harold A. Trinkunas, “Understanding Venezuelan Strategic Culture.” December 2008.

Joanna Mateo, “US-Brazil: Forging a New Relationship.” November 2008.

Joanna Mateo, “Las Maras in Honduras.” November 2008.

Joanna Mateo, “Advancing Security Cooperation in the Americas: An Historical Perspective.” August 2008.

Julio A. Cirino, “The Media Component in a Visual Culture and the Spread of Populism in Latin America: Exploring the Spiral of Silence.” June 2008.

Brian Fonseca and Dr. Evan Ellis, “Emerging Relationships: China and Latin America.” May 2008.

Joanna Mateo, “Gang Violence in Central America: The Case of Honduras. Identifying a Role for USSOUTHCOM.” April 2008.

Anthony P. Maingot, “The New Geopolitics of the Andes: The Dangers of a State-on-State War.” April 2008.

Joanna Mateo, “Health Threats to Stability in the Americas.” February 2008.

Brian Fonseca, “Emerging Relationships: Iran & Latin America.” February 2008.

Brian Fonseca, “Energy Outlook: Brazil.” January 2008.

NOTES:

NOTES:

WESTERN HEMISPHERIC SECURITY ANALYSIS CENTER SPONSORS

The **Applied Research Center** advances the research and academic mission of Florida International University. ARC's focus is to solve real-world problems through multi-disciplinary research collaborations within the University's increasingly talented applied and basic research units. It is uniquely structured and staffed to allow for free-flowing exchange of ideas between the University's applied researchers, academia, government, private sector and industry partners. The ARC's vision is to be the leading international university-based applied research institution providing value-driven, real-world solutions, which will enable FIU to acquire, manage, and execute educationally relevant and economically sound research programs. That vision is based on the Center's core values of respect for the environment, health and safety of all individuals, creativity and innovation, service excellence, and leadership and accountability. The Applied Research Center is organized into three core research units: Environment; Energy, and Security and Development. Under the leadership of its Executive Director, the Center reports to FIU's Office of Sponsored Research Administration. An External Advisory Board, encompassing leaders from the private and public sectors, participates actively in the Center's growth and development. The Florida International University Applied Research Council, a team of University deans, executives and faculty guide the development of the Center's programs.

Florida International University is Miami's first and only four-year public research university with a student body of more than 40,000. It is one of the 25 largest universities in the nation. FIU's colleges and schools offer nearly 200 bachelor's, master's and doctoral programs in fields such as international relations, law and engineering. As one of South Florida's anchor institutions, FIU has been locally and globally engaged for more than four decades finding solutions to the most challenging problems of our time. FIU emphasizes research as a major component of its mission. The opening of the Herbert Wertheim College of Medicine in August 2009 has enhanced the university's ability to create lasting change through its research initiatives. Overall, sponsored research funding for the university (grants and contracts) from external sources for the year 2008-2009 totaled approximately $101 million.

The **United States Southern Command** (USSOUTHCOM) is one of ten unified Combatant Commands (COCOMs) in the Department of Defense. It is responsible for providing contingency planning, operations, and security cooperation for Central and South America, the Caribbean, and their territorial waters; as well as for the force protection of U.S. military resources at these locations.

The **National Defense Center for Energy and the Environment** (NDCEE) provides reliable and sustainable solutions to the US Department of Defense in areas ranging from contingency operations to global climate change and greenhouse gas reduction to safety and occupational health. These solutions increase mission readiness and improve the health and safety of our Armed Forces both at home and abroad. The NDCEE provides project management and technical support to the WHEMSAC Program.

FIU

Applied Research Center