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FROM THE EDITOR
Eduardo A. Gamarra

FROM THE GUEST EDITOR
Timothy J. Power

REPORTS
Fragile Threads
Rosana Resende

Bananas, Beats, Bossas
Charles A. Perrone

FEATURES
Brazilian Democracy at Twenty
Timothy J. Power

A New Era for Brazil’s Economy?
Edmund Amann

Rethinking Foreign Investment
Roy C. Nelson

Facing the Past
James N. Green

Learning with Brazil and Lula
Tanya Dawkins

PHOTO ESSAY
Drought and Hope in the Sertão
Ricardo Funari

REVIEW FORUM
US-Brazilian Relations
Donna J. Hrinak

PUBLICATIONS UPDATE
Lula and the Workers’ Party
Marian Goslinga
Seven years ago, Alisa Newman became managing editor of Hemisphere and of all publications at the Latin American and Caribbean Center. Alisa came to us from LatinFinance and promptly set out to significantly improve the quality and style of the magazine. I was especially impressed with the breadth of knowledge she possessed of Latin American and Caribbean affairs. As a result, she became more than a copy editor, she proposed topics, recruited articles, and edited each and every one of them to meet the quality standards that she established for the magazine.

This is the last issue of Hemisphere that bears Alisa Newman's magical touch. She worked very closely with Timothy Power, the guest editor of this issue to produce this outstanding collection of articles on Brazil. Alisa announced shortly before this issue was completed that she was leaving LACC and Hemisphere to concentrate on her family. She and her husband Juan Carlos will be parents to a second child this coming fall.

We were privileged to have worked with Alisa and will miss her greatly. LACC wishes her well and thanks her for the many years of dedicated effort she gave to Hemisphere. Her duties will be assumed by Pedro Botta, who will also continue to produce the magazine. I am delighted to welcome him as managing editor.

EDUARDO A. GAMARRA
FROM THE GUEST EDITOR

Obervers of Latin America are well aware that one country is responsible for nearly half of the region’s population and economy. With its continental dimensions, Brazil is large enough to warrant a Hemisphere of its own—and that, in fact, is what you have in your hands. In this special issue, Hemisphere looks at developments in Brazil under its new, history-making president, Luiz Inácio “Lula” da Silva.

Since his inauguration in January 2003, President Lula has seemed to be everywhere at once. Domestically, Lula has continued the economic reforms of his predecessor, Fernando Henrique Cardoso, and has attempted to deliver the magic formula that has proven elusive in Brazil’s recent past—sustainable growth without inflation. Regionally, Lula has become the linchpin in a new cooperative axis among the four Southern Cone countries (Argentina, Brazil, Chile and Uruguay), all of which now have socialist or progressive presidents for the first time in history. Globally, Lula has worked tirelessly to maximize Brazil’s visibility and influence in international affairs. Whether pressing the flesh in a Rio favela, pushing paper in his third-floor office in Brasilia, or skirting the globe in his gleaming new Airbus A-319, Lula is setting a new standard for activist leadership in Latin America.

This issue of Hemisphere explores Brazilian politics, economics, culture and society. My essay looks at the state of Brazilian democracy on its twentieth anniversary in 2005. While the regime seems secure in terms of its basic survival, massive inequality and continual institutional stalemates erode the quality of the democracy that is being delivered to citizens. Ed Amann’s essay on economic performance reviews the many obstacles that inhibit sustainable development. Many economic challenges are related to the questão social in Brazil, particularly the country’s noted inability to catch up with Asian competitors in terms of human capital. Roy Nelson explains why, despite its protectionist history, the Workers’ Party (Partido dos Trabalhadores or PT) has adopted a more favorable attitude toward foreign direct investment since coming to power in 2003.

Tanya Dawkins and Jim Green examine the PT’s relationship to organized social movements. Dawkins shows that Lula’s decision to maintain the right-money, low-inflation policies of his predecessor has led to disappointment within the progressive coalition that backed the PT during its two decades in opposition. The most vocal opposition to Lula’s policies has, in fact, come from the left, leading to important defections from the PT. Green’s essay revisits Brazil’s authoritarian legacy and shows that even under the Lula government—which contains many important figures exiled and tortured by the military regime of 1964-1985—human rights activists are still waiting for a full accounting of the past.

Two articles examine society and culture. In discussing the diffusion of Brazilian musical forms, Charles Perrone shows why Brazil is “hot” in terms of its large—and growing—cultural influence. In fact, Lula’s minister of culture, Gilberto Gil, has been a dominant figure in world music over the past four decades. Rosana Resende’s essay begins by illustrating how these cultural influences are washing over South Florida, brought by many thousands of Brazilian immigrants, and goes on to show the many difficult challenges faced by these new arrivals. The lives of these immigrants are dramatized in the Globo network’s new telenovela, entitled simply América, which began running in March 2005 and features numerous shots set in Miami. Lula is a political figure here as well. On the day of his historic election in October 2002, the lines snaking out of the polling station set up by the Brazilian Consulate at Coral Gables High School showed that, politically speaking, Miami has become a Brazilian município like any other.

This issue showcases a photo essay by Ricardo Funari documenting life in the arid, impoverished sertão of the Brazilian Northeast, whence the future President Lula migrated to São Paulo as a small boy. We also feature a book review contributed by Hon. Donna Hrinak, the distinguished US Ambassador to Brazil from 2002 to 2004 and a frequent visitor to FIU. Marian Goslinga closes the issue with a bibliography of new sources on Lula, the PT and contemporary Brazilian affairs.

I am grateful to Dr. Eduardo Gamarra for the kind invitation to serve as guest editor of this special issue; to the contributors for their fine essays; and to Pedro Botta and Alisa Newman for their advice and support along the way. This will be Alisa’s final edition of Hemisphere, and my regret at her departure is tempered only by the pleasure of having worked with her on this special issue on Brazil.

TIMOTHY J. POWER
Fragile Threads

by Rosana Resende

It's a balmy summer night and hundreds of Brazilians gather in front of an oversize movie screen on a beach. Yet another film festival is opening with a free screening of the previous year's Audience Award recipient. Later in the festival, reporters from the Brazilian network Rede Globo interview filmgoers as they wait. And wait they must, in long, messy lines, as promoters for events and products such as açaí ice cream and cachaca roam the crowd plying their trade. Surrounding establishments vie for customers as the screening ends. Perhaps some will go listen to live Bossa Nova at a local jazz bar and café, or savor pizza and caipirinhas at the palm tree-lined outdoor mall nearby. This particular film festival draws thousands of people, including distribution executives from all over the Americas, to see the best of new Brazilian cinema. It is a powerful vehicle for disseminating Brazilian art and culture.

Some miles away, perhaps less trendy but not less exciting to its patrons, a restaurant begins its weekend evening routine, turning down the lights and opening the dance floor for forró night. The live band, complete with accordion and triangle, essential forró instruments, belts out songs as the dancers glide by in the familiar two-step of the Brazilian northeast. There are men in cowboy boots, women in tight, low-riding jeans, and lots of beer. Some men complain that the women prefer the foreign men to the Brazilians, and as there are many more men than women here, the women can afford to be choosy. Before midnight the numbers peak, crowding out from the dance floor those eager to show off fancy footwork and leaving only sweaty bodies bumping up against each other while trying to avoid stepping on any feet. A typical Saturday night in Brazil, you might think, and in fact none of this would be remarkable were it taking place in Rio, Salvador or Recife. But I am describing a night in South Florida.

Fragile Threads

These examples are only a few manifestations of the expanding Brazilian presence in South Florida, but they encapsulate some striking aspects of the Brazilian population living in the area; namely, its diversity and geographical spread. Much as in Brazil itself, Brazilians in South Florida have little more in common than language and nationality, and in fact often seem to function in distinct and disjointed worlds divided by social class, region of origin, faith and, here in the United States, documents. To speak of a Brazilian "community" in South Florida is somewhat of a misnomer. The ethnic press echoes the sentiments of many local Brazilians when it calls for more community and complaints of a lack of solidarity. Large outpourings of national pride, evident after World Cup soccer victories, dissipate into fragmented preferences and possibilities for just about everything else, from the trite (which beach to hang out on) to the telling (how often to visit Brazil). Nationality and language, as it turns out, are rather fragile threads by which to knit a community.

But just who, and where, are these Brazilians of South Florida? The three southeastern counties of Miami-Dade, Broward and Palm Beach are home to a sizable Brazilian population, with estimates running from 20,000 on the conservative end to upwards of 200,000. The real number, likely in the middle of this range, is difficult to divine, as is the case with any immigrant population that includes an undetermined number of undocumented persons.

What is certain, however, is that varying concentrations of Brazilians from all regions of Brazil live in this area, from southern Miami-Dade (Kendall) to northern Palm Beach (Delray Beach). Pompano Beach and Deerfield Beach in Broward have whole strip malls of Brazilian-owned and targeted businesses. The tri-county area now boasts a public school that offers a fully bilingual curriculum with 40% of instruction in Portuguese, two Brazilian cultural centers, more than 30 churches and temples, and countless restaurants, stores, nightclubs and markets. This immigrant stream includes the executives who organize events like the Brazilian Film Festival, those who rent the theater after hours. Three years of researching this population in Miami-Dade and Broward counties have led me to conclude that Brazilian immigration shows no sign of stopping and only promises to increase in size and diversity.

Tropical Brazucas

Renewed waves of disappointment in Brazil as the purported "land of
Reports

Brazilians in South Florida

Since the 1980s, Miami has attracted a diverse lot of Brazilian immigrants. The future have ensured a steady stream of people leaving the country in search of opportunity and stability. Beginning in the early 1980s, on the heels of democratization, intensifying with the disillusionment of the post-Collor 1990s and beyond—as both Cardoso and now Lula failed to deliver a sustainable economic miracle—emigration has steadily become a viable option for Brazilians, whose image of their own country is that of a land of immigrants.

According to Itamaraty, Brazil's Ministry of Foreign Relations, approximately two million Brazilians live outside of Brazil. Brazilians are scattered across the globe, with large populations in Japan and Europe, including many who gained entry by heritage claim. But most Brazilians living abroad headed north to Canada and the United States, so much so that Globo's new primetime soap opera, entitled simply América, specifically deals with the plight of Brazilian immigrants. In the US, several metropolitan areas boast significant populations of these transplants, most notably New York, Boston and Miami, with lesser concentrations in other cities.

Metropolitan Miami has received large numbers of immigrants only in the last 40 years or so, when a large influx of Cubans fleeing Castro's revolution established the first significant enclave. Since the 1980s, however, the area has grown tremendously and attracted diverse populations of Latin American and Caribbean nationals, including Brazilians. Like many immigrant groups in the area, some of the first South Florida brazucas, as Brazilians in the US are sometimes called, were at the upper end of the socioeconomic spectrum, relocated by their companies or drawn here by the large concentration of corporate Latin American headquarters in Miami.

Even in its origins, the Brazilian population in South Florida shows diversity. This trend goes beyond the eventual diversity of established communities, whereby ever-expanding networks of employees and relatives serve to verticalize the social structure and broaden the geographical reach. My research thus far indicates three distinct points of origin, inherently diverse in their makeup. In addition to the corporate settlers, other "pioneers" include tourism industry workers and "snowbirds," Brazilians who previously settled in points north and migrated southward in search of warmer weather. These three trunks, if you will, in turn led to different patterns of settlement and expansion, and different chains of subsequent migrants. The snowbirds, for example, pulled Brazilians from other parts of the US to follow them to sunny Florida. And where they settled in South Florida involved questions of space, affordability and work opportunity.

One former hospitality worker I met arrived in the 1970s and used to spend six months a year working legally in the resorts of Boca Raton (catering to "traditional" snowbirds) and the other six months in Brazil. Eventually, he found stable, year-round work in downtown Miami, but without proper work authorization, at a Brazilian restaurant that catered to Brazilian tourists on vacation. He was able to bring his family and settled in Broward County because rent there was less expensive. Over the years, he normalized his family's legal status and eventually came to provide food for Brazilians in a different way, as the owner of a Brazilian ethnic market for immigrants in Pompano Beach.

Misfits and Backstabbers

The diversity in points of origin only partly explains the lack of social cohesion among South Florida
Brazilians. Another, more serious challenge to community exists: internal mistrust and disparagement. Time after time, informants complained of a lack of community feeling among Brazilians here, that they would do well to emulate the "Latinx" and unite for the common good. These same informants insist that they specifically avoid doing business with Brazilians, or that Brazilians can't be trusted. As evidence, I have been told horror stories of backstabbing, exploitation and threats—of roommates who steal each other's jobs, family members charging $50 for a car ride, exorbitant rents, and employers who refuse to pay their workers and threaten to report them to immigration authorities should they complain. The climate of mistrust is furthered as these cautionary tales are told to newcomers. As extreme as these experiences may be, however, a more pervasive threat is the resistance on the part of many Brazilians here to be part of a larger community.

Consider the story of Vera, once a successful physician in Brazil. After a messy divorce, she came to the US to visit a sister and decided to stay. She intended (and still hopes) to obtain a license to practice medicine here, but as a single mother she needed a job compatible with her son's school schedule, leaving her little time to learn English or study for her boards. Today Vera works as a babysitter. She spent most of our interview complaining about life in the United States and comparing it to the good old days of living in Brazil. Like many other immigrants who had careers in Brazil they cannot practice here, Vera insisted that she had nothing in common with the Brazilians who live here, describing them as mainly uneducated people whose only ambition is to make money.

Other "misfits" like Vera, individuals clearly uneasy with their situation in the United States, believe in a Brazilian social hierarchy that places them in a different category than the people they find themselves lumped with here. They distinguish themselves by prioritizing self-improvement at an intellectual and cultural level, versus purely material gain, and employ a discourse of differentiation that further fragments the community:

"I stopped going to church because all people talked about was how to get a green card and how many houses they cleaned a week."

"You shouldn't interview me. I have nothing in common with other Brazilians here."

"We moved further north because there were too many Brazilians in the area."

"Our people are just no good."

These are people whose current economic capital is less than their cultural capital, blocking their access to wealthier Brazilian immigrants, but they will not befriend other countrymen in their situation. They also find something lacking in their social relations with Americans, whom they consider somewhat distant. They complain of loneliness and long for more friends, even while avoiding friendships with Brazilians. The social codes they learned in Brazil are no longer applicable here, but they insist on maintaining them, focusing less on economic achievement or occupation and more on their former status in Brazil.

Order and Progress
The distinct points of origin, geographical spread, and internal disparagement and mistrust that characterize Brazilians in South Florida are compounded by differences brought from Brazil, faith and regional traits, as well as gender, generation and family structure. These factors generate a multitude of competing agendas and disjointed projects, complicating the genesis of community by encouraging multiple factions that operate in isolation from one another.

Despite these differences, Brazilian immigrants display a remarkable similarity and simplicity when the topic turns to the pros and cons of living in the United States. Whether the respondents are happy to be here or not, they invariably cite stability and opportunity, safety and accountability as positive aspects of life in the US. Here, they say, the laws are respected and applied equally, and everyone is treated with fairness and respect. In the US they find the ordem e progresso ("order and progress") emblazoned on the Brazilian flag. All that order, however, comes at the cost of flexibility and familiarity. Brazilians in the US complain of robot-like efficiency and of feeling like a number. The truth is that despite all the negativity toward other Brazilians, saudade looms large: At heart everyone longs for family and home, and the general warmth and friendship Brazilians are famous for. Perhaps when they begin to recognize that basic need in their fellow brazucas, the Brazilians of South Florida can begin to form a community that bridges the gap between fora and bossa nova.

Rosana Resende is a PhD candidate in cultural anthropology at the University of Florida. She has presented and published on the topic of Brazilian immigration to South Florida and co-organized the seminar "Brazilians outside Brazil" at the University of Miami in 2002.
n the opening scene of *Primal Fear* (1996, dir. Gregory Hoblit), a haunting song plays. The voice is that of Portuguese diva Dulce Pontes. She had the good fortune to catch the ear of lead actor Richard Gere in Europe and he lobbied the directors to use one of her recordings in the film. The selection was "Cando do Mar" (Song of the Sea), an appropriate title for a composition destined to cross the ocean. This cinematic chance opened the way for the vocalist to enter specialty music markets in North America more attuned to the sonorous exports of the Portuguese-speaking titan of South America, Brazil. The movie production aided Ponte's exposure in the land of samba and Ipanema as well. For his part, renowned singer-songwriter Gilberto Gil gave a brief solo musical performance at the University of California Berkeley in February 2005. His mini-show was so short because he had come not as a recognized icon of the popular-music industry but to deliver an address on contemporary Brazilian culture in his capacity as minister of culture in the Lula administration. That appointment in itself speaks volumes about the ascension of expressive arts in the current government. These two episodes nicely illustrate diversification and transatlantic motion in the realm of contemporary popular culture. Where music, Brazilian varieties and fortunes abroad are concerned, such activity has at least a century of history behind it.

Ever since the birth of the industry, Brazil has been a major overseas client for sound recordings of song/dance tunes produced in Europe and the United States. The tropical nation's celebrated music-makers have always absorbed stylistic influences and adapted non-native elements to local forms. Responses to the impact of foreign fashions, notably Anglo-American, have been evident in Brazilian songwriting since the 1920s; related commentary has often been sarcastic or humorous. Since the 1930s, vocalists and musicians have traveled from Rio de Janeiro and other cities in Brazil to leave their marks abroad—New York, Los Angeles, Paris, Japan, Latin American capitals—as entertainers, composers, studio hands, sometimes as actors, producers; in sum, as players in different senses of the word. The flamboyant Carmen Miranda, actually Portuguese by birth, was the ambassadress of samba in the 1940s and 1950s on stage and screen. The Lady in the Tutti-Frutti Hat was associated with Uncle Sam's Good Neighbor Policy during World War II, as were, more directly, the Latin American animated features of Walt Disney, *Saludos Amigos* and *The Three Caballeros*, which showcased Brazilian sounds. The grand cinematic success *Black Orpheus* (1959), a French film, was tremendously influential in spreading images of Rio de Janeiro, carnival samba and incipient Bossa Nova. The sophisticated samba-jazz of Antônio Carlos Jobim and his new-knick colleagues created a stateside sensation in the early 1960s. Since the mid 1980s, in turn, the US media have speculated every couple of years about the coming of a new "Brazilian wave" or portrayed the world's fascination with Brazilian music as old favorites are remembered or new developments catch the eyes and ears of consumers on different continents.

In the first years of the twenty-first century, the *New York Times* weighed in frequently on issues of Brazilian popular music and its performance in cosmopolitan venues, the music business and publishing circles. Of particular notice were three translations of books on Brazilian music. One was the nicely illustrated *Bossa Nova*, the US rendering of the bestselling *Chega de Saudade* by journalist extraordinaire Ruy Castro, an admirable account of the epoch-making movement in Brazil. (The Portuguese title is that of the landmark 1958 song by João Gilberto that was cast as "No More Blues" in the US jazz repertory.) The second book to merit attention was *Os Mutantes: The True Story of a Psychedelic Brazilian Rock Band*, which examines a 1960s trio that became an object of keen interest in the post-rock world in North America. The third and most prominent book, *Tropical Truth*, was the Alfred Knopf-commissioned title...
Reports

of Verdade Tropical, a memoir by Caetano Veloso, the most renowned of all active Brazilian singer-songwriters. Along with Gilberto Gil, Veloso led the eclectic sixties movement known as Tropicalism that became the subject of numerous specials in the North American press, multilingual websites and academic treatises, such as Christopher Dunn's Brutality Garden: Tropicália and the Emergence of a Brazilian Counter Culture (2001). Pondering the international importance of his field, Veloso writes: “Brazilian music ... is the most efficient means of the worldwide affirmation of the Portuguese language, so many are the admirers who were conquered by the sonorous magic of the word sung in the Brazilian way.” In addition to such proud statements, Veloso writes of relations with the big powers. Like so many artists and intellectuals before him, he is intrigued by parallels between his land and the United States: “Brazil is the other giant of America, the other melting pot of races and cultures, the other promised paradise for European and Asian immigrants, the Other.” Gil’s diplomatic missions around the Americas and his current service in the Lula cabinet naturally draw attention, national and international, to his origins as a public figure in the entertainment sphere, as well as to the mature relationship between official government channels and popular musicians, many of whom strongly supported Lula during his decades of ascent as political leader. Veloso’s latest recording projects are more about hemispheric rapport and internationalization. In the late 1990s he assembled a repertory of salient Spanish American songs and toured in support of the album Fina Estampa. One must remember that the bolero was prominent enough on the mid-century musical menu.

Music icon Gilberto Gil was appointed Brazil’s minister of culture by President Luiz Inácio Lula da Silva in 2003. (Photo: Cristina Granato)
of Brazil that a new hybrid genre was spawned, the *sambolero*, a variant of the lyrical samba. The breadth and Latin American spirit of *Fina Estampa* are consistent with Veloso’s concerns for creative reprisal and global perspective. The venture may have begun as a way by the recording company to reach Pan-American markets but it turned out to be a most elegant exploit indeed, both in the studio and on stage (and live CD). A lesson to be learned from this singer-songwriter’s many colorful roles is that show business and art really can be mutually inclusive. Veloso further turned the language issue on its head with his 2004 release, *A Foreign Sound*, an album consisting entirely of compositions in English by such songsmiths as Cole Porter, Neil Sedaka, Kurt Cobain, Bob Dylan and David Byrne.

No North American artist has done more to promote current Brazilian popular music than the former leader of Talking Heads. In 1989, Byrne’s solo label, Luaka Bop, issued the landmark CD *Beleza Tropical*, a compilation of artists of the post-Bossa Nova sixties generation. This Brazil Classics series continued with a couple of genre anthologies, *O Samba and Forró Esq.* (traditional accordion-based northeastern dance music), followed by a retrospective and new releases by the eccentric pop composer and experimental poet of sound, Tom Zé, who won special recognition in several music publications. Byrne put together a Latin band and toured with diva Margareth Menezes, a proponent of neo-Afro-Bahian *axe* music (a curious market-conscious use of the English noun modified by a Yoruba word for “life force”). The sponsorship of traditional and vanguard-inspired musical offerings from Brazil insured an otherwise unthinkable exposure, prompted distribution of the foreign-theme collections, and thrust Brazilian tracks even further into the whirlwind of so-called “world music.”

Since the mid 1990s, numerous other US and UK artists—perhaps most notably the sui generis Beck—have demonstrated particular interest in aspects of Brazilian popular music. One extremely interesting case of new sounds in the 1990s was an ethno-pop movement in the northeast called Mangue Beat (*mangue* is the shantytown mangrove wetland in the city of Recife). If most Brazilian rock of the 1980s did not stray too far from metropolitan models, this local version privileged regional difference, overlaying funk, hip hop, and metal onto folk forms, principally the percussion heavy African-derived carnival practice known as *maracatu*. The centerpiece of this postmodern flourish was Chico Science & Nação Zumbi, a group plenty aware of tradition but that identified with global youth culture and cyberspace. As evidence of its “globalized” enterprise, the group sent its first album to music festivals and promoters abroad, winning a contract from Sony Music, which successfully marketed this fresh “world music.” Chico Science & Nação Zumbi appeared at the Montreux Jazz Festival, CBGBs (a key site of the New York underground rock scene), and the Central Park Summer Stage in New York, which led to a lengthy feature on National Public Radio.

NPR’s *Afropop Worldwide* program, it is worth noting, has a whole sub-catalogue of Brazilian shows, including more recent ones on soul and Jorge Ben Jor (of “Mais que Nada” fame). Conventional media like radio are now greatly complemented by virtual vehicles (for example, the website afropop.org and endless Brazilian sites linked to broadcasters). Chico Science was one of the first Brazilian acts to use digital communication to great advantage. The Internet, of course, has had a tremendous and ever-increasing impact on transnational flows of music and music information. The ever-diplomatic Gilberto Gil even penned a clever tune, “Pela Internet,” that harkens back to the official origins of samba as an urban popular form. Brazil has kept up an outstanding presence in Internet-based aspects of cultural interaction, particularly those related to popular music. The surge of dot-com data and e-commerce since the 1990s, as well as the burgeoning aficionado domains, have truly enhanced access to, and the growth of, all kinds of Brazilian popular music around the globe—acoustic instrumental repertoires (*carioca choro*), samba schools (Japan to Sweden), Lusophone brands of rap (and reggae!), lounge and neo-Bossa Nova (Bebel Gilberto), original house tracks (hear London!)—even, when the stars are aligned appropriately, in the theaters of Miami Beach. As for the Internet, Gil’s recent happening—engaging address, provocative discussion, and charming musical moments—is archived (http://webcast.berkeley.edu/events) for all to relive and contemplate.

Charles A. Perrone is a professor of Portuguese and Luso-Brazilian literature and culture in the Department of Romance Languages and Literatures at the University of Florida, where he is also affiliated with the Center for Latin American Studies. He is co-editor with Christopher Dunn of Brazilian Popular Music and Globalization (University Press of Florida, 2001).
Brazilian Democracy at Twenty

by Timothy J. Power

On March 15, 1985, Brazil's last military dictator, General João Figueiredo, quietly slipped out the back door of the presidential palace. Figueiredo had refused to hand the presidential sash to José Sarney, who was sworn in moments later as the first civilian president in more than 20 years. It is difficult to believe that 20 years have passed since that fateful day. On March 15, 2005, Brazilians quietly celebrated the beginning of a third decade of democratic rule. On the anniversary of the political transition, in the same third-floor office once occupied by the generals who jailed him, sat President Luiz Inácio Lula da Silva, the symbol of a new Brazil. The democratic regime founded in 1985 is now Lula's laboratory. This essay reviews some of the enduring challenges to Brazilian democracy but also highlights some good news not necessarily in the headlines.

Challenges to Democracy

Many of the key problems of Brazilian democracy are institutional in nature. Brazil has one of the most fragmented party systems in the world, making it a virtual certainty that a president will not control a majority of the seats in Congress. Currently, the Workers' Party (PT), founded by President Lula, controls only 18% of the seats in the lower house. Given the mathematics of Congressional support, Brazilian presidents must behave like European prime ministers and fashion multi-party cabinets and multi-party voting blocs on the floor of the legislature (in 2005, 10 different parties support Lula). Brazilian political scientist Sérgio Abranches has given this system a name: presidencialismo de coalizão, or coalitional presidentialism. Although presidencialismo de coalizão bears a superficial resemblance to parliamentarism, there is a key difference: The survival of the government in office does not depend on the loyalty of the nominal supporters of the president. Parties can and do abandon the president on key votes. A telling example occurred in February 2005, when despite having built a massive pro-government coalition in the Chamber of Deputies, the Lula government could not secure the election of its preferred candidate for speaker. Presidencialismo de coalizão is unwieldy and legislative support comes at a high price. Make no mistake: This is still presidentialism, but a very different type than the comparatively user-friendly, two-party format practiced in the United States.

One of the reasons for the unpredictability of presidencialismo de coalizão is the weakness of Brazil's party system. Except for a handful of parties on the left—Lula's PT is by far the most important—the parties are largely devoid of ideology and discipline. Most catch-all parties have weak organizations, generic platforms and low levels of continuity. In a typical four-year Congress, more than one in three federal legislators will switch parties, some more than once. Elections are largely an individual affair and politicians often believe that their mandate belongs to themselves rather than to their parties. The personalization of elections extends to campaign finance, making Brazilian elections staggeringly expensive. Current electoral laws favor high fragmentation, low institutionalization of parties and minimal party fidelity.

Two other institutional challenges to Brazilian democracy are executive-legislative relations and robust federalism. Presidents control much of the agenda-setting power in Brazil. More than 75% of all legislation adopted since 1985 has originated in the executive branch, often via presidential decrees. Presidents also have a high level of discretion over public spending; Congress can only authorize the budget, while it is up to the executive to actually disburse it. The reactive status of Congress makes legislative life unappealing to many ambitious politicians. Their preference for executive office is understandable in the context of Brazilian federalism; the 1988 constitution returned more than half of central revenues to states and municipalities, making subnational offices (the 5500 mayoralties and especially the 27 governorships) extremely attractive. Subnational executives control budgets and have the power to hire and fire, the essence of Brazilian political careers. State governors are vastly important; since they often dominate their state delegations to Congress, presidents must negotiate with them continually, especially with regard to expenditures and debt. Lula's predecessor, Fernando Henrique Cardoso, drafted a Fiscal Responsibility Law and forced the privatization of several profligate state banks, but problems of federalism continue to lend
A look at Lula’s laboratory

Members of the Brazilian honor guard salute President José Sarney as he leaves Jaburu Palace in May 1985. Sarney was Brazil’s first civilian president in more than two decades.

an air of unpredictability to national politics.

Given these imbalances of power, the institutional design of Brazilian democracy favors a strongly clientelistic style of politics. All political systems have patron-client relations, but in Brazil the concentration of power in the executive branch creates a small number of patrons and a very large number of potential clients. At the national level, the dynamics of *presidencialismo de coalizão* require presidents to offer cabinet portfolios to different parties in exchange for legislative support, while at the subnational level politicians line up in vertical chains of command extending from municipal mayors through state governors to the powerful presidency. These horizontal and vertical relationships are lubricated by favors, jobs and pork. The rules of the game are known to all political actors and compliance with them is unavoidable. After 20 years of excoriating “traditional politics,” since taking office in 2003 the PT has had no choice but to follow the time-honored practices of exchanging jobs and resources for support from governors and legislators. This reality has dismayed many of Lula’s longtime supporters.

Not all of the obstacles to democratic consolidation in Brazil derive from political institutions, of course. Towering challenges to democracy are posed by massive poverty, inequality and social exclusion. More than a quarter of the population is under the official poverty line. Brazil has one of the worst income distributions in the world: The wealthiest 10% control 48% of...
national wealth, while the poorest 10% control less than 1%. Per capita income has stagnated in recent years and unemployment has proven largely intractable to both the Cardoso and Lula governments. Economic growth, astounding in the 1950-1980 period, slowed dramatically in the 1980s and was low and erratic throughout the 1990s. The prospects for a sustained recovery in the second half of the current decade, Edmund Amann argues in this issue of Hemisphere, are still very much in question. These dismal economic results are difficult to accept for the many Brazilians who remember the glory days of the post-war expansion. As the journalist Elio Gaspari recently pointed out, if the average 7% growth rate between 1950 and 1980 had been maintained up to the present day, Brazil would now have a per capita income on par with that of Spain.

The simultaneous pressures of poverty, inequality and social exclusion mean that Brazilian democracy is under constant stress. Important pockets of urban Brazil, especially favelas where drug trafficking is rampant, effectively escape state control. Meanwhile, in the countryside, agrarian pressures have led to violence and standoffs between landowners and the Landless Workers' Movement (MST). Poverty and social exclusion cause Brazil to continue to underproduce in the area of human capital, the undisputed key to today's global economy. Due to unequal access to higher education, Brazil's enrollment rate lags behind that of its regional neighbors and especially that of Asian competitors. Some 90% of Brazilian households have a television set, but newspaper circulation per capita in Brazil is one-third the level of Argentina or Chile. The production of education and market-oriented skills is arguably the biggest single challenge to Brazilian social policy today. As a cover story in the newsweekly Veja put it in early 2005, "If South Korea can do it, so can Brazil."

Given lackluster economic performance and the persistence of social inequalities, it is perhaps not surprising that public support for democracy in Brazil is low in comparative perspective. Each year, the Latinobarómetro polling organization asks citizens throughout Latin America whether they think democracy is the best form of government, whether an authoritarian regime could sometimes be preferable, or whether it doesn't matter to them. In 2003, support for democracy in Brazil stood at 35%, the second lowest level in Latin America after Guatemala, with 33%. (The average for 17 countries was 53% support). Some 55% of Brazilians were either indifferent to the regime type or openly authoritarian; only Paraguay at 60% ranked higher on the percentage of nondemocrats. While these numbers do not necessarily imply trouble in the short term—in the same poll, Brazilians showed strong support for the Lula government—in the long run, any political regime must develop a supportive cultural system or risk breakdown when confronted by crisis. Clearly, Brazilian democracy has not yet developed deep roots at the level of mass opinion.

Achievements of the Democratic Regime Since 1985

The challenges to democracy are immediate and real. However, democratization since 1985 has also achieved some undeniable successes and continues to benefit from certain favorable conditions. The economic backdrop to democracy, while unappealing in terms of poverty and income distribution, has clearly improved on one important score: price stability. In 1994, Cardoso's introduction of the Plano Real gave Brazil a stable currency for the first time in memory. The annual inflation rate fell to single digits after 1995, compared to an 80% monthly rate in 1990. Although dented by the 1999 devaluation, the Real has held up reasonably well and celebrated its tenth anniversary in July 2004. One should not underestimate the degree to which stabilization has removed inflationary populism from national politics and benefited ordinary Brazilians.

Another point in the regime's favor is that while public support for democracy is weak, active opposition to democracy is even weaker. It is difficult to conceive of any antidemocratic or anti-system actor with any real presence in national politics. Take the military, for example. In the 1946-1964 period, the armed forces intervened in politics on several occasions; after the 1964 coup they governed directly for 21 years; and during the first postauthoritarian government of Jose Sarney (1985-1990) they often acted as veto players. Today, after 15 years of eroding budgets and civilian encroachment upon its prerogatives, the military is politically impotent. In 1999, Cardoso created the nation's first civilian Ministry of Defense, a position that has been maintained by Lula. Comparing the 2002 presidential race to the first direct election held under democracy in 1989, in which Lula was a finalist, is instructive. In 1989, the military, the peak business association (FIESP), and the powerful Globo television network all actively opposed Lula, leading many to wonder if he could have taken office if he had won. In the 2002 presidential campaign, these three conservative actors were largely invisible. On the left as well there is little active opposition to democracy. In terms of elite commitment to
Together with the dynamic and aggressive news media, the new civil society has helped promote increased openness and transparency in Brazilian politics, as was evident in the impeachment of President Fernando Collor de Mello in 1992. This is not to say that corruption has been eradicated—far from it—but the cost of engaging in such behavior is higher than ever before. Impressionistic evidence suggests that societal tolerance of corrupt politicians—once captured in the revealing phrase "rouba mas faz" (he steals, but he gets things done)—has declined dramatically over the past decade.

Although the party system continues to earn criticism, there are some signs that it is consolidating. The last three presidential elections have been fought between the same two parties, the Party of Brazilian Social Democracy (PSDB) and the PT. The 2002 candidates, José Serra (PSDB) and Lula (PT), were both committed "party men" who had spent 14 years and 22 years, respectively, in parties that they themselves created. This is remarkable. Both of these political parties are legitimate, experienced power contenders with clear visions for Brazilian development and both have deep reservoirs of talent. The fact that they have now alternated in power is a major achievement for Brazilian democracy. Luiz's victory in 2002 essentially "rebooted" the democratic regime, creating a refreshing new context wherein all of the major parties have now been both in government and in opposition. The conservative Liberal Front (PFL), which robotically supported virtually every government since 1964, is now learning what it is like to live without the lifeblood of state patronage. Conversely, the leftist PT, always partial to a loud, aggressive, confrontational style during its two decades in the wilderness, is learning that it is easy to oppose but much harder to govern. Since all of the major parties have now had their turn at governing a complex society, elite political culture is likely to become increasingly consensual and pragmatic.

Finally, one of the major advantages of Brazilian democracy over the past decade has been strong leadership. In the transition from Cardoso to Lula, Brazil moved from one history-making president to another. It is difficult to think of another Latin American country that has had two consecutive presidents of a similar stature. The fact that they worked together against military dictatorship in the 1970s, opposed one another in the democratic 1980s and 1990s, and pulled off the most professional presidential transition in Latin American history in 2002-2003 is nothing but good news for the sustainability of democracy. Although Cardoso and Lula have many policy differences, they have three essential similarities: They are modernizers, they are institution-builders, and they are antipopulists. Together they have significantly revised the old reputation of the Brazilian presidency as a magnet for personalists, populists, and demagogues. Both employed a "team" style of government with deep benches of talent and were unafraid to delegate important tasks to professionals, and both reached across the aisle to ally with parties that were formerly anathema to them. Although presidentialismo de coalizão remains an unwieldy system of governance, there is no doubt that first Cardoso and now Lula have found some ways to make it march forward in the face of daunting challenges. These two statesmen must continue to work together, for it is their combined legacy that will shape democracy's third decade and beyond.

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The election of President Luiz Inácio Lula da Silva in October 2002 represented a milestone in terms of the consolidation of democracy in Brazil. Here, apparently, was incontrovertible evidence that Brazilian political culture had matured to the point that the electorate at large—and not just a radicalized fringe—could embrace an ostensibly left-leaning candidate rather than opt for the centrist continuity offered by the social democratic alternative. If nothing else, Lula’s triumph demonstrated that the unspoken fears of instability and, in extremis, possible military intervention that had stymied previous attempts by the left to gain the presidency had, by 2002, abated.

Once the dust had settled after the election, attention began to refocus on the new administration’s policy agenda. The most acute area of concern, especially among international investors, related to Lula’s proposed economic reform package. In the run-up to the election, Lula’s campaign had spared no effort in pointing to the deficiencies of the Cardoso administration (1995-2002), especially as regarded its record in fostering sustained, socially equitable growth. To address what it sees as this unsatisfactory record, the Lula administration has committed itself to a multi-track approach that combines fiscal and monetary orthodoxy with a raft of measures designed to tackle poverty head on.

At the same time, the government
The Lula administration tackles the challenge of structural change

has embarked on a program of structural reforms designed to bring about a step change in supply-side performance. The Lula administration is attempting to tackle ingrained economic problems while, through the pursuit of macroeconomic orthodoxy, simultaneously seeking to avoid alienating powerful investor groups. The major question is whether such a strategy can be effective given the contradictions that may exist between adhering to macroeconomic orthodoxy, on the one hand, and promoting socially equitable structural economic reform, on the other.

Lula's Economic Inheritance

In order to grapple with this question, a brief review of the characteristics of the Brazilian economy is essential. Throughout the post-war period, the economic development of Brazil has been marked by profound instability. After generally impressive growth in the 1950s under an energetic program of import substitution industrialization, by the beginning of the following decade, output had begun to fall off and inflation to rise. Without question, the growing economic instability of this period was one of the triggers for the military coup of 1964. Over the next two decades, the military fared little better than its civilian predecessors in steering the economy onto a path of long-term sustainable growth. Brazil enjoyed rapid growth between 1967 and 1973 as the result of a substantial industrialization and export drive, but this momentum could not be sustained into the mid 1970s, when oil price hikes led to an international recession. During the boom years, moreover, social inequality had increased sharply. By the mid 1980s and the return to civilian rule, the economy was once again in profound difficulties as the debt crisis and hyperinflation took their toll. Since 1994, a combination of increased economic openness and a new monetary policy framework has done much to dampen inflation; however, growth in the past five years has proven highly unstable and the gap between rich and poor remains wide.

The Fundamental Economic Challenge

Reviewing this experience, two essential (and related) features stand out. First, unlike its newly industrialized counterparts elsewhere (the "Asian Tiger" economies, for example), Brazil has proven incapable of delivering steady, rapid growth. Instead, periods of boom (frequently lasting no more than one or two years) are swiftly followed by periods of bust. Second, and stemming in part from the lack of sustained growth, widespread poverty and inequality have continued to characterize the Brazilian economy.

These perennial features of Brazilian economic life have constituted a key challenge for policy makers over the years. More often than not, however, the need to generate sustained, equitable growth has been subordinated to more immediate objectives, such as controlling inflation or the external valuation of the currency. Macroeconomic fire-fighting, rather than systemic measures aimed at promoting equitable growth, has been the order of the day. Fortunately, realization has grown that this approach to economic management, akin to tackling symptoms rather than causes, cannot offer a lasting solution to Brazil's economic problems. To this end, policy makers have begun to focus on the structural constraints that impede steady, equitable growth.

Of these constraints, the most obvious are constituted by external and fiscal deficits. In both cases, Brazil has historically found it difficult to realize sustained economic expansion without the current account moving sharply into deficit or the burgeoning government deficit—through its call on savings to service existing debt—choking off resources for further productive investment. As a result, economic growth has rarely been able to proceed steadily and consistently. Instead, faced with a widening external deficit and the threat of currency depreciation and imported inflation, the authorities have, more often than not, opted to slam on the brakes by raising interest rates and reducing public expenditure on all activities not directly related to debt service.

One of the constraints that most seriously affects Brazil's growth performance is its poor record on investment. Particularly over the past 20 years, Brazil's investment as a proportion of GDP has tended to
lag behind that of its main competitors. Not surprisingly, therefore, Brazil has had difficulty matching the growth performance of, say, South Korea or China. At the same time, the legacy of under-investment has imposed capacity limitations that are soon met once growth accelerates. This, of course, contributes to the stop-go pattern of growth. The reasons underpinning Brazil's subdued investment performance are complex; however, two factors stand out: the absorption of scarce domestic savings into non-productive public sector spending, and structural deficiencies in domestic capital markets.

Another fundamental structural constraint is poor productivity growth in the Brazilian economy. One of the secrets of the success of the East Asian Tiger economies was their efficient use of capital and labor resources during their rise to prominence. This enabled them to deliver far higher growth—and ultimately higher living standards—than would otherwise have been possible. Central to this achievement was a determination to invest in education, a commitment that not only facilitated the development and adoption of efficient management techniques but also made the workforce more productive. Unfortunately, Brazil's efforts to improve productivity—or to invest in human capital through education—have not matched those of its competitors in Asia and elsewhere, despite the fact that Brazilian industry has been forced to improve its competitiveness in response to the trade liberalization initiated in the late 1980s.

The final constraint—and one explicitly connected to the issue of social equity—concerns the degree to which the economic growth that has been achieved has had differential impacts upon the rich and poor. Throughout the postwar period, one of the central features of the Brazilian economy has been the unequal division of the fruits of growth and development. Many factors help account for this imbalance, including the skewed nature of public spending (disproportionately favoring the salaried middle classes) and the highly uneven pre-existing distribution of assets, especially land. As a result, significant sectors of the population have been largely bypassed by the improved income and living standards that have benefited other groups. While clearly undesirable from any progressive normative standpoint, the existence of such widespread poverty, through its malign impacts on productivity and participation in the formal economy, acts in itself as a limit on growth potential. Thus, it can be argued, alleviating poverty and inequality is justified not only in altruistic terms but also in terms of its potential to raise economic performance.

The Policy Response

The Lula administration has been quick to grasp the importance of tackling these structural constraints. Indeed, their removal now forms a fundamental plank of the government's economic strategy. The government has attempted, as did the preceding Cardoso administration, to improve the performance of public sector accounts by reducing the social security deficit through structural and indirect tax reform. The goal is to create more space for spending on much needed investment projects and poverty alleviation. So far, however, the reforms have had only limited effects, while high interest rates have increased debt servicing expenditures.

Concerned about the historical tendency of the current account balance to move into the red once the economy picks up speed, the Lula administration has launched a series of initiatives aimed at boosting export performance. The most important of these provide increased export financing. The administration also has made strenuous efforts to improve market access for Brazilian exporters, not least by pursuing trade deals with China and other East Asian economies. On the face of it, the government's export promotion drive appears to be working, at least if trade balance figures are used as a measure of success. Between 2003 and 2004, Brazil's full-year trade surplus increased from US$24.8 billion to US$33.7 billion. Of course, it should be stressed that Brazil, with its huge natural comparative advantages in natural resource-based goods, is faring very well from the current boom in global industrial commodity prices, in particular those for iron ore, steel and other metallic products. The question is whether the government's initiatives will be sufficient to support other areas of export activity once the commodities boom subsides, as it is expected to do in the course of 2005. On this score, the outlook is uncertain. While Brazil has developed substantial competitive advantages in certain higher value-added exports (automotive products and jet aircraft, in particular) the picture in other sectors is less favorable.

Any widespread improvement in export performance will of course partly depend on addressing the productivity constraint identified earlier. Here again, the prospects for success are uncertain. By continuing the relatively open trading regime of its predecessor, the current government will ensure that adequate competitive pressure is
These initiatives, which were introduced in 2003, involve a range of measures, including the provision of food cards for needy families and investment in social infrastructure in deprived communities. While broadly welcomed at home and abroad, the initiatives soon ran into practical problems that stemmed not only from flaws in their design but also from funding shortfalls. The fiscal constraints that have restricted the extent of the anti-poverty programs have also limited the government's efforts to raise investment in primary education, a major target of the reformers. As a result, frustration has grown among Lula's core supporters that the rhetoric of crusading social reform and poverty alleviation is running ahead of the reality.

The Way Ahead

The funding problems accompanying official efforts to tackle poverty (and to invest elsewhere to remove other constraints on growth) illustrate a certain tension at the heart of the current government's agenda. On the one hand, the government is anxious not to unsettle investors. For this reason, it has adopted strict IMF-agreed fiscal targets while retaining a tight, counter-inflationary monetary policy. Without question, these policies have been successful to the extent that inflation has remained under control and growth (which is estimated at 5% for 2004) has rebounded from a dismal performance in 2003. On the other hand, the government's macroeconomic stance is limiting its ability to tackle the structural constraints that ultimately need to be overcome if growth is to be sustained well into the future. This limitation takes on a number of concrete forms. The pursuit of tight fiscal policy in itself reduces the scope for investing in such areas as education, poverty alleviation and export promotion. When combined with high interest rates (which increased yet again in the final quarter of 2004) the fiscal limitation is all the greater, since high debt-servicing costs can tend to squeeze out other public expenditures. At the same time, the high interest rates discourage private investment projects. Tackling the investment constraint, therefore, becomes increasingly difficult.

Of course, it should not be suggested that orthodox macroeconomic policies are keeping the Lula government from making progress on its structural constraint agenda. Real signs of change are evident; however, the gravity of the structural problems facing the economy (especially as regards poverty) means that more rapid and concerted action is needed. If this opportunity is lost, then the current improvement in Brazil's economic fortunes is likely to be, as so often in the past, only a blip.

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Rethinking Foreign Investment

by Roy C. Nelson

Traditionally, Brazil’s Workers’ Party (PT) and its leader, current president Luiz Inácio (“Lula”) da Silva, were characterized by a somewhat antagonistic stance toward foreign investment and capitalism in general. Yet during the presidential campaign of 2002, and after taking office in 2003, Lula moderated his position. Lula now actively promotes foreign investment and strives constantly to reassure the foreign business community of Brazil’s suitability as a place to invest its capital. Why did this happen? This article examines the ways political experience at the sub-national level has shaped the PT’s national policies since 2003.

Background

In the 1970s, as a leader of the Metalworkers’ Union of São Bernardo do Campo, a suburb of São Paulo where automobile firms such as Volkswagen, Mercedes and Ford had large plants, Lula led strikes against foreign firms and denounced their actions with fiery, radical rhetoric. As one of the founders of the socialist PT in 1980 and as the PT candidate for president in 1989, 1994 and 1998, Lula spoke out against privatization, promising to put a stop to the sale of Brazil’s state-owned firms to foreign investors.

In his successful campaign for president in 2002, however, Lula’s position on this issue changed. He adopted a much more moderate stance. During the campaign, Lula went out of his way to reassure foreign investors. He even traveled to New York to speak with institutional money managers and Wall Street investment bankers about his views, assuring them that, if elected, he would implement investor-friendly policies.

Since taking office in January 2003, Lula has kept these promises. Signaling his rapprochement with the business community, he appointed prominent executives to key posts in his government. Henrique Meirelles, president of BankBoston, took over as head of the Central Bank, and Luiz Furlan, owner and chairman of the board of Sadia Corporation, a giant Brazilian frozen foods company, became minister of development, industry and trade. Lula also enacted a reform of Brazil’s pension plan that put the country on a much sounder footing financially. He promised to maintain the agreement that his predecessor, Fernando Henrique Cardoso, had signed with the International Monetary Fund (IMF), and his administration has adhered faithfully to its guidelines. More specifically with regard to foreign direct investment (FDI), Lula continued plans begun during the previous administration for Brazil to create a national-level investment promotion agency, Investe Brasil.

All of these actions confirmed to the business community in general, and to foreign investors in particular, that Lula had thoroughly changed his views on foreign investment. Brazil was rewarded with an improvement in its investment grade from rating agencies such as Standard and Poor’s and Moody’s, a key indicator for prospective investors of a country’s financial stability and overall investment climate.

What caused Lula’s views on foreign investment to change so rapidly? The practical realities of being in government, rather than outside of it, and Lula’s determination to prove that the PT could be effective at running the country were important factors. But the experiences of Olivio Dutra, who as governor of the southern state of Rio Grande do Sul from 1999-2003 was one of the party’s highest elected officials until Lula took office, also provided lessons for the PT about the benefits—both political and economic—of foreign direct investment from transnational corporations. The story of Dutra and the PT in Rio Grande do Sul speaks volumes about how parties and politicians can learn from their perceived mistakes.

Setting the Stage: Britto’s Efforts to Attract FDI

Dutra’s predecessor as governor of Rio Grande do Sul, the centrist Antônio Britto (1995-1999), had a vision of turning Brazil’s southernmost state into an attractive location for manufacturing. It is common practice for many of Brazil’s 26 states to use reductions in their state sales tax and other incentives to compete for FDI. Seeking to lure FDI away from the more prosperous, industrialized and densely populated state of São Paulo, Britto offered generous incentives to persuade large transnational corporations to establish manufacturing plants in his state. By the time Britto ran for re-election in 1998, General Motors and other firms had
already established major plants in Rio Grande do Sul. Ford Motor Corporation and Dell Computer had signed contracts with the Britto government guaranteeing specific incentives and were preparing to begin construction on plants of their own.

To the chagrin of these executives, Britto lost the election. The winner was Dutra, the PT candidate and one of the party's founders. Dutra had campaigned in part on a platform to discontinue the incentives offered to large transnational corporations, including Ford and Dell.

The executives' concerns were justified: Upon taking office, Dutra proceeded to follow through on his rhetoric, announcing that he would rescind Britto's agreements with the companies.

**The Ford Fiasco**

Executives at Ford attempted to renegotiate with Dutra, but to no avail. Standing by his position regarding the incentives, Dutra refused even to meet with them. After several thwarted attempts to negotiate, the Ford executives gave up. Since they had not yet begun construction on the manufacturing plant planned for the town of Guaíba, near the state capital of Porto Alegre, they began to consider alternative locations within Brazil.

The state of Bahia emerged as a viable alternative. Officials there, determined to win Ford's investment for their state in the impoverished northeastern region of Brazil, offered incentives identical to those the Britto administration had promised. Another plus was a federal government program that gave special incentives to automobile manufacturers locating their plants in Brazil's northeast.

Another strong point in Bahia's favor was the fact that Antônio Carlos Magalhães, then president of Brazil's Senate and one of the country's most influential politicians at the time, was from the state. His party, the Partido da Frente Liberal (PFL), was a key partner in President Cardoso's governing coalition. With his enormous clout, Magalhães was able to persuade Congress to modify the legislation on incentives for manufacturing automobiles in the northeast so that Ford could take advantage of it, even though the deadline for companies to participate had passed.

The federal government approved additional incentives to make up for the extra costs Ford would face by building its plant in Bahia instead of the more conveniently located Rio Grande do Sul. Brazil's national development bank, Banco Nacional de Desenvolvimento Econômico e Social (BNDES), offered Ford a low-interest loan of more than US$300 million after the company announced it was moving to Bahia. This was far more than it had planned to give for Ford's investment in Rio Grande do Sul.

Too late, Dutra realized that Ford was about to pull out of Rio Grande do Sul and go to Bahia instead. Aware of the negative political consequences that could ensue, he attempted to negotiate with the Ford executives. But Ford had already decided to withdraw from Rio Grande do Sul, and the company...
soon signed a contract with the Bahian state government. Ford's departure was a political disaster for Dutra. Residents of Guabara, the town where the plant was to have been located, protested against the governor. Editorials and articles in the press attacked Dutra for his actions. Naturally, Dutra's political opponents emphasized the negative impact the lost jobs would have on Rio Grande do Sul.

**Dutra Changes His Stance**

Not wanting to lose another major investment, Dutra took a different approach when Dell executives approached him to renegotiate their incentives package. Brito had promised Dell generous incentives to attract its proposed US$108 million plant: a 75% reduction in the state income tax for 12 years and a US$17 million loan, to be paid back over 10 years with a five-year grace period. Facing the loss of these incentives, Dell considered following Ford's example and locating its plant elsewhere. Other states were ready and willing to receive Dell's investment on highly favorable terms. Despite these offers, however, and Ford's failed attempts to renegotiate with Dutra, local Brazilian executives working for Dell decided to approach the governor again.

Dell's director of corporate affairs in Brazil, Fernando Loureiro, devised a face-saving strategy for the governor to allow Dell to keep its incentives. When Loureiro and his team met with the governor, they made the case that Dell was not a typical transnational corporation. Personal computers, the products Dell produced, were beneficial to society, they argued. Computers allowed use of the Internet, which provided people of all social strata with access to information. Thus, Dell's products would actually help to create a more egalitarian social structure. Dell's goals and those of the PT governor were actually closely aligned, Loureiro insisted. While it might make sense not to offer incentives to companies such as Ford, he continued, Dell was different.

Dutra had already experienced the ire of the gaúcho population firsthand after Ford decided to locate its plant in Bahia, so political calculations may have influenced his actions at this point. But whether persuaded by Loureiro's reasoning, motivated purely by political factors, or some mixture of both, Dutra decided to let Dell keep all of the original incentives the previous governor had offered with only minor conditions. Dell stayed. And in many of his public speeches thereafter, Dutra used Dell as an example of the sort of company his government would like to attract to Rio Grande do Sul.

Despite this new approach, the Dutra government still had difficulty luring investment to the state in the years that followed Ford's departure. Few transnational corporations were willing to invest in a state whose governor seemed at the very least to have an ambivalent attitude toward FDI, and where the rules regarding foreign investment could change so quickly.

**The Lessons from Rio Grande do Sul**

The PT could not help but absorb the painful and well-publicized lessons of Dutra's experience in Rio Grande do Sul. As governor of a major state, Dutra held one of the few major offices the PT had captured up until that time, but his rigid, ideologically driven stance toward Ford, and Ford's subsequent withdrawal of its proposed manufacturing plant from Rio Grande do Sul, contributed to make him hugely unpopular. It helped explain why Dutra lost the internal party primary to run for re-election in 2002 and why the candidate finally selected to represent the PT in that race, Tarso Genro, eventually lost to a relatively unknown politician from the more moderate Party of the Brazilian Democratic Movement (PMDB). The PT's decline in Rio Grande do Sul continued in October 2004 when the party lost control of the capital city, Porto Alegre (home to the World Social Forum), for the first time since 1988.

The lessons of Dutra's rapid decline were discussed widely in the media, in business and political circles, and especially within the PT itself. To a certain extent, the state government of Rio Grande do Sul had been the PT's showcase at the sub-national level, a dress rehearsal for how the party might behave if and when it finally achieved national power. A longstanding fear of the domestic and international business communities was that a PT national government would be hostile to foreign investment. This fear was confirmed in Rio Grande do Sul by Dutra's aggressive and ultimately counterproductive confrontation with Ford. Within the PT, the consensus among Lula's advisors was that if the party were to have a serious shot at winning the presidential election in 2002, it would have to adopt a more pragmatic and moderate stance toward FDI.

Many factors explain Lula's shift to a more pragmatic approach regarding foreign investment. But the PT's experiences in sub-national government are certainly a large part of the story. Without a doubt, the harsh lessons that Dutra, and the PT itself, learned firsthand in Rio Grande do Sul were among the most important reasons for this change.

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VLADIMIR HERZOG
(d. 1975)
Facing the Past

by James N. Green

Brazil's return to democratic rule has been a rough roller coaster ride. Spiraling inflation in the late 1980s and early 1990s dovetailed with the impeachment of Fernando Collor, the country's first directly elected president since 1960.

Two-term President Fernando Henrique Cardoso (1995-2002) held down price increases and stepped up the integration of the Brazilian economy into the global market, but his popular support waned during his final years in office. In late 2002, Luiz Inácio Lula da Silva came to the presidency with widespread backing from the popular classes and the enthusiastic expectations of his left-wing political base. His administration, however, has become embroiled in controversy about the lingering legacy of the military regime. A national debate has emerged about whether the excesses of the military dictatorship merit further investigation or should be laid to rest. The outcome may be a test of the extent to which democracy is firmly rooted in Brazil.

Solidarity in the States

Few people realize that the concerted campaigns in the United States to defend human rights in Latin America over the last three decades grew in large part out of a modest effort initiated in the late 1960s by Brazilians seeking international allies to inform the world of the deteriorating situation in their country after the military coup of April 1, 1964. Instrumental in this effort was a meeting between a small group of Brazilian exiles and William Wipfler, then assistant director of the Latin American Department of the National Council of Churches.

In December 1969, Jether Pereira Ramalho, a lay leader in the Brazilian Congregationalist Church, and his wife, Lucilia, traveled to New York. Upon arrival, they went directly to meet Wipfler at an office building on Riverside Drive, next to the imposing neo-Gothic church that dominates the neighborhood. There they were greeted by Jovelino Ramos, a Presbyterian minister from Rio de Janeiro who left Brazil in 1968 after being indicted for alleged subversive activities. He was accompanied by an old friend, Ruben César Fernandes, who had gone into exile in the mid 1960s and recently enrolled at Columbia University to complete his doctorate in history. Domicio Pereira, a Congregationalist minister from Rio de Janeiro, was also present. The warm embraces and jovial atmosphere so common when old friends reunite, however, was undercut by the serious tone of the occasion. A simple but significant plan was in the making.

Discretely, Ramalho and Pereira had brought with them to the United States a collection of documents detailing the fates of hundreds of Brazilian political prisoners. Item by item, they were turned over to Wipfler for his examination. Many years later, the Episcopal cleric recalled looking at the denunciations for the first time: "Several were scrawled on scraps of filthy paper, paper bags or wrinkled envelopes, and were difficult to decipher. Another was transcribed in minute lettering on a single square of toilet paper; reading it required a magnifying glass...I knew things were bad in Brazil, but I hadn't seen anything in writing, any texts. [Ramalho and Pereira] brought with them individual and group testimonies."

Among the material the two had smuggled out of Brazil was a statement drafted earlier that month by 16 female political prisoners at a detention center on an island in Rio de Janeiro harbor. The document boldly declared: "We have written this letter from where we are imprisoned on the Ilha das Flores in Rio de Janeiro. Only now is information starting to trickle out about the atrocities that have been committed against political prisoners in our country; thus, the Brazilian public may still doubt that these criminal acts are really taking place. We can assure everyone that TORTURE DOES EXIST IN BRAZIL." The document then named the 16 female prisoners and detailed their treatment, describing beatings, electric shock and other forms of torture.

Shaken by what he had read and determined to help, Wipfler immediately invited the Brazilians to set up operations in a vacant office at the Hemisphere Volume 15 23
We cannot remain silent. To do so would make us accomplices of those who are the authors and perpetrators of this repression. We call upon the readers of this dossier to raise their voices in protest with us.

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We cannot remain silent in the face of the overwhelming evidence of the flagrant denial of human rights and its disavowal to us from Brazil. This dossier is but a fragment of that evidence. Significantly, several documents were written by Brazilians and smuggled out of Brazil at great risk to their lives. They accepted the possibility that they would be tortured in Brasil and torture is used in their country as an instrument of government.

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The campaign in the United States to denounce the repressive measures of the Brazilian military government proved to be a valuable experience for those who took up the cause of human rights in Chile after the armed forces of that country, led by Augusto Pinochet, overthrew the democratically elected government of Dr. Salvador Allende in 1973. Whereas hundreds of concerned individuals in the United States had mobilized against human rights violations in Brazil, thousands became involved in a multitude of campaigns throughout the country to denounce the arrest, execution and disappearance of progressive political activists.
in Chile. The Watergate scandals and the widespread questioning of US foreign policy initiatives in the wake of the Vietnam War laid the groundwork for the introduction of new legislation limiting foreign aid to countries that violated their citizens’ human rights. In 1976, Jimmy Carter’s presidential campaign was based in part on his call for a new foreign policy that privileged human rights over other geopolitical considerations.

**Opening the Archives**

Parallel to the expansion of the international human rights movement, efforts toward democratization gained momentum in Brazil. Although the promise of civilian rule took another 10 years to be fulfilled, government-initiated gestures favoring a loosening of military control accelerated in 1974 after the opposition party trounced its pro-military rival in Congressional elections. As part of the many accords reached to guarantee a safe exit strategy for the armed forces and avoid a revanchist reckoning with Brazil’s torturers, the Brazilian Congress passed an Amnesty Act in 1979. This bill benefited approximately 4,500 political prisoners and exiles, but excluded many leftist activists found guilty of murder, kidnapping or other violent acts. It also exempted from criminal prosecution those involved in the torture or disappearance of members of the opposition. In 1985, only months after a return to civilian rule, the Brazilian Catholic Church published an exhaustive dossier entitled *Brazil: Nunca Mais* (Brazil Never Again) that documented the forms of torture and repression carried out during the 21 years that the generals were in power. Five years later, a journalist reported the discovery of an unmarked mass grave of government opponents. These revelations sparked public outrage and renewed pressure to hold the military accountable for the crimes of the recent past. Brazilian human rights groups, including the Commission of Relatives of the Dead and the Disappeared, pressed the government to conduct further investigations into the final fate of many activists who had died or disappeared over the previous two decades. During the Cardoso administration, the 1995 Law of the Disappeared authorized a special commission to investigate these deaths. The Commission’s report documented the torture and murder of hundreds of activists, but the 1979 Amnesty Law precluded prosecution for human rights abuses. At the same time, state governments began to declassify and open to the public millions of political police files that contained extensive information about the national security methods employed during the military regime. Researchers who have consulted these political police records remain acutely aware that many other archives of the different government agencies involved in repressive measures have remained sealed. In late 2004, 30 years after Brazilian journalist Vladimir Herzog died in military custody, a military intelligence agent leaked a pair of previously unknown photographs alleged to have been taken only hours before Herzog supposedly hanged himself. The journalist’s death in 1975 had sparked unprecedented protests and contributed to strengthening the movement against the military regime. The agent who supplied the photographs claimed that the armed forces continued secretly to spy on left-wing activists, unions and other social movements for many years after the military relinquished power in 1985. Representatives of the armed forces insisted that files from the years of political repression had been duly destroyed in the 1980s, yet in January 2005 more documents, supposedly burned years ago, reappeared.

Nongovernmental organizations such as Tortura, Nunca Mais (Torture Never Again) are demanding that all of the archives of the different intelligence agencies of the armed forces be turned over to the National Archive or another public entity so that friends and relatives can finally learn the truth about the whereabouts of the disappeared. Scholars working on the period of the military dictatorship stress that without full access to the armed forces’ archives an exhaustive analysis of the country’s recent history will be impossible. The Brazilian Historical Association has gone on record protesting an executive order issued in late 2002 extending the classification of many official documents for an additional 30 to 50 years. The Lula administration, which contains many individuals who were victims of repression between 1964 and 1985, has pledged its commitment to uncovering the hidden secrets of the military regime. Whether it will have the political will to confront the armed forces in this matter remains to be seen.

James N. Green is associate professor of Brazilian history and culture at Brown University and chair of the Committee on the Future of Brazilian Studies in the United States. He is currently completing a book entitled “We Cannot Remain Silent: Opposition to the Brazilian Military Dictatorship in the United States, 1964-85.”
Learning with Brazil and Lula

by Tanya Dawkins

Not since the election of South Africa's Nelson Mandela and Poland's Lech Walesa has a new leader generated such interest, hope and expectation as Brazilian President Luiz Inácio "Lula" da Silva. In 2003, the newly elected Lula electrified the overflow crowd in Porto Alegre at his first World Social Forum address. His victory seemed to be a concrete affirmation of the forum's mantra, "Another World is Possible." That was then. At the 2005 World Social Forum, new parties, including the Party of Socialism and Liberty (P-SOL), founded by dissidents from Lula's Workers' Party (PT) in 2004, sponsored loud protests just outside Porto Alegre's Gigantinho Stadium. Hecklers inside couldn't drown out the largely supportive crowd, but the joy, tears, hope and adoration that washed over the 2003 audience was replaced by the bated breath of supporters who seemed to have come to hear Lula say something, anything that would make it all make sense.

The Politics: Is Compromise the "Gift" that Keeps on Giving?

Candidates are prone to speak in superlatives, and Lula was no exception. To the markets he promised macroeconomic stability and spectacular growth; to Brazil's working class and unemployed he promised 10 million jobs and double the minimum wage in four years; and to the landless he promised "more land than they could occupy." He courageously acknowledged Brazil's need for racial justice.

The PT's campaign decision to gain power by moving toward the political center has led to an avalanche of compromises that have tested the party's unity and capacity to move its agenda forward. Lula's early decision to maintain the economic team and many of the economic policies of his predecessor, Fernando Henrique Cardoso, was an immediate source of contradiction and controversy. Brazil's interest rates are among the highest in the world and the country's primary surplus exceeds International Monetary Fund (IMF) requirements. The tight monetary policies of Economics Minister Antônio Palocci and Central Bank President Henrique Meirelles may have won the hearts and minds of investors, but advocates for domestic social and economic investments are calling for their replacement.

The PT's enviably progressive record of governance at the subnational level has not translated easily to the federal level. In a cruel irony, the PT lost two strategic and symbolic elections in 2004: in Porto Alegre's Gigantinho Stadium. Hecklers inside couldn't drown out the largely supportive crowd, but the joy, tears, hope and adoration that washed over the 2003 audience was replaced by the bated breath of supporters who seemed to have come to hear Lula say something, anything that would make it all make sense.

The Geopolitics: Brazil's Star Shines on the World Stage

Lula, along with his tireless foreign minister, Celso Amorim, has revitalized Brazil's presence in the international arena. Rubens Barbosa, Brazil's former ambassador to the US, points to the breadth and sophistication of Brazil's global agenda—reinvigorating MERCOSUR; shepherding the South American Community of Nations; forging economic ties with India, China, Russia, South Africa and the Middle East; and, in general, increasing the Brazilian presence in the world. In two years, Brazil's trade deficit has become a US$32 billion surplus, including an 80% (US$4.5 billion) increase with China. Cecilia Alemany from the Association of Latin American Development Organizations (ALOP) credits Lula with redefining the very concept of Latin America by focusing on building South America's strength and...
The politics and geopolitics of social and economic justice

Another world is possible. Every region, country and community struggles with Brazil’s questions within its own unique political and historical context. It is oddly fitting that Brazil should be on the leading edge of what it means to get from here to there.

capacity as a region. The G20, a Brazilian-led South-South alliance that includes India, China, Argentina and South Africa, brought the September 2003 World Trade Organization (WTO) talks to a standstill over the issue of agricultural subsidies. Nine months later, at the United Nations Conference on Trade and Development (UNCTAD) meeting, Brazil hosted the negotiating session that broke the impasse.

“Sometimes, I don’t think Brazilians fully appreciate how Brazil’s leadership is changing the world,” says Hazel Henderson, author of Building a Win-Win World: Life Beyond Global Economic Warfare. Henderson cites numerous examples, including the fact that 600 of the 2000 corporate signatories to the United Nations Global Compact are Brazilian.

Judy Morrison, director of the Washington-based Inter-American Consultation on Race, points to Brazil’s sponsorship of the Inter-American Commission on Human Rights’ Special Rapporteurship on People of African Descent in the Americas as a pioneering government initiative at the international level.

Complexity and Contradictions

Yet for all the diplomatic and economic dividends, the domestic social agenda is languishing. Unemployment remains high. Flagship programs such as Zero Hunger (Fome Zero) and the Family Grant (Bolsa Familia) have been plagued by slow startups, inadequate funding and poor management.

Sociologist and Lula critic James Petras recently wrote a scathing essay entitled, “Brazil: Deepening and Extending NeoLiberalism - Year Two.” Petras contends that exponential increases in soybean and meat exports fuel rain forest deforestation while resources for environmental protection are declining. “This strategy locks Brazil into a new cycle of dependence on raw material production, further distorting development patterns,” he writes. In a rebuttal, Lula ally and AFL-CIO Americas Program Director Stan Gacek contends that such critiques are unfair, premature, and miss what he calls the “left-wing of the possible.”

Gacek points to Lula’s success in advancing public interest industrial policy, foreign policy and trade in “distinct opposition to the undisputed hegemony of the North and its multinational interests.” He also praises unprecedented levels of public participation in Brazilian political life.

“Yes, there is more participation, but...,” says Iara Pietricovsky, director of the Center for Socioeconomic Studies (INESC) in Brasilia, who notes that the real work is linking increased participation with accountability and realigning economic policy and spending. Commissions and consultative processes abound, but financial resources for education, health, housing and land reform are in much shorter supply. Groups like INESC and Inter-Redes, a coalition of 42 Brazilian networks representing indigenous and landless groups, Brazilians of African descent, environmental and human rights associations, see democratizing the budget-making process as a key political and organizing strategy for shifting priorities and are pressing for a number of reforms, including making the budget process electronically accessible to the public.

Race and Land: Heavy Lifting

Brazil’s stunningly unequal land distribution is an enduring symbol of its historical inability to grapple with inequality. One percent of Brazil’s population controls 50% of its land. Stung by the slow pace of land settlements and growing vio-
disappointment. "I cannot accept the permanence of everything I sowed the seeds of cynicism and cost precious momentum and role as base's markets and his progressive Learning with Lula
deal with racism at a structural the interests to consolidate policies that advance Statute of Racial Equality is needed passage undoubtedly important, "but the Brazilian history in schools-are initiatives for stepped-up land occupations, direct action and other measures of external pressure.
Like land reform, Brazil's racial inequality remains a major challenge. Lula's government has raised the profile of issues of race and social inclusion by creating the Special Secretariat for the Promotion of Racial Equality (SEPPIR) to coordinate race-conscious policies across government; launching Diversidade, a national public awareness campaign; and beginning efforts to diversify Brazil's elite diplomatic corps. But Dr. Silvio Cunha, economist and co-founder of the Instituto Cultural Steve Biko in Salvador, points out that, "Legislative initiatives such as Law 10639—which promotes affirmative action in higher education and the teaching of African and Afro-Brazilian history in schools—are undoubtedly important, "but the passage of stalled measures like the Statute of Racial Equality is needed to consolidate policies that advance the interests of Brazil's majority Afro-descendant population and deal with racism at a structural level."

Learning with Lula
Lula's cautious overtures to capital markets and his progressive base's learning curve about its new role as friend of the president has cost precious momentum and sowed the seeds of cynicism and disappointment. "I cannot accept the permanence of everything I yet to show signs of bridging the country's deep structural inequalities. New incentives and indicators that assess all areas of economic activity in terms of their contribution to addressing inequality are needed to make participação meaningful.

Lesson #3: Movements Matter. Twenty years after the military withdrew from power, Brazilians realize that political democracy is not economic democracy. Not even a leader with Lula's credentials can create and sustain the conditions needed to advance an aggressive agenda for change. Organized communities, movements and a dynamic civil society ultimately provide the accountability and political space needed to advance change at multiple levels. The tremendous resources expended during national elections often come at the expense of local organizing and base-building work. This model leaves far too much to the winner's popularity or personal charisma. The MST, Black Movement and others are raising the stakes in the hope that increased organization, mobilization and pressure will give Lula the impetus for an aggressive push in the remaining two years of his administration and put Brazil's next president (whether Lula or not) on notice. In May 2005, the MST stepped up its campaign with a 17-day, 150-mile march on Brasília. Twelve thousand small farmers, landless rural workers, and their allies retraced the steps of a previous march to demand the implementation of the National Plan for Land Reform (PNRA). Leaders of Brazil's Black Movement have reportedly been discussing a similar mobilization.

Lesson #4: Tough Love Matters. The struggle over the social and economic justice agenda in Brazil is often a fight between "friends."
Lula's allies are realizing the need for a new set of skills to win recognition from the government. The MST's "Critical Support" policy is just one of many emerging terms of engagement. The US civil rights movement and South Africa's anti-apartheid movement lost critical momentum during similar moments. The art and science of movement-state relations when a leader with progressive credentials is in office is still unfolding.

Lesson #5: Ideas Matter. Five years ago, Brazil gave birth to the first World Social Forum. In that short time, the annual event has grown from 5000 to 175,000 participants. The World Social Forum is the intellectual touchstone of a new generation of analysts, activists, NGOs, and progressive business and movement leaders who are reclaiming the market, redefining democracy and rejecting labels like “protectionist.” Proposals range from new strategies for guaranteeing access to health care and capital to maintaining citizen control over natural resources and harnessing international currency speculation to fund health and economic development. “New ideas need 10 to 15 years to take hold. This new tide of citizen mobilization round the world is less than 10 years old,” notes Cândido Grzybowski, director of the Brazilian Institute for Social and Economic Analysis (IBASE) and a member of the World Social Forum Organizing Committee.

Another world is possible. Every region, country and community struggles with Brazil’s questions within its own unique political and historical context. It is oddly fitting that Brazil should be on the leading edge of what it means to get from here to there. For all its contradictions and complexities, the political space that has opened because of Brazil's leadership and movements is enviable and impressive. One of Brazil's many gifts to the world may very well be lessons that inform and transform the politics and geopolitics of social and economic justice.

Tanya Dawkins (dawkins@mindspring.com) is the founder/director of the Inter-American Forum and senior vice president of the Collins Center for Public Policy.

The Forum is a leadership and policy project working to develop, highlight and promote new visions of trade and economic policy that place social equity, public interest and community at the center of the public and policy agenda.

**COMING SOON**

**FIU Report on “Terrorism Preparedness in Florida”**

Dr. Michael W. Collier, Lead Investigator

This two-year field research project by Florida International University's Latin American and Caribbean Center and Institute for the Study of Transnational Crime and Terrorism investigates the readiness of Florida's first responders to handle a terrorist attack. Included are an assessment of the security posture of Florida's critical infrastructure and a statewide telephone poll of Florida citizens about terrorism preparedness issues.

While Florida is often seen as a national leader in emergency readiness programs and is better prepared than before the 9/11 disasters, the state is far from ready to respond to future attacks. The citizens surveyed for this project strongly supported terrorism preparedness programs, indicating they would give up more civil liberties and pay higher taxes to ensure the safety of their families.

To order an advance copy, call the Latin American and Caribbean Center at Florida International University, (305) 348-2894, or email Michael Collier at: collierm@fiu.edu.
The northeastern region of Brazil known as the Sertão is synonymous with drought and poverty for most Brazilians. In fact, however, its average annual rainfall is twice that of productive areas in Arizona and New Mexico. An underground sea of fresh water waits to be tapped—some 4,300 cubic meters of water per inhabitant. (The United Nations estimates the region's minimum need as 2,000 cubic meters per inhabitant.) Huge amounts of water are also stored in reservoirs. The technical know-how for channeling and distributing all this water has been around for decades, and the financial means to tackle the problem have always existed. What is lacking is political will to solve the problem, an impasse has kept the so-called drought industry thriving.

Against a background of artificial scarcity, a few powerful individuals profit from the poverty of the majority, with paternalism a dominant cultural trait. Illiteracy levels are high in the Sertão, short-term job prospects are nil for the overwhelming majority of the rural population and malnutrition is beginning to spread.

The Sertão is the most populous semi-arid region in the world. Some 10 million people live in a rural area that includes 1,209 municipalities in nine states. To date, no government has ever taken effective measures against this historic tragedy, even though severe droughts strike the region every 12 to 15 years—the last one was in 1998–1999—and moderate drought conditions are nearly always a problem. Scientists recently correlated these cycles with El Niño, which typically causes floods in the south of the country and fires in the north.

A project that would substantially alleviate the effects of drought in the northeast has been gathering dust in the drawers of Brazil’s federal government for more than a decade: diverting the São Francisco River, an idea that traces back to the beginning of last century and that has re-emerged with every drought in the area. The diversion would create a man-made channel to bring water to 2,100 kilometers of dried-up riverbeds. At least six million inhabitants would benefit from the water supply, and the project would create 1.2 million direct and indirect jobs on 333,000 newly irrigated hectares of land.

With adequate water supplies, agro-industry could change the profile of the whole region. The media recently began publicizing the project and the Lula administration is consulting ecologists in an attempt to revive it.

Drought is not a problem confined to the northeastern part of the country. Its human effects spill over to the rest of Brazilian society. Since 1991, I have been researching what I call "modern forms of slavery" in Brazil. I haven’t found people in shackles or public floggings; the methods used to enslave human beings today are more sophisticated, and therefore more difficult to detect and fight. Modern-day slaves work as day laborers, sugar cane cutters, rubber gatherers, charcoal burners and farm hands conned into corrupt labor relations that imply slavery through debt. The overwhelming majority of the workers are migrants and refugees from northeastern regions historically scourged by drought. People from these areas also account for a large percentage of residents in the favelas (shantytowns) of Rio de Janeiro and São Paulo.

Formal employment simply does not exist in the rural areas of the Sertão. People try to make a living on small plots of cleared land. Without water, there can be no crop, no income, or anything to eat. This is the ground where the age-old plague of slavery flourishes and spreads in its modern forms, creating an army of cheap, unskilled laborers to serve the economic system. People who have no other options will work in exchange for food or ridiculously low wages if their only alternative is to go hungry.
Barra de Santa Rosa, Paraiba. Refugees from drought and poverty in the sertão pass a grave beside the road.

Soledade, Paraiba. A municipal clerk supervises people waiting in line for water from a desalinator. Each family is allotted two buckets of clean water every other day.
Soledade, Paraíba. Food is in short supply for many rural families.

Brejinho, Pernambuco. A volunteer agent of the NGO Pastoral da Criança monitors children’s weight with a scale to check for infant malnutrition.
Santa Cruz da Baixa Verde, Pernambuco. The Catholic Church distributes basic goods to rural residents affected by drought.


Opposite: Afogados da Ingazeira, Pernambuco. Rural residents of the sertão receive only sporadic medical care, relying on their Catholic faith instead. On the wall are pictures of Padre Cicero and Frei Damião, revered clergymen who ministered to the rural northeast.
Bananeiras, Paraiba. A 72-year-old man embraces his six-year-old son.

Pernambuco. Like many others before them, a family of rural migrants from the sertão tries to hitch a ride to São Paulo, South America's largest city. President Lula made a similar trip with his mother and six siblings in 1952, when he was seven years old. The family traveled on the back of a truck from Garanhuns, Pernambuco, to São Paulo. The trip took 13 days.
SocialPhotos is a cooperative of photographers that works to create and distribute images documenting and addressing issues of social justice. We actively strive to build collaborative relationships with progressive organizations engaged in work on the issues we cover, in order to encourage the most effective, constructive use of our photos.

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US-Brazilian Relations

by Donna J. Hrinak

The United States and Brazil: A Long Road of Unmet Expectations

The US-Brazil relationship is so complex and so different from US relations with the countries of Hispanic America that, even among hemispheric policy makers, few in the United States understand it. When other countries of the region looked to the United States for leadership, Brazil sought partnership. When others looked northward for direction, Brazil looked inward. US insensitivity to the differences Brazil cherishes, combined with Brazil’s insistence that it owes the US no explanations, have for too many years left each side believing the other has acted unreasonably, capriciously or simply from a desire to provoke. As this book notes, the result has been "unmet expectations" in both countries.

By discussing the contemporary bilateral relationship in historical context and examining some of the factors shaping it today, Mônica Hirst does an admirable job of describing what makes US relations with Brazil different from those with other countries in the region, explaining the complexities of alliance between two of what George Kennan has termed the world’s five “monster” countries. But Hirst’s task, complicated from the start, is made more difficult by the format of the series of which it forms a part.

According to the producers of Routledge’s series on Contemporary Inter-American Relations, the books are deliberately short, in part to encourage further study. That approach worked well in the one other book in the set with which I am familiar, The United States and Venezuela, by Carlos Romero and the late Janet Kelly. But in the case of Brazil, brevity confines the author to raising topics rather than examining them in depth. Chapter Three’s discussion of Brazilian and US voting patterns in the United Nations, for example, would have benefited from an explanation that differences often stem from long-held Brazilian foreign policy tenets, such as an unwillingness to approve single-country human rights resolutions. I kept feeling that Hirst wanted to say more but was running out of space. More information on certain points in the first part of the book also would have given Andrew Hurrell’s conclusion a stronger foundation.

Still, when issues are relatively unexplored, as are many of those which Hirst presents, even a mention can be worthwhile and positive. This is particularly true of two topics she raises at the end of Chapter Three: 1) Brazilian immigration to the United States, and 2) public perceptions of the other in each country.

Many immigrant populations have influenced relations between their native country and the United States. Mexico comes to mind first, of course, as well as the Dominican Republic and, recently, Venezuela. Few Americans are aware of the growing Brazilian population in the US, but its development is well worth watching, perhaps even for the day when the US Congressional Hispanic Caucus has to change its name to accommodate a new Brazilian-American member.

Hirst only briefly mentions the flip side of the new Brazilian presence in the United States: growing US investment in Brazil. This investment comes not from Silicon Valley or the Fortune 500, but from hundreds and thousands of Midwest farmers who are forming cooperatives to buy land in Brazil. Their potential to influence decisions on agricultural issues in particular is similarly worth following. Cases like the recent anti-dumping charges brought in the US against Brazilian shrimp, for instance, could be handled quite differently in the future as the number of US citizens with shrimp farms in Brazil increases.

As for public opinion, Hirst correctly notes that much work remains to be done on both sides if Brazilians and Americans are to develop a more complete and balanced understanding of each others’ culture and world view. Expanding the current modest level of exchange programs and targeting more public affairs resources to work with young people should be a priority for both countries. Under Ambassador Rubens Barbosa, the Brazilian Embassy in Washington began a major school outreach program, but other options, such as creating a Brazilian version of the US International Visitors program for young professionals, remain unexplored.
Another important and controversial issue Hirst takes on at several points in the book is the dominant role of Itamaraty, the Brazilian Foreign Ministry, in foreign policy making. Itamaraty "remains the main state agency" on trade issues, she notes, while the State Department doesn't even figure among the three US government agencies responsible for economic relations with Latin America. US diplomats can only envy Itamaraty's role. Members of the Brazilian Foreign Service act as international affairs advisors to other cabinet members and can themselves aspire to cabinet posts outside the Foreign Ministry. This was the path followed by former Industry and Development Minister Sérgio Amaral, former Defense Minister José Viegas, and former Science and Technology Minister Ronaldo Sardenberg. Brazil's relatively underdeveloped civil service system generally means that Itamaraty career functionaries are the most prepared to assume positions throughout the government, and their presence in all key agencies has allowed them to spread the Foreign Ministry's world view in all administrations.

Nevertheless, Hirst reports challenges to Itamaraty's dominance from other ministries that share growing responsibility for foreign affairs, particularly foreign economic issues. Another area worthy of broader discussion, therefore, is the potential influence on US-Brazil relations of the increasingly louder voices of these new actors.

In addition to its limited space for discussion, another of this book's flaws is the inclusion of certain minor but significant factual errors. According to Hirst, for example, the US "praised the Brazilian government for its... military air interception program" to fight narcotics trafficking. In fact, the Brazilian shootdown law (Lei do Abate) is a prime example of the various misunderstandings at play in the bilateral relationship. Brazil expected the US to be pleased with this signal of its clear intent to fight traffickers, but the new regulations ran afoul of a US law—passed after the tragic downing in Peru of a plane with US missionaries on board—prohibiting assistance to countries whose laws place civilian aircraft at risk. Because of US concerns, Brazil waited until 2004 to implement the law, five years after its passage and after many domestic complaints about US infringement of the nation's sovereignty.

Hirst also cites a Brazilian Embassy report claiming that US
Review Forum

tariffs on Brazil's top exports averaged 45.6%, in contrast to Brazil's 14.3% average tariff on leading exports from the US. While technically correct, this calculation is misleading. It includes the 350% tariff imposed on tobacco imported from Brazil above the quota set for this commodity, but in fact that tariff has never been imposed because Brazil has never come even close to filling its quota. It is this type of simplistic information about complex subjects that irritates the US and embitters the atmosphere of already difficult bilateral trade talks.

The transition from the four chapters written by Hirst to the concluding essay by Andrew Hurrell is less than smooth, but Hurrell makes an important contribution by considering US-Brazil relations in a global context. Perhaps most useful is his examination of Brazil's uncertainty about its place in the world; in particular, its unwillingness to accept the responsibilities of leadership while clamoring for respect. Also thoughtful is his point that while Brazil and the US may share important values—support for democracy, for example—they differ seriously over how to promote those values and which elements to prioritize. The discussion helps readers understand the static in a relationship between two countries whose core values coincide.

Hurrell also reinforces one of Hirst's essential points, about the link between Brazil's foreign and development policies. Business and commercial interests are essential components of Brazil's modern foreign policy, but economic development has never been an important factor in US global affairs. The US largely fails to recognize the importance Brazil places on the link between its development and events in the rest of the world. By emphasizing and explaining this link, Hirst and Hurrell make an important contribution to US understanding of Brazilian identity.

A more complete view of US-Brazilian relations requires substantially more discussion than this book offers, but to the extent Hirst and Hurrell raise questions and a desire for further knowledge they will have succeeded in advancing the "mature partnership" the two countries deserve. The directors of the project on Contemporary Inter-American Relations deserve praise for including this essential topic in this series.

Finally, it's worth repeating the quote Hirst includes by former Brazilian Foreign Minister Juracy Magalhães, who in 1966 famously declared, "What's good for the United States is also good for Brazil." That may not always be true; however, what's good for the US can also be good for Brazil, and vice versa. By recognizing the complexities in our relationship, we can more successfully identify where our common interests lie and work more collaboratively to promote them.

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ISBN: 0415973287
Publication Date: 4/13/2005
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On October 27, 2002, the Brazilian people elected Luiz Inácio Lula da Silva, the leader of the Workers’ Party (PT) and a former metalworker, to the presidency with 61% of the popular vote. This unusual result was partly a reflection of a gradual shift within the Brazilian labor movement from radical socialism as a political objective to more pragmatic political and economic strategies.

This bibliography, drawing upon diverse sources, sheds light on conditions in today’s Brazil, with an emphasis on selections about Lula and the Workers’ Party. The main focus of most of the entries is economic, reflecting both the main challenge Lula faces and the top preoccupation of analysts concerned about Brazil’s economic future under his left-leaning administration.

In addition to the more recent titles listed below, two older but informative books on the formation and early experiences of the PT are Rachel Meneguello, A formação de um partido, 1979-1982 (Rio de Janeiro: Editora Paz e Terra, 1989) and Margaret Keck, The Workers’ Party and Democratization in Brazil (New Haven: Yale University Press, 1992).

Almeida, Thomas. The Brazilian Economy and President Lula [video recording]. 2003. 1 videocassette


Carvalho, Fernando J. Cardim de, and Fernando Ferrari Filho. “El presidente Lula da Silva en el primer tercio de su mandato.” Investigación Económica, v. 63, no. 249 (July/September 2004): 55-74. (Analyzes Lula’s economic policies after the first third of his term, focusing on policy strategies.)


Marion Goslinga is the Latin American and Caribbean bibliographer at Florida International University.

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