# Arrested Development: Brazil in a World in Crisis (2008-2018)

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Between 2008 and 2013, several societies experienced entwined shockwaves. Firstly, the deepest economic crisis since 1929. The crisis' aftermath overlapped with manifestations that challenged traditional politics. Those seismic shifts were palpable across the world: from Arab Spring to Occupy Wall St., from Indignados to Taksim Square. What about Brazil?

By 2008, the country was more prepared to face such a crisis than before. It was more affluent, less asymmetrical than during 1980s' "lost decade" or the late-century financial crisis in emergent markets ignited by the "Tequila Crisis" in Mexico (1994), which endured as far as 1999 in Russia. Huge foreign-exchange reserves avoided another 1999, when the Real lost 50% of its value overnight. The external debt fell to historically low levels. Instead of resorting to the IMF, Brazil was now a net lender.

At the wake of the crisis, there were widespread expectations that emerging countries would infuse vitality in a contested system (including major institutions lacking representativeness and efficiency). Among them, the BRICS group gathered more attention as the fastest-growing countries of the era. The sole BRICS from South America, Brazil was counted among the brightest hopes for the future. However, ten years on, the country drags around in a strange maelstrom.

It was not only a matter of a global crisis proving the nadir to the ascension of an emerging country. There were domestic transformations, whose contributions proved pivotal to future outcomes, as other societies were just recovering from crisis or building upon a host of impromptu innovations. After waves of manifestations that filled the streets in record numbers between 2013 and 2016, civil society remains silent in Brazil. The political system can barely cope with continuing turbulences – including the presidential impeachment of Dilma Rousseff, multiple trials of ministers, Congress leaders, presidential candidate Aécio Neves, culminating with the imprisonment of former president Luiz Inácio Lula da Silva in 2018. This dysfunctional exhaustion represents the end of an era.

Between 1994 and 2014, Brazil elected 3 presidents for 4-year mandates (allowed re-election): Fernando Henrique Cardoso (PSDB[1]), Luiz Inácio Lula da Silva and Rousseff (PT[2]). For the first time in the Brazilian Republic, five consecutive elections took place without interruptions. Those 20 years were marked by economic stabilization under the Real Plan and robust federal income transfer programs.

The combined effect of those long-lasting policies was manifold. Firstly, a significant reduction of poverty and misery took place, with up to 40 million people leaving the United Nations' hunger map. International investments skyrocketed, reiterating Brazilian credentials as a globalizing emerging economy. There was a newfound political salience for "new middle classes" not contemplated in the platforms of traditional parties. Finally, there was an acute politicization of social inequality, a defining feature of the Brazilian polity since the centuries of Portuguese colonization.

Brazil was simultaneously becoming a more affluent country with a fairer society. A generation with options and well-being far beyond its ancestors contemplated the recurring question: at last, did the proverbial *country of the future*

finally arrive?

Under Lula, Brazil responded to the crisis with anti-cyclical policies, which triggered an impressive 7.5% growth rate in 18 months. However, such policies were still accompanied by renewed primarization under associated development – a persisting feature of Brazilian economics, according to different schools of economics, ranging from Marxian criticism in the 1950s, Keynesian developmentism in the 1960s (associated with CEPAL), dependency theory in the 1970s (including future president Fernando Henrique Cardoso) to liberal orthodoxies and heterodoxies since the early 1980s.

The concept of associated development applies for countries that have structurally limiting conditions for autarchic investment and which cannot avoid becoming attached to other countries, in the process unfolding a series of imbalances and asymmetries in the productive structure. Even though it has been one of the ten largest economies in the world for the last fifty years, Brazil still relies on foreign direct investment to foster much of its economic output, not to mention innovation.

After a few affluent years, under Rousseff, Brazil gradually interrupted developmentist experiments. Primarization got the upper hand and it remains so ever since. Across the course of the crisis, Brazil did not significantly depart from its economic structure. It remained a late industrialized country reliant on agribusiness and on foreign investments. The major shift was in terms of associated development: by the late 1990s, Brazil depended on European and US investment and markets (as it was throughout the 20$^{th}$ century). Nowadays China is our major trading partner and investor.

Brazil used to be one of the most unequal countries in the world according to the GINI index. It became less so during the last quarter century. That feat put additional pressure upon the dire straits of the New Republic, the civil democracy that followed a prolonged civil-military dictatorship.

Many roots of the current maelstrom are to be found at the making of this new regime. The New Republic was a democratic restoration made possible by compromises with the ruling military forces. Differing from other South American democratic transitions, Brazil entertained a cautious mix. According to next-to-last dictator Ernesto Geisel, the transition from political prisons, institutionalized torture and indirect elections would be “slow, safe, and gradual”.

The MDB[3] – dictatorship’s tolerated opposition – was the major founder of this new Republic. The last president indirectly elected under the militaries (Tancredo Neves) proposed a limited democracy, in which the inclusion of new elites would be conditioned by economic outcomes. By doing so, a crucial feature of dictatorship was preserved: social inequalities could be tolerated insofar “slow, safe, gradual” inclusion took place in an affluent, “great country”. The grammar of a new democratic state under the rule of law was not centered on rights, but on macroeconomic aggregates. Accommodating a plurality of interests, different kinds of representation in an increasingly complex society implicated sustained economic growth – given that redistribution remained a taboo item in party politics, a surplus was needed to cope with more players. This limiting condition amounted to a major political decision, which preserved traditional leadership (organized in regional lines) and hindered the ascension of civil society (social movements, trade unions, minority groups, NGOs).

Neves fell ill before his inauguration and died in April 21, 1985. Vice President José Sarney would rule in his place. Sarney had been a member of ARENA[4], the ruling party during dictatorship. Only at the 11$^{th}$ hour he moved to MDB, in time for the indirect election. His government was marked by a new Constitution and attempts to curb the highest inflation rates in the world.

The Cruzado plan (for a while) stopped inflation on its tracks and propelled the MDB to win all but one regional government in 1986, as well as a swift majority in the Constitutional Assembly. 1988 saw the inception of a Charter reportedly belonging to citizens, but also bearing the unmistakable imprint of MDB, which conferred Sarney an additional year of presidential mandate. The new Constitution was a tentative compromise between democratization and slow, safe, gradual change.

Cut to 2008, 20 years after the citizens' Charter, new elites have joined the political game, standing on the heels of economic growth, redistribution and the enlargement of political participation. After the crisis, would they pay the price of acquiescing to the traditional forces – New Republic's unwritten rule?

That question hung upon Rousseff's government since the autonomist June Journeys in 2013, followed by harsher manifestations against her in the election year, 2014. Amidst an investment surge associated with crisis and global mega events, millions took the streets to claim a deeper, broader democratic polity, more rights, more inclusion, and top-notch public services. The forces hindered in 1985, invested with newfound relevance during 20 years, at last got out of the bottle. Claims for redistribution were accompanied by contestation and denouncement of violence by public agents.

Violence shall not be underestimated in the fabric of this new polity. It became more visible an issue since 2013, but it left long-lasting traces in Brazilian politics. Brazil, so proud of its pacific credentials at the international stage, a peacemaker, with capacity to pacify conflict-ridden societies (such as Haiti), remained one of most violent societies of a turbulent world. According to the *Atlas da Violência*, 1 million Brazilians were killed between 1996 and 2016. Last year, almost 60.000 Brazilians succumbed to violent means – a number comparable to atrocities denounced in Syria during a prolonged civil war. In the countryside, killings have recently reached an all-time high in a country that never implemented an encompassing agrarian reform, remaining one of the most asymmetric in terms of land access. Three decades after the killing of environmental activist Chico Mendes, Brazil remains tangled up in violent contradictions.

This uncomfortable situation becomes more salient as waves of international outcry fell on the deaf ears of a hermetically sealed, delegitimized political system. The legacies of authoritarian years, during which violent practices (such as torture, extrajudicial killing, forced disappearances) became institutionalized among security forces, rear their heads in a world with growing interest in Brazil. It was no surprise that the international community got shocked by the announcement that, after hosting a decade-long string of global mega-events, the city of Rio de Janeiro is under military intervention.

Inconvenient continuities are not surprising in systems articulated by authoritarian compromises. The continuing presence of military forces at *Cidade Maravilhosa* was not a sudden reversal of expectations; such activities have been prominent for the major part of the last quarter century. The killing of Human Rights activist and politician Marielle Franco in 2018 belongs to the same spatial-temporal context that allowed the killing of Mendes during the New Republic's early years.

Recurring violence is one of the features that since 2013 exposed the limits of the redemocratization formula (limited democracy with gradual inclusion of new elites conditioned by economic growth). After widespread repression of the June movements from regional governments (before the eyes of a reluctant federal government), the New Republic would parade under an old sign: *fighting corruption*.

In Brazil, political transitions have been marked by symbolic contests over the locus of corruption in the political body. Since the Brazilian Empire, "fighting corruption" provided a key political instrument for contesting social forces, mobilized in different ways. Crises abounded and were attributed to "systemic" corruption by a wide political specter. The production of crises in the Brazilian polity got entangled with those different mobilizations, often silencing contestations and affording the reproduction of deep-seated asymmetries. However, the political implications of such processes varied immensely (that brings to the surface the difficulties of extricating any concept from political arenas). Such modulations fill the tomes of the Brazilian Political Thought. Sérgio Buarque de Hollanda associated anti-corruption crusades with incipient liberal institutions and Gilberto Freyre, with colonial traits reminiscent from Portuguese Empire and slavery. Under the cloak of "fighting corruption", different policies were entertained: institution-building, civic virtue, economic planning and entrepreneurship, nationalism, and technocracy. Legitimated by this motto, different party systems got a lifeline.

Initially, the New Republic was not one of them. The last wave of redemocratization was not paved by "fighting corruption". Between the political system and society in Brazil maintained economic growth as a privileged mediation.

Governments that "promote" growth were associated with "union" and avoiding "unnecessary" polarization. Those periods allowed a temporary lifting of normative disagreement, for the sake of forming representative coalitions, by bringing new elites in, safely and gradually. What is actively mobilized as "corruption" in times of scarcity are practices less salient, more tolerated in times of prosperity, insofar economic growth (and ensuing compromise) is not severely affected. When prosperity ceases, corruption becomes the *lingua franca* of disputed political grounds. Heads of governments associated with recessions pay the price of a "systematically rigged" polity: political ostracism.

In a system of coalition presidentialism in which, more than often, the President is not a member of the ruling party at the Houses of Congress, such bipolar tensions escalate frequently, and quickly. The first president elected after the highly unpopular Sarney, Fernando Collor de Mello, had two out of three years of negative growth. A reelected Dilma Rousseff entertained similar figures twenty-four years after.

In an infant New Republic, two out of four presidents (from parties lacking parliamentary majorities) fell prey to impeachments during economic shortcomings, propelled by the Legislative and the Judiciary. In both events, the Executive powers, symbolized by Oscar Niemeyer-designed Planalto Palace, fell under the spell of an MDB-controlled Legislative, ratified by a Judiciary with conservative undertones. Millions of votes were insufficient to assure Collor[5]'s or Rousseff's mandates.

Apart from Legislative predominance, a new dynamic took hold of the New Republic, placed across the years that separate those very distinctive governments. The gravitational center of the polis firstly shifted from governmental cabinets to the streets and then, from the streets to courts (with the Supreme Court's judgment of*Mensalão**[6]*** and *Operation Car Wash**[7]*** as benchmarks).

**Streets of Rage**

"Fighting corruption" in 2018's Brazil provides opportunity for the reactive encapsulation of a contested and delegitimized political system, under unintended tutelage from a rising Judiciary.

The slow, safe, gradual transition to civilian rule now sees the military bouncing back to the public sphere, with the far-right discourse of Jair Bolsonaro making discomforting impacts at the presidential polls.

Sarney became president due to a tragedy. Other vice-presidents (Itamar Franco and Michel Temer) were on the winning side of presidential impeachments. All of them from MDB, the party that still rules the Congress, but which never made a lasting impact at presidential ballots. This is another limitation of the 1985 regime. Other parties win elections, but the MDB eventually gets the government.

The country envisioned by Tancredo Neves partially fulfilled its modest aspirations, with dramatic departures. His Brazil is almost unrecognizable in 2018, with 2013 as a watershed. It became a more internationalized, less closed society, speaking different languages, with an increased regional and global footprint. In its current configuration, Brazil is less asymmetrical, more diverse and affluent than previous generations could afford. Nevertheless, something seems to have been lost in the process. The aspiration of a bright, all-encompassing future seems a distant smoke in the horizon. The notion of "great Brazil" fitting the expectations of contesting social forces seems discomforting, inadequate, even naïve. Newfound pessimism depicts the country of the future at unfeasible realms. Virtues of compromise, praised for so long, gave ways to outbursts of hate. Brazil remains violent but it seemingly lost the innocence of longing for a future than can redeem present shortcomings.

Ten years after global crisis, the international system remains but the BRICS did not necessarily infuse vitality into major institutions, alone or collectively. There were a number of national strategies, sometimes overlapping, only infrequently coalescing into renewed interaction through the available channels. Hopes of a new system with dramatic departures from 2007 proved largely unfounded.

The reorganization of the global capitalist economy after a major crisis comprised a set of centrifugal national

strategies, which contributed to further turbulence in world politics. Despite modest reforms (voting rights in IMF), the BRICS institutions (the New Development Bank) and representatives from emerging countries heading major institutions (WTO), major institutions remain stacked by the same problems highlighted ten years ago. In an era of punishing bilateralism, multilateralism suffers the most and emerging countries did not provide comparable alternatives up to now.

In the realm of statistics, Brazil was growing faster than developed economies in the aftermath of 2008. A member of the BRICS, it was taken for granted as a dynamo for the near future. Now Brazil lags behind every other member of the G20 and its performance is even more modest in regional terms. Accordingly, Brazilian soft power declined – paradoxically, after hosting many global mega-events.

In three decades, the governments of the New Republic invested a major part of their energies attempting to meet expectations – their own and those from the international community. For twenty years Brazil strived to be considered a global trader and for the last decade, a global player. Among contradictions, high stakes paved every move that Brazil made at home and abroad. This is one source of the maelstrom, in a society that advanced so much, in such a limited amount of time.

Innovations devised across twenty years of aggressive foreign policy have been replicated or scorched. Brazil pressed for the international regulation of cyberspace and proposed a denuclearization deal with Iran, years before such initiatives took flight at the world stage. Its social programs were replicated across developing world, supported by international organizations. However, skepticism remained regarding "the responsibility while protecting"; fighting hunger did not replace fighting terrorism.

Brazil seems to no longer be the wave of the future, but rather a future past. The net sum of efforts seems less than ordinary. Brazilian Foreign Policy recoils, seeking traditional plots and allies, bewildered by the safety of nostalgia. Regional integration grinded to a halt: MERCOSUL estranged Venezuela half a decade after Brazilian attempts to co-opt Hugo Chavez. In UNASUL, the departure was even more dramatic: recently, Brazil walked out of the organization it helped to found, more than a decade ago. Underestimating the caliber of transformations that took place since the crisis, Brazil remains attached to the tried and true. What could be praised as modesty can also be translated as trauma.

In the Greek myth, Daedalus and Icarus escape Minos' labyrinth through the air. Afterwards, Icarus pays the price of hubris: ignoring his father's constant advice by attempting to reach so high in the rapture of flight, his wings begin to melt and burn. The great escape ends up tragically, down there.

Brazil skyrocketed under Fernando Henrique, Lula, and Dilma. Once considered an emerging power of first caliber, it is now unsure about its nearest destination. Lula's imprisonment marks a political inflection in the New Republic, a major discontinuity with the 1985 goals. Economic growth in the near future seems unlikely. The slow, safe, gradual inclusion of new elites (that included Lula) is now at peril.

In 2019, Brazil will be ruled not by heirs of the "golden years", but by someone estranged long ago. The major presidential candidates were defeated many times during the last decades – Geraldo Alckmin (PSDB), Marina Silva (REDE[8]), and Ciro Gomes (PDT[9]). This transition involves a generation of leaders more cautious about the future and much less confident regarding the near past. After Icarus, there goes Daedalus.

Caught in the transition between competitive scarcity and competitive abundance, in a shifting world order the status of Brazil as an emerging power was left hanging in the balance.

**Notes**

[1] PSDB (Party of Brazilian Social Democracy) was created after the 1988 Constitution as a dissidence of MDB. It was conceived as a Social Democratic party following European lines. In contrast with the oligarchic trends of MDB centred on regional leadership, it was based on the major cities of Brazilian southeast, such as São Paulo.

[2] PT (Workers' Party) was created in 1980 as a socialist party with strong affiliations to social movements, trade unions and the Catholic church. An urban-based party, only in the next century it would become popular on the Brazilian countryside.

[3] The second Institutional Act of the dictatorship created MDB (Brazilian Democratic Movement) in 1965. It comprised the civilian opposition tolerated by the military regime. A party born out of other parties that presided over the Brazilian Republic between 1946 and 1964, MDB was organized in regional lines. Its slow but steady victories in regional elections during the 1970s allowed the party to become a steadier opponent of dictatorship in 1980s, when it became PMDB and remained the major party in Congress after bipartisanism. Recently it reverted back to being called MDB.

[4] ARENA (National Renovation Alliance) was the official party of the dictatorship, comprising the civil and military leaders of 1964's *coup d'état*. The second Institutional Act also created it in 1965. In contrast with MDB, it fragmented soon after the end of bipartisanship.

[5] Collor was elected by the short-lived right-wing party PRN (National Reconstruction Party), which did not survive the impeachment process.

[6][6] Mensalão was the political scandal that tarnished the first Lula administration in 2005. A major ally (Roberto Jefferson) denounced a governmental-sponsored scheme for assuring legislative support through mensal payments to representatives ("mensalão"). It led to the downfall of ministers and representatives, as well as a rearrangement of PT's coalition. In 2013, the Supreme Court ruled members of several parties (including PT) guilty of complicity – the first trial that impinged on elected politicians in Brazil since the redemocratization.

[7] *Operation Car Wash* is a judicial investigation of corruption schemes in major Brazilian firms involving prominent politicians. It began in 2014 as an investigation of money laundering schemes (through *car wash* installations) by Petrobrás employees. It eventually become a major driver for the political downfall of an unprecedented number of Brazilian representatives and businesspersons. It currently partakes in international investigations in Brazil's neighbouring countries.

[8] REDE, a party created after 2013, combines elements of "new politics" and environmental awareness.

[9] PDT (Democratic Trade Unionist Party) is a dissidence of the party founded by Getulio Vargas in 1945 (PTB) to congregate the government-sponsored trade unions of the age. Leonel Brizola founded PDT in 1979 after electoral justice denied his rights to the PTB brand. It adopted a socialist trade unionist approach and attempted to preserve Vargas' legacies.

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