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## I

## Introduction

*Understanding the Normalization of the  
Workers' Party*

In 1989, a scruffy bearded figure calling for radical change under the symbol of his party's red star competed in Brazil's first open and direct presidential election in almost thirty years. The candidate was Luiz Inácio Lula da Silva from the *Partido dos Trabalhadores* (PT, or Workers' Party). After a campaign marked by intense political polarization, Lula's narrow defeat to his right-wing competitor Fernando Collor de Mello came as a major relief to conservative sectors of Brazilian society. The specter of a PT-led government prompted the formation of a center-left alliance that would effectively keep the PT in the opposition for years to come. Finally in 2002, after winning progressively greater first-round vote shares in every presidential election since 1989, a more moderate and smartly coiffed Lula led the PT to victory in a presidential campaign that took place in an atmosphere of comparative political stability and consensus. He won reelection by a wide margin in 2006.

Between Lula's first unsuccessful run for the presidency in 1989 and his eventual victory in 2002, the PT became a leading contender at other levels of Brazilian politics as well. Featuring an active legislative delegation that expanded in every successive election, the PT eventually constituted the largest bloc in the lower house of Congress. While its legislators debated issues of national importance, PT mayors won office and governed in an increasing number and array of Brazil's cities. PT-led municipal governments developed a host of innovative social programs – arguably the most prominent being participatory budgeting – that elevated the party's visibility in Brazil as well as abroad. While the PT developed core supporters who were strongly attached to its ideals and part of its unique subculture, it also managed to gain the votes of people who were not PT

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partisans. By the eve of the party's long-awaited transition from opposition to government, the PT had developed into Latin America's largest, most organized, and arguably most innovative left party.<sup>1</sup>

Part and parcel of this growth trajectory were significant changes in the party and its standard bearers. Over time, the once radical programmatic party – whose impressive rise in Brazil's patronage-oriented political system appeared to defy conventional understandings of Brazilian politics – grew to look more like its catchall or electoral-professional competitors.<sup>2</sup> Rather than continuing to build upon its earlier promise to shape the party system in a more programmatic direction and induce more ethical standards of conduct among the country's notoriously clientelistic and corrupt politicians, the PT adopted many of the strategies and tactics of more conventional Brazilian parties. This shift resulted from the heightened emphasis placed on immediate vote maximization after Brazil's adoption of market reforms and the public's general acceptance of this development rendered the party's socialist project unviable. The goal of vote maximization made the PT more susceptible to the institutional incentives for building electoral and political support in Brazil, incentives that induce parties to undertake measures such as softening their programmatic positions, forging opportunistic alliances, and resorting to patronage.

At the same time, however, the PT's adaptation was incomplete and uneven as a result of historical legacies that hindered change. Although the party instituted visible strategic and tactical adaptations to gain public support, it changed far less on the inside. For example, the PT remained the most disciplined and cohesive party in the political system. Organizational vestiges of its former radicalism and the continued commitment of some within its ranks to a transformative project prevented the PT from undergoing a full accommodation to systemic constraints. On the one hand, the PT's origins and structure created advantages, including a solid base that it could rely on during periods of crisis and transformation,

<sup>1</sup> In the Appendix see Tables A.1, A.2, and A.3 on the party's growth at different levels of government.

<sup>2</sup> See Kirchheimer (1966) for a discussion of catchall parties and their characteristics. Kirchheimer defines a catchall party as one that tries to "exchange effectiveness in depth for a wider audience and more immediate electoral success" (1966: 184). The term *electoral-professional* is used by Panebianco (1988: 262–267). It refers less to the social support base that catchall parties obtain and more to the increasing professionalization of party organizations, whereby individuals with specialized knowledge are seen as "more useful to the organization than the traditional party bureaucrats, as the party's gravitational center shifts from the members to the electorate" (1988: 264).

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credibility as an opposition party in the presidential race of 2002, and discipline in passing difficult reforms under the subsequent Lula-led government. On the other hand, such partial adaptation at times left the party in awkward, even messy, in-between positions. Tensions, distortions, and unintended consequences abounded. The party's fund-raising difficulties and its vote-buying practices put these contradictions into stark relief.

In this book I analyze the transformation of the Workers' Party (1989–2009) as a fascinating and complex case of organizational change. My primary goal is to explain why and how the PT moderated its programmatic stances and adopted other aspects of a more catchall profile, thereby widening its electoral appeal. Exceptionally ideological and grassroots oriented, the PT was the kind of party least likely to start behaving in a vote-maximizing way. In other words, a classic institutionalized mass party with a dense organization, the PT was an unlikely candidate for adaptation. As such, it constitutes a least likely case for rational choice analysis. In the end, the PT did adapt and moderate in very crucial ways, as such a framework would predict. The roots of the PT's adaptation lie in the external environment: Brazilian institutions, the structure of electoral competition, and changes in the international economy. They rest also in Lula's leadership role. Whereas complex organizations tend not to adapt quickly, individual leaders (and their top advisors) often respond rationally to external incentives more readily. The PT benefited from having a single virtually irreplaceable leader who enjoyed more societal support than his party. An exceptionally popular figure, Lula both responded appropriately to environmental challenges and used his electability as leverage to demand change within the party. Although there are a few comparable cases of leaders who have used their personal popularity as influence over their parties, such as the Spanish Socialist Party (PSOE) in Spain under Felipe González and the African National Congress (ANC) under Nelson Mandela, this is distinct from most institutionalized left or social democratic parties, at least as they are discussed in the literature.

I also seek to understand why some of the PT's distinctive normative commitments and organizational practices endured in the face of marked adaptations aimed at expanding its vote share, and what consequences their survival had. Insights from historical institutionalism are crucial in this regard. The PT's organizational attributes had a double-edged impact on its adaptive capacity. Even though the party adjusted to the external environment between 1994 and 2002, this successful adaptation would probably not have been possible without the developments

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that took place in the 1980s. The origins and development of the party organization – which allowed it to build a powerful grassroots network, develop governing experience at the local level, and establish true credibility as a partisan alternative – supported its later transformation. Had the PT adapted too quickly, it might well have gone the way of other failed left-of-center parties, such as the FREPASO (*Frente por un País Solidario*) in Argentina. At the same time, there were negative aspects of the PT's organizational trajectory that historical institutionalism helps to explain. Restrictions on how the party would finance campaigns – most notably a rejection of contributions from big business – led the PT into illegal fundraising schemes in the cities where it governed. Similarly, limitations that party activists placed on the government's ability under Lula to manage executive–legislative relations induced him to resort to buying legislators' votes, resulting in the *mensalão* corruption scandal.

In sum, by combining strategic and historical institutionalist approaches, the book's analysis brings to light the electoral incentives for change, the structural and institutional constraints that molded those incentives, and the historical and organizational legacies that made change more difficult. It reveals that the PT evolved in response to changing environmental conditions but in ways constrained by past trajectories. The party's history conditioned when, how, and to what extent it rose to external challenges.

## CONTRIBUTIONS

## A Theoretical Interpretation of Institutional Change

In this book I seek to contribute to the larger study of institutional change. Employing rational choice and historical institutionalism, the analysis takes up the call to combine the two approaches in ways that harness their respective strengths and comparative advantages (e.g., Hall and Taylor 1996; Thelen 1999; Weingast 2002; Katznelson and Weingast 2005; Mahoney and Thelen 2010). Despite recognizing that rational choice and historical institutionalist approaches should be integrated, few scholars have actually undertaken this pursuit in a systematic fashion. Aiming to advance this theoretical synthesis, in this book I examine how political and economic contexts create incentive structures that lead to institutional innovation yet within the organizational and normative constraints established by historical legacies. Many of the organizational changes undertaken by the PT leadership are excellent examples of institutional “layering,” that is, incremental change that ultimately results

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in substantial transformation. Emphasizing rather than downplaying the distinctions between strategic and historical institutionalist approaches provides the most analytical leverage on complex outcomes reflecting both adaptation and resistance to change.

By examining the evolution of the PT through explicitly theoretical lines of reasoning, as encouraged by Bates et al. (1998: 10–13), the analysis brings together parsimony and a systematization of detail, one of the key benefits of strategic frameworks, with a sensitivity to context associated with historical institutionalism. Invoking rational choice facilitates explanation of the party's adjustment to external inducements and constraints, whereas referencing historical institutionalism elucidates how historical legacies preserved some of its uniqueness and limited its transformation. Neither approach alone can account for the PT's profile of partial transformation. If an exclusively strategic framework overpredicts change, reliance on historical institutionalism underpredicts it. Moreover, invoking both frameworks shows how the party sometimes found itself caught between opposing logics, thereby illuminating important dysfunctional aspects of its behavior that have puzzled observers heretofore. Indeed, the PT responded to a dense and complex mix of incentives that at times even pulled it in conflicting directions.

Systematically disaggregating the phenomenon of party adaptation, the analysis recognizes the unevenness of organizational change and suggests an expected sequence of transformation: Parties subject to external pressures are likely to first make modifications on matters most directly and immediately relevant for enhancing their standing outside the organization, that is, vis-à-vis voters and competitors (other parties and alliances). Changes in the platforms endorsed and images projected are typically among the first to occur. Parties are slower to proceed on matters that affect internal dynamics, such as relations among party cadres and leaders. Moreover, they may not change at all on norms that were vital to sustaining the organization during its early formation and that bear only indirectly on the party's electoral standing at a later point in time. Whereas a strategic perspective explains shifts on the external front, insights from historical institutionalism shed light on the stickiness typically encountered in the interior of an organization.

**A Contribution to the Literature on the Transformation of Left Parties**

Comprehending the PT is also consequential for achieving a broader understanding of left parties. The recent electoral success of left parties, movements, and their leaders has led analysts to explore the conditions

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of their rise, their shifting bases of support, and the determinants of their respective moderation and radicalism once in power (e.g., Petkoff 2005; Castañeda 2006; Cleary 2006; Weyland, Madrid, and Hunter 2010; Levitsky and Roberts forthcoming). As key players in defining the political and economic character of Latin America's recent shift to the left, Lula and the PT are often seen as anchoring the more moderate pole within the region's left turn.

In analyzing the PT as a case of slow but eventually successful adaptation, the book advances general ideas on the conditions under which parties change and on how they change. In this connection, the PT compares favorably within a broader universe of cases in which left parties adapted with different degrees of success under democratic or at least democratizing governments in the region. The *Frente Amplio* (Broad Front) in Uruguay is a good comparison case. Its origins and trajectory parallel those of the PT in many ways, and after several consecutive defeats and eventual moderation it too won power for the first time in 2000. Venezuela's *La Causa R* (LCR) and Peru's *Izquierda Unida* (IU) serve as instructive cases of contrast. Two factors that distinguish the comparatively successful PT and *Frente Amplio* from the LCR and IU are the solidity of their organization and the existence of a single leader who enjoyed both a strong presence within the party and popularity with the electorate. Although the strength of the party organization may have slowed the transformation of the PT and *Frente Amplio* initially, it contributed to their staying power over the long term. The presence of a popular leader with a singular ability to gain societal support served as crucial leverage for change within the party.

### A Comprehensive and Updated Account of the PT

While speaking to these larger theoretical themes, in the present analysis I provide a comprehensive empirical treatment of the PT's evolution over the past two decades, a period during which the party changed dramatically. I examine the PT's conduct while it was in the national opposition (1989-2002) and government (2003-2009). I also explore its growth in three different institutional arenas – municipalities, the Congress, and the presidency – and assess the respective influence of each sphere on the party's overall trajectory. Although I give central play to the party's long-standing leader Lula, my emphasis is not on documenting his life story but on determining how he contributed to the PT's transformation and success. While Lula's presidential ambitions reinforced systemic external

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pressures on the PT to undergo adaptation, his unique appeal to wide-ranging groups in the electorate and persuasive power within the party facilitated the process. My analysis acknowledges the moderating influence of PT mayors and municipal governments but emphasizes the role of exogenous factors – namely, features of Brazilian politics and developments in the global economy – in the adaptations pursued by the national PT leadership.

To date, comprehensive and theoretically informed analyses of the PT's post-1989 evolution at the national level are few and far between.<sup>3</sup> An important exception is Samuels (2004), who in an interesting article-length analysis emphasizes *endogenous* sources of change, especially the flexibility permitted through specific internal rules and the rise of pragmatists following the party's success in mayoral elections. Most of the literature concentrates on specific aspects of the party's story. The lion's share of work is devoted to PT municipal governments and their efforts to implement participatory budgeting schemes, observe practices of transparent government, and institute an array of interesting social programs, such as the *Bolsa Escola* (an income subsidy to poor families conditional on their children's school attendance), micro credit, and family health projects (e.g., Genro and Souza 1997; Abers 2000; Baiocchi 2003, 2005; Nylen 2003; Wampler 2007). Paulo Roberto Figueira Leal (2005) provides a highly focused treatment of the PT in the federal Chamber of Deputies. Other than his account, this critical aspect of the party's evolution has been woefully understudied. The literature also features several biographies of Lula, which chronicle his impressive rise from the depths of poverty to the presidential palace but do not integrate the study of his life with a systematic theoretically informed analysis of the party (e.g., Paraná 2002; Alves 2003; Bourne 2008).

**An Optic for Examining Broader Developments in Brazil**

Analyzing the rise of the PT – one of the most striking developments in Brazil's postauthoritarian democracy – serves as an interesting optic from which to view vital changes in politics and economy that have unfolded in Brazil during the past two decades. The country's development over this time period crucially affected how the party evolved. Comparing

<sup>3</sup> Excellent analyses of the PT in the first decade of its existence are Meneguello (1989) and Keck (1991, 1992). Singer (2001) provides a short analysis of the PT's evolution after 1989 but ends before Lula's victorious presidential campaign of 2002.

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Lula's 1989 presidential campaign against Fernando Collor de Mello to the 2002 contest against José Serra is especially instructive in this regard. The 1989 race, the first direct presidential election under Brazil's new democracy, was a highly polarized no-holds-barred competition. The runoff pitted a far-left candidate with strong ties to the autonomous union movement against a right-wing populist with political roots in the recently departed military regime (1964-1985). The military kept a close watch on the campaign. Actors outside the party system, such as the television network *Rede Globo*, interfered to a degree widely considered illegitimate. By contrast, the 2002 contest featured solid candidates from established parties. The fluid free-for-all character of 1989 was gone, which was due in no small part to the consolidation of the party system and enhanced state performance that had taken place during the tenure of President Fernando Henrique Cardoso from 1995 to 2002.

The economic context had also changed dramatically. One of the most closed economies in the developing world in the late 1980s, Brazil had undergone major changes toward globalization and market reform by 2002. Inflation had remained under control since the mid-1990s with the Real Plan. Although Lula benefited from criticizing some of the performance gaps in Brazil's reformed economy (e.g., high rates of unemployment), promoting the PT's previous socialist platform as a matter of principle would have seemed antiquated and unreasonable to most voters in 2002 (Baker 2009). By then, higher levels of political institutionalization, together with a more stable and institutionally consolidated market economy, contributed to pulling the PT and especially Lula into a pattern of centripetal competition. Once Lula assumed the presidency in 2003, these same forces weighed on the PT-led government and caused its policies to be quite moderate. Indeed, the consolidation of structural economic reforms and the growing institutional strength of the state and party system imposed clear limits on the PT's earlier aspirations for far-reaching state-led change.

## CHAPTER OVERVIEW

To make sense of these issues, in Chapter 2 I present two frameworks typically used to understand party change – rational choice and historical institutionalism. The model of change used to depict the PT's transformation is that of institutional layering: gradual change that results eventually in significant transformation. The chapter establishes the starting point, which is the PT's distinctiveness prior to the mid-1990s. I focus attention



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on describing the key characteristics that once made the PT a mass party of the left and distinguished it unequivocally from its catchall or electoral-professional counterparts, analyzing why a policy-seeking rather than a vote-maximizing approach made sense at the time (or at least was not irrational), and providing evidence of the benefits as well as limitations of such an approach.

The chapter then proceeds to portray and analyze the PT as a case of successful party adaptation. It examines the motives for the PT to become less radical and more vote maximizing in the second half of the decade, identifies the adaptations made and their electoral benefits, and discusses the factors that permitted change to occur. It also specifies the dimensions on which adaptation did not take place. The main story that unfolds is that of a radical programmatic party that grew into a less distinctive party over time. That story's most prominent aspects are well told from a strategic perspective, yet there exist important wrinkles that deserve attention. Change occurred much more on some dimensions than on others. Insights from historical institutionalism capture a crucial layer of complexity in the PT's evolution.

Chapters 3, 4, and 5 show that change is context dependent as well as issue specific. Demonstrating that institutional incentives shape political behavior, these chapters trace the PT's development in three distinct arenas while in the national opposition: the Chamber of Deputies, municipal governments, and the presidential contests of 1989, 1994, 1998, and 2002. Evolution along these separate fronts helped shape the party into a highly complex and multifaceted organization. The institutional context of competition and the substantive issues and challenges posed by officeholding are quite different for the three spheres. Important aspects of change and continuity in the PT's profile reflect the party's development around them. The argument that institutional incentives matter – as demonstrated across these chapters – sheds light on why Lula sought increasingly to separate himself from the party's activities in other institutional spheres.

Chapter 3 analyzes how the PT built its reputation as a strong left party by leading the legislative opposition in the federal Chamber of Deputies. The left-leaning programmatic content of the legislation the PT delegation supported, together with the strong and disciplined organization it maintained, became clear in this context. Because the proportional element of electoral design for election to the Chamber of Deputies permitted the party to grow even while it projected a clear left identity, a core goal of the PT's strategizing was to build up the party's legislative delegation and

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thus stake out its leftist reputation on the national political scene. Key aspects of continuity in the party's alternative identity and organizational uniqueness are rooted in its development within this important body.

Chapter 4 analyzes the role of municipal elections and city government in shaping the PT's development. If leading the legislative opposition positioned the PT to maintain principled stances on key issues of national importance, the institutional requirements of winning mayoral elections and the challenges encountered in governing cities induced the party's mayoral candidates and officeholders toward greater pragmatism. Experiences at this level thus gradually changed the balance of forces within the party as well as its public image and support base. By revealing its ability to compromise and administer – especially in showcase cities such as Porto Alegre – the PT revealed a side of itself not easily discernable from the Chamber, where its radical ideological face remained prominent for a longer period of time. Diversifying its public profile no doubt helped the party win favor among more middle-of-the-road voters. Ultimately, PT governance at the local level became an important face of the party.

Chapter 5 analyzes Lula's pursuit of presidential office in the elections of 1989, 1994, and 1998 and his ultimate victory in 2002. It underscores the decisive role that the quest for presidential office played in moving the PT in a more moderate and catchall direction. It also explains why Lula fell short of victory in his first three bids and was ultimately successful in 2002. Lula and his closest associates are presented as effective strategists behind moves to transform various external pressures into organizational change. In response to these challenges, the PT made a number of important programmatic and organizational modifications designed to broaden its electoral appeal and enhance the influence of moderate factions. Yet there were tensions at every turn; sometimes the vote-maximizing pragmatists lost to the policy-seeking ideologues, and at other times they won only partial victories. Change occurred through a bounded and layered process. Furthermore, a growing disjuncture between the party and its leader emerged as the degree and sources of electoral support for Lula's presidential bids changed more dramatically than those for the party as such. Nonetheless, by the time Lula finally won presidential office in 2002 the PT was a very different organization than it was in 1989.

Chapter 6 examines Lula and the party in national government between 2003 and 2009. Lula's presidential victory brought about an unprecedented development: The leader of a highly organized party with