

## Chapter 6

# *Presidential Coalition-Building Strategies*

*“Give, that you may receive.”*

Deputy Roberto Cardoso Alves

*“Being president is like being a jackass in a hailstorm. There’s nothing to do but to stand there and take it.”*

Lyndon Baines Johnson

In many political systems, including those whose presidents and legislatures are independently elected, chief executives confidently count on the backing of their parliaments in all except the most extreme circumstances. Not so in Brazil, where presidents must continually battle to secure legislative support. This chapter explores the strategies presidents adopt in this struggle. These strategies vary both across and within individual presidencies. Presidents, I will demonstrate, face a dilemma. They need cabinet members to serve as brokers between themselves and deputies. But cabinet members are also politicians, and as such pursue their own political agendas, which may be very different from those of the presidents who appoint them.

The chapter explores the tension between presidential and ministerial strategies by modeling the distribution of grants that municipalities receive from the central government. The grants come from a series of programs across the New Republic: in 1986, the beginning of the Sarney administration; in 1988, while Sarney was seeking support for presidentialism and for his own five-year term; and from 1990 to 1995, including the entire Collor-Franco administration and the beginning of the Cardoso government. A series of models assesses the probability that any given municipality received a grant during a particular period. These periods include the beginning of the Collor administration, Collor’s impeachment crisis, and so on. The approach is both empirical and inductive.<sup>1</sup>

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1. Research using these agreements as indicators of presidential strategy has not previously

By comparing the distribution of grants in different periods and in different programs, I hope to illuminate presidential and ministerial tactics. To what kinds of deputies do presidents target appeals? Do presidents reward their old friends and loyalists? Do they instead pursue wavering deputies? Are appeals targeted to particular parties, regions, or states? Do individual ministers, seeking to further their own political careers, deviate from presidential strategies? Are these deviations costly to the chief executive?

### The President's Dilemma

Part 1 of this book demonstrated how Brazil's electoral system produces a legislature with numerous weakly disciplined parties and a surplus of pork-oriented and corporatist deputies. Such legislatures are likely to be much better at distributing pork than at making laws on issues of truly national scope. These difficulties matter less where a president dominates the legislature. But when key proposals in an executive's program require approval by a senate and chamber of deputies, sometimes by a supermajority vote, congressional intransigence becomes a serious problem.

How does Brazil fare in terms of the balance of power between president and Congress? Matthew Soberg Shugart and John M. Carey (1992) rank Latin American presidents according to their prerogatives—that is, their powers. Among presidents' potential legislative powers, Shugart and Carey include the right to veto legislation, to issue decrees, to control the budget, and to propose referenda.<sup>2</sup> Nonlegislative powers include the right to name a cabinet without parliamentary interference, to avoid parliamentary censure, to dismiss cabinet ministers at will, and to dissolve the parliament. Currently, Brazilian presidents possess total and partial vetoes, issue temporary decrees with the force of law, and play central roles in the budget process. Nothing restricts their ability to form cabinets, and the legislature cannot censure ministers. About the only thing presidents cannot do is dissolve the Congress. Overall, Shugart and Carey rank Brazil's presidents among the world's strongest. This dominant presi-

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been undertaken, and there are no studies of truly parallel situations in other countries. As a result, a purely deductive approach positing optimal strategies in advance of empirical testing is impossible. Amorim Neto 1998, Geddes 1994a, and Schneider 1991 stand out among the few serious attempts to examine presidential appointment strategies outside the United States. Amorim Neto's work is the most directly relevant to the arguments made here.

2. Congress has the power to override presidential vetoes.

dency, moreover, is not just a recent development: Brazilian presidents also ranked among the most powerful in the 1946–64 period.<sup>3</sup>

Still, if Brazil's presidents have so much power, why is governing so hard? The simplest answer is that most new policies, those deviating from the status quo, require legislation. Presidents almost inevitably lack a base of congressional support stable enough to guarantee even simple majorities, and frequently the Constitution requires that legislation be approved by supermajorities of three-fifths of the members of both the Chamber of Deputies and the Senate. As demonstrated earlier, one cause of the executive's difficulties is the electoral system, which causes party support to fragment and small parties to proliferate. Between 1986 and 1990, each of four parties had more than 5 percent of the seats in the Chamber of Deputies. In each of the two post-1991 legislatures, eight parties had more than 5 percent of the seats, but in both cases the largest party held less than 25 percent of the Chamber's seats. As a result, even if every party presented a coherent program, and even if every party was perfectly united, presidents would need party coalitions to govern. Since Brazil's parties are both undisciplined (except for the Workers' Party and, to a lesser degree, the PFL) and generally devoid of serious programs, and since presidential decisions must satisfy regional as well as party interests, presidents are forced to legislate with broad, inclusive coalitions. As Sérgio Henrique Hudson de Abranches (1988) notes, Brazil is unique in combining proportional representation, multipartism, and a strong presidency with an executive branch based on these "grand coalitions."

Appointments to the *ministério*, or cabinet, constitute a central presidential weapon in the search for legislative support. Every chief executive calculates the number of legislative votes cabinet ministers can attract from their parties and states. If each cabinet minister could count on the vote of every party or state colleague, then a rational executive would recruit representatives of the party and state delegations closest to the presidential program until a majority was assured. Unfortunately, putting this tactic into effect is not so simple. Because party discipline is low, and because most state leaders have little control over their delegations, presidents must construct coalitions much larger than bare majorities. In the 1946–64 period, for example, the typical cabinet included parties representing 78 percent of the seats in the Congress.

The tactics of presidents in allocating cabinet posts have varied greatly over the course of the New Republic and between this period and the 1946–64 democratic experiment. Octavio Amorim Neto (2001), in a study of Brazilian cab-

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3. The only Latin American presidency to attain a higher power ranking was Paraguay.

inet formation in the 1946–64 period, created the “Cabinet Coalescence Rate” to measure the correspondence between party seat shares and cabinet posts. The measure takes values from zero to one, with one indicating a perfect correspondence between the seat shares of the parties in the presidential coalition and their cabinet representation. Cabinet Coalescence Rates reveal that in the earlier period, cabinet allocations corresponded much more closely to legislative seat shares. The nineteen cabinets that formed between 1946 and 1964 had an average coalescence rate of .69, and nine scored above .70. Between 1985 and 1999, by contrast, the average coalescence rate was .49, and no cabinets scored above .66 (Amorim Neto 2001, tables 2 and 3).<sup>4</sup> Amorim Neto implies, in my view correctly, that the key obstacle preventing post-1985 presidents from attaining higher coalescence scores has been the greater number of legislative parties. Between 1946 and 1964, the number of effective legislative parties averaged a bit less than 4; from 1985 until 1999, presidents had to contend with an average of 6.4 legislative parties (Amorim Neto 2001, tables 4 and 5).

If strategic presidents parcel out cabinet positions to maximize legislative support, how successful are these executives? In other words, do presidents gain a lot by allocating according to some “optimal” rule, or are their gains merely marginal? This puzzle turns out to be difficult. Amorim Neto examines the voting discipline of each party as a function of its cabinet posts. He finds that parties favored in the allocation of posts do in fact concede presidents greater support. This method of looking at the results of cabinet allocations, however, does not quite capture what chief executives confront. Presidents know that indulging one party implies punishing another. Strategic presidents are betting, when they favor one party at the expense of another, that they will gain more votes than they lose.

The real test of any allocation strategy, then, is the overall gain or loss, in

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4. Amorim Neto calculates the Cabinet Coalescence Rate as follows:

$$1 - \frac{1}{2} \sum_{i=1}^n (|S_i - M_i|)$$

where

*M<sub>i</sub>* is the percentage of ministries party *i* receives when the cabinet is formed;

*S<sub>i</sub>* is the percentage of legislative seats party *i* holds in the total of seats commanded by the parties joining the cabinet when the cabinet is formed.

This measure is based only on the evenness of the distribution of posts to those parties joining the executive coalition, excluding ministers who are not part of any party’s group. Thus, a cabinet could be mostly cronies and experts, but if the partisan posts are distributed according to seat shares, that cabinet would have a high coalescence rate.

terms of party support, from its particular distribution of posts. When Amorim Neto implements such a test, he finds that higher coalescence rates have positive and statistically significant effects on party discipline (forthcoming, tables 6 and 7). But this effect is not only quite small but also depends on the simplifying assumption that each party rewards or punishes the president to the same degree as its share of cabinet posts exceeds or falls below its seat share. This assumption is likely to be wrong. The degree to which a party's members vote together, its "observed party discipline," is really a composite of presidential carrots and sticks combined with party leaders' sanctions, ideological predispositions, pork-barrel proclivities, constituency pressures, and electoral considerations.<sup>5</sup> Since party members vary systematically on these dimensions across parties, each party has a different "baseline" propensity to support the president. If these propensities are graphed, the curves representing the relationship between cabinet positions and presidential support not only have different slopes but may also be nonlinear. Thus, a chief executive may find it expedient to give a particular party "extra" cabinet posts—that is, posts beyond its seat share—because the gain from that party is greater than the loss from the parties whose fair share must be reduced.

Given the inability to estimate the propensities of parties to support the president in the absence of cabinet pressure, I accept Amorim Neto's conclusion that cabinet allocations have statistically significant but small effects on party discipline. I will turn to a more modest question: How do chief executives use cabinet appointments to satisfy the main determinants of political outcomes—region and party.<sup>6</sup>

### Cabinet Construction from Sarney to Cardoso

Do party and regional demands still predominate? Consider the cabinets of Tancredo Neves—who died before taking office—and José Sarney, the first civil-

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5. In chapter 7 I build a multivariate model with these concepts as a way of measuring individual deputies' willingness to follow their party leaders' voting recommendations.

6. Abranches (1988, 25) claims that in the 1946–64 period, Brazilian presidents regarded certain ministries, including justice, labor, foreign relations, and industry and commerce, as ministries of "political control." The criterion of party strength, mainly favoring the Social Democratic Party (PSD, then the largest party), determined the distribution of these ministries. Regional criteria governed a second group, characterized as "spending" or "clientele" ministries. These ministries, including education, health, and transportation and public works, usually went to politicians from Bahia or Rio de Janeiro. A third group of ministries was both politically and economi-

ian presidents following the military regime. The key economic ministers, from Rio de Janeiro and São Paulo, were appointed to reassure industrialists rather than provide pork. Neves gave the Ministry of Communications, which controls the highly political process of licensing radio and television stations, to Antônio Carlos Magalhães, the powerful Bahian leader. ACM, as demonstrated in chapter 4, had built a dominant state machine by dispensing federal projects to buy loyalties. As communications minister, however, ACM's influence extended to the national plane.

The Ministry of Transportation went first to a politician from Paraná, then to Sarney's fellow *maranhense*, José Reinaldo Tavares. Sarney had built his own career by delivering central government projects to Maranhão, especially roads and bridges, so Tavares's appointment furthered Sarney's postpresidential ambitions. Four different ministers ran the Education Ministry, but for almost the whole period the ministry was a fief for the bosses of Sarney's own Liberal Front Party (PFL). Health remained mainly in the hands of politicians from Bahia, the same state dominating the ministry between 1946 and 1964. This continuity was no accident: by 1986 the Bahian machine had long experience in distributing health-related pork.

At times President Sarney had to swallow painful appointments just to appease powerful state and congressional leaders. His first three ministers of welfare and social assistance, for example, were all political enemies, but the appointments satisfied PMDB congressional leader Ulysses Guimarães. Neves had appointed an economist (supported by the governor of São Paulo) to head the Planning Secretariat, but when this *paulista* departed, Sarney selected a little-known politician from Minas Gerais. Unfortunately, his new appointee seemed bent on converting the Planning Ministry into a conduit for social assistance programs that could help advance his own gubernatorial ambitions in Minas Gerais. After less than a year in office, corruption charges forced the minister to resign. Sarney then appointed a technocratically oriented economist, allowing Newton Cardoso, the governor of Minas Gerais, to make the actual choice. Since Cardoso was part of the historic opposition to Tancredo, the choice confirmed that President Sarney had broken away from his predecessor's base of support.

No single coalitional strategy, no single motivation except the recruitment of personally loyal followers, explains Fernando Collor's cabinet appointments. Consider the traditional spending ministries. Two former members of the Congress, early adherents to Collor's campaign but with little influence in

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cally strategic. São Paulo PSD members mostly ran treasury, while Pernambucans from the Labor Party (PTB) held agriculture.

the legislature, received the portfolios of education and health. Labor and social welfare went to a pro-Collor labor leader from São Paulo. An unknown from Alagoas (Collor's home state) ran social action, and a respected nonpartisan technocrat headed infrastructure. This mix of politicians and *técnicos* clearly does not reflect a focused attempt to maximize legislative support. Collor—unlike Sarney—preferred ministers with whom he was comfortable politically and personally, and he would have been hindered in any case by his weak party base.

Most of Collor's other ministerial appointments had little political clout. The minister of the economy was an unknown economist but an early Collor adviser. The secretary of science and technology was a former university rector. The environment secretary, who had no party affiliation, had been an environmental activist. Overall, Collor's initial appointments suggest a desire to rule above party. Given his appointments in education, health, social action, and labor, "above party" did not mean "above patronage and pork," because charges of corruption and favoritism plagued all four ministers. The appointments do suggest, however, that Collor was betting on his ability to marshal legislative support not by negotiating with party leaders but instead by dealing directly with individual deputies. Thus, Collor's initial cabinet strategy, reflecting his peculiar mix of populism and arrogance, diverged sharply from his predecessors' strategies.

Cabinet changes during Collor's presidential term seem to show two motivations: a recognition, albeit belated, of the importance of congressional leaders, and a response to the corruption charges leveled against his first cabinet members. Collor replaced the ministers of labor and social action, for example, with experienced congressional leaders from the PFL. When the justice minister's ineptitude—and his romance with the economics minister—became too embarrassing, Collor installed a politically savvy senator. But Collor also appears to have enjoyed the tone of respectability lent by well-known technocrats. He replaced the highly political ministers of education and health, both accused of corruption and favoritism, with a university researcher and a famous surgeon.<sup>7</sup>

Itamar Franco's cabinet appointments seemed to obey three criteria: personal relationship, party representation, and intraparty faction. Of the seventeen nonmilitary ministers, at least ten were the president's personal friends. The initial cabinet represented seven parties: PFL (four members), PMDB (five),

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7. In Collor's case the corruption was so pervasive that it led ultimately to his impeachment. The extortion scheme masterminded by his confidant, Paulo Cesar Farias, was implemented in part by placing Farias's henchmen in lower-level ministerial positions. These underlings wielded real power; in effect, they made the deals normally arranged by ministers themselves.

PSDB (three), PDT (one), PSB (two), PTB (one), and PT (one). In the case of the larger parties, multiple factions received attention. The two largest elements of the PMDB, for example, the Rio Grande do Sul wing and the Quércia-Fleury (São Paulo) wing, each received one ministry.<sup>8</sup> The PSDB's Ceará wing (Jereisati/Ciro Gomes) garnered the appointment of the Ministry of Social Well-Being, while the São Paulo wing was represented by Fernando Henrique Cardoso (initially foreign relations, then finance).

Cardoso's original cabinet is perhaps best characterized as professional and experienced but not especially political.<sup>9</sup> Eight of his ministers had previously held cabinet-level posts. In terms of technical skills, FHC's first cabinet was probably a new high for Brazil. Of twenty-two ministers, observers typically place thirteen in FHC's "personal" quota—that is, representing neither party nor region—including the leaders of treasury, foreign affairs, education, health, justice, and planning. Cardoso seems to have chosen to reward the loyal. The PSDB picked up six slots (including some in the personal quota) to only three for the PFL and two each for the PTB and PMDB, while nine were regarded as nonparty. The Transportation Ministry, always a prime pork distributor, went to the PMDB's Rio Grande do Sul group, which also received the Justice Ministry. The PTB chose, and FHC accepted, the minister of agriculture. In Minas Gerais, the PSDB and PTB, which had formed a local electoral alliance, nominated a duo: the ministers of labor (PTB) and industry and commerce (PSDB). ACM personally selected the minister of mines and energy, and his PFL also controlled the Social Welfare Ministry. Adding a bit of glitter to the cabinet, Pelé became the minister of sport.<sup>10</sup>

Cabinet selection inevitably creates losers as well as winners. The major loser in Cardoso's first cabinet was the Northeast. With only three ministers (two Pernambucans and one Bahian), and archenemy José Serra holding the Planning Ministry, northeasterners could feel aggrieved. One early winner was ex-president Franco. Although he lacked foreign policy expertise, Franco be-

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8. In 1993, in the middle of the Franco administration, an effort to secure more PMDB support included a cabinet reshuffle. As part of the deal, directorships in state branches of certain federal agencies were put at the disposal of local and state PMDB leaders. This reshuffle led to the replacement of some state directors of the federal environmental agency, IBAMA. There was no doubt, as I discovered during a private consulting project, that the criteria for replacement were purely political.

9. Cardoso's initial cabinet has a high "coalescence" rate on Amorim Neto's indicator, but this indicator looks only at the distribution of those posts that go to members of the president's partisan contingent.

10. Ironically, ACM criticized the appointment of the soccer star as premature, arguing that FHC should save it for a low moment in his administration (*Veja*, December 28, 1994, 33).

came ambassador to Portugal. Itamar's adviser, Henrique Hargreaves, a man who knew where the bodies were buried, became the president of the postal service. Another Itamar confidant assumed the presidency of an agency lobbying for small and medium-sized enterprises. Why did Cardoso appoint people who seemed to represent no one and who had no particular policy interests? Noblesse oblige may be part of the answer: the *tucanos* were rewarding Itamar and his group for originally putting Cardoso in the Finance Ministry. Without Itamar's support, Cardoso would not have become president. Itamar's success provides additional support for the thesis of presidential fragility, since the appointments also had the objective of sending the former president into a golden exile. Itamar's group, mostly from the city of Juiz de Fora in Minas Gerais, had considerable influence in the Congress, and the ex-president had dropped hints that he might seek another term in the presidency.

In one sense, the absence of policy interests in Itamar's group gives these appointments the appearance of being cheap payoffs. After all, these appointees draw a salary, and Cardoso avoids further obligations to them. Conversely, the costs of such appointments are not easily limited. Itamar proved embarrassingly reluctant to go to Portugal, while there he behaved inappropriately, and he then demanded and received a post in Washington. In the case of Hargreaves, Cardoso put a trusted ally in the postal vice presidency just to make sure Hargreaves did nothing stupid, but in the end he got caught drawing an enormous "consulting" salary from the private-sector firm of another member of Itamar's group.

Cardoso is the first modern Brazilian president to enjoy a second term in office. Some early observers predicted an easier time for Cardoso in his second term, because most reform proposals will be second-generation measures requiring only 50 percent majorities rather than the three-fifths supermajorities of constitutional reforms. At the same time—and this theme will be taken up at more length in the conclusion—Cardoso will quickly become a lame duck, as all parties maneuver for the 2002 election. His supporting coalition lost ground in the Congress after the 1998 election, and the PSDB lost the governorships of Rio de Janeiro and Minas Gerais along with an allied governor in Rio Grande do Sul.

In this context, FHC's second term began with a more strategic cabinet. The president's personal quota shrank from thirteen to ten ministers.<sup>11</sup> The PFL's share grew from three to four posts. Two went to allies of Antônio

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11. The count of "personal quota" ministers is inevitably subjective. I rely here on the view of Fleischer 1998.

Carlos Magalhães, now president of the Senate and clearly the second-most powerful politician in Brazil. The third PFL post went to Sarney Filho, son of the former president and representative of the northeastern wing of the party, while the fourth (the Ministry of Sports and Tourism) went to a representative of the PFL's southern wing. PSDB representation shrank from six to four ministries; and at least one (communications) had little clout after the privatization of its major assets. The PMDB had split in 1998 over backing for Cardoso's reelection, but FHC rewarded the supportive wing by maintaining its three ministries, including the pork-rich transportation portfolio. The PPB, which had lost strength in both the Chamber and Senate but had strongly supported Cardoso's reelection amendment and the campaign itself, doubled its cabinet representation. Proportionally, the biggest loser in the new cabinet was the PTB, which lost its only important ministry. Its delegation in the Chamber had dropped sharply after the 1998 election.

Overall, then, Cardoso's second-term cabinet reflects his weaker congressional position.<sup>12</sup> The president reduced his personal choices and paid more deference to the PFL, especially to the Bahian wing under ACM. It is too soon, of course, to gauge the effectiveness of this cabinet in mobilizing congressional support. But the new cabinet, which essentially strengthens the PFL at the expense of the PSDB, signals that the PSDB-PFL alliance may soon be a thing of the past. As both parties launch presidential candidates for 2002, they will increasingly seek policy turf on which to stake claims. The cabinet may soon find itself in a position where none of the available inducements can hold together an already precarious presidential base.

### Intergovernmental Grants as Clues to Presidential Strategies

To understand Brazilian presidents' legislative coalition-building strategies, this section examines the distribution of grants from a series of pork-barrel programs that fell under individual ministers' control. The money in these programs flows to individual municipalities through agreements known as *convênios*. In some cases a share of a particular tax is earmarked for local distribution. The responsible ministry then decides which municipalities receive the funds and how much they receive. In other cases the funds are simply line items in the national budget; once again, ministries distribute the funds.

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12. The Chamber president's August 1999 announcement that he intended to revive the college of leaders also suggests that congressional leaders see the president's weakness.

Typically, ministers and local mayors sign these *convênios*. Accounting mechanisms are almost nonexistent: the central government knows when the money has been moved to the municipality's bank account, but it has no idea whether the money is spent on the project or activity specified in the original agreement. No doubt, a substantial portion of these grants gets diverted to private use, but the dimensions of corruption are unknowable. In any case, the central question is logically prior: What does the distribution of intergovernmental grants to municipalities reveal about the strategies presidents utilize to build legislative support?<sup>13</sup>

It would be comforting if each *convênio* reflected a municipal target chosen specifically by the chief executive for its legislative support-maximizing potential. Unfortunately, Brazilian politics is much more complex. If appeals for legislative support consisted of nothing more than pork-barrel programs, the chief executive could dispense with intermediaries—that is, with cabinet ministers. In actuality, however, the president cannot survive without intermediaries, because appealing for support requires much more than simply distributing pork. By their presence, cabinet ministers reassure leaders of parties, states, and regions that their demands will get a hearing, that they have a channel to the executive.<sup>14</sup> So cabinets must be composed of politicians credible to their party and regional colleagues, politicians with clout. Leaders with clout, however, have their own political objectives and expect their careers to continue after the president's term ends. Powerful politicians accept ministerial appointments to help "their friend the president" but also expect to use the ministry's programs to advance their own careers. Thus, the potential exists for tension between presidential desires and those of individual ministers. A strategy efficient from the point of view of a minister's political goals could be wasteful for the president. And a strategy maximizing the president's short-term legislative support could reward a minister's political enemies.

### *Need and Capacity*

Suppose "politics" plays no part in the distribution of *convênios*. The chances that a particular municipality will receive a grant should then depend on its need

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13. *Convênios* are obviously not the only arrow in the president's quiver. Appointments to lower-echelon positions are at least as important, but we lack systematic data on appointments. Hopefully, the distribution of jobs and *convênios* follow similar logics.

14. In early 1995, Ciro Gomes, Itamar's last treasury minister, began to voice opposition to the number of *paulistas* in Cardoso's initial cabinet. Ciro's complaints stemmed from two sources: fear that the Northeast's interests would not be heard unless the cabinet included *nordestinos* and

for the funds and on its capacity to absorb them. In political systems where partisan factors operate only at the margins of allocation decisions, need and capacity (usually measured by statistical formulas) explain most of the variation in the distribution of funds among municipalities.<sup>15</sup> Even in Latin America, where political criteria are expected to play a significant role in allocations, measures of need and capacity ought to remain important.<sup>16</sup> The models in this chapter include three “need and capacity” indicators: total population, percentage of population engaged in manufacturing, and per capita income. The inclusion of total population reflects the simple assumption that larger municipalities ought to receive more grants, even though on a per capita basis the amount of money they receive is likely to be less than smaller municipalities. Municipalities with more manufacturing should receive more grants because they have more concentrated populations, increasing their suitability for certain kinds of programs. Wealthier communities have a greater capacity to absorb funds, because they already possess necessary infrastructure.<sup>17</sup> The models tested here will include all three variables, but their inclusion simply accounts for the overall effects of nonpolitical factors on allocation decisions. In other words, whether population matters more than income is unimportant; the objective is simply to control for the general effects of municipal need and capacity.

### *Indicators of Strategy*

In a system of single-member districts like that of the United States, it would be easy to identify the deputies to whom presidents and ministers appeal: if the president was thought to be appealing to southerners, it would be necessary simply to create a dummy variable with a score of 1 for southern districts and 0 for nonsouthern districts. If the hypothesis were correct, the coefficient of the dummy variable (after controlling for all other variables) would be positive and significantly different from 0—that is, southern districts would have received

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fear that his political future was in jeopardy in a *paulista*-dominated cabinet, especially since he was living at the time in Cambridge, Massachusetts.

15. *Pork barrel* may be an American term, but weight of political criteria in allocation decisions in U.S. politics is enormously less than in Brazil and other Latin American countries. On U.S. pork, see Ferejohn 1974 and Stein and Bickers 1995.

16. I discuss these questions in a comparison of budgetary allocations at the national level in all Latin America in Ames 1987.

17. Above a certain level, wealth may be negatively associated with grants, because community need decreases. I also experimented with a direct measure of poverty, the percentage of the population earning less than one-quarter of a minimum salary. This indicator reached significance in only one regression.

more grants than nonsouthern districts. In Brazil's open-list system, most deputies have districts, but these districts have no legal status, are often shared, and exist within the legal district—that is, the state as a whole. Testing hypotheses based on informal districts is therefore complicated. To measure the president's appeals to deputies from Bahia, the appropriate test is simple: a dummy variable identifies Bahian municipalities. But suppose the president is recruiting PMDB members rather than PFL deputies. How can data on grants to municipalities where various parties share the electorate test a party recruitment strategy?

Grants encourage deputies to support the president either by directly rewarding deputies or by rewarding local political leaders who act as intermediaries, pressuring their deputies to support the president. Thus a president seeking PMDB support should direct grants to municipalities with PMDB mayors, since such mayors are likely to have solid links to PMDB deputies. Or the president can seek out municipalities dominated by a single deputy—that is, municipalities where that deputy gets most of the votes cast and thus clearly gets the credit for pork. In the case of PMDB mayors, dummy variables identifying the mayor's party serve as tests of "pure" party strategies. Interactive variables identify strategies that are simultaneously state and party specific, for example, efforts to recruit in the Bahian PFL as opposed to the Bahian PMDB. In the case of dominant deputies, I rely on an archive constructed by the newspaper *Folha de São Paulo* (1988). This archive lists municipalities that the Planning Ministry thought a single deputy controlled. By separating these dominated municipalities according to the party of the dominant deputy, I test the hypothesis that presidents sought to recruit dominant deputies in any of three major parties: the PMDB, the PFL, or the Party of Social Democracy (PDS).

Thus far, my hypotheses have been linked to two kinds of concepts. One group includes socioeconomic and demographic variables, treated as controls. The other embraces recruitment tactics centering on individual deputies. These strategies focus on individually dominated states, parties, and municipalities or on combinations of all three. But what about municipalities in which multiple candidates—from one or many parties—divide the electorate? Credit claiming is more difficult in multimember constituencies. Are such deputies less likely to pursue pork, and should the president share their perspective? Or, conversely, should executives allocate pork barrel to municipalities where deputies divide the electorate?

Since deputies are entitled to seek votes in all their states' municipalities, the number of deputies getting votes in a particular municipality ranges from one to the total number of candidates for the Chamber from that state. If a particular

deputy dominates a municipality, that deputy clearly calls the shots. If a group of deputies divides the municipality's votes about equally, they may have to share credit for whatever federal largesse they attract. Situations between these extremes require some sort of rule. On the basis of conversations with many politicians, I believe that two rules generally prevail. In some cases the deputy with the most votes, regardless of party, gets all the pork. In other cases the winner is the leading deputy from among the parties supporting the president.

Deputies in more fragmented voting contexts are less dependent on pork, so they can charge a higher price for their support. In other words, deputies who have difficulty claiming exclusive credit, whose motivation to seek pork is therefore weaker, ensure their political survival through other tactics. Because pork is marginal, getting them interested requires greater expenditures. As a result, only desperate presidents should recruit deputies in fragmented municipalities. When presidents do compete for such deputies, they ought to target municipalities divided between parties rather than municipalities shared by deputies of the same party.<sup>18</sup> It is easier to deny credit to deputies from opposing parties than to deputies from the same party. And deputies from opposing parties, inherently more antagonistic than deputies from the same party, can be bought at a lower price. Presidential pork, in other words, goes further.<sup>19</sup>

The problem is the operationalization of hypotheses predicting when grant agreements make sense in fragmented political contexts. Suppose I begin with the median levels of interparty and intraparty fragmentation in the PFL and the PMDB. When a dominant deputy from any of the major parties owns a municipality, both intraparty and interparty fragmentation must be low: the dominant deputy dummies cover this case. In municipalities where interparty fragmentation is high, there are three kinds of situations: neither party, one party, or both major parties are highly divided internally. In the first case, a number of parties divide the vote, but a single politician dominates each party.<sup>20</sup> In the second case, party competition is fierce, but in one party many deputies fight over the party vote, while in the other a single deputy dominates. In the third case—of-

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18. For a formal, game-theoretic version of this argument, see Santos 1995.

19. Deputies from opposing parties are more antagonistic than those from the same party as a result of open-list proportional representation. For example, take the perspective of Deputy X from Party I. A competitor from Party II takes a vote that otherwise would be available to Deputy X. Not only is Deputy X disadvantaged in Party I's list, but Party II now has a chance to elect more deputies. By contrast, a competitor from Deputy X's own party also takes an available vote, but at least that vote still adds to Party I's total, thereby increasing Deputy X's chances of election.

20. A classic example is Barbacena, a medium-sized town in Minas Gerais dominated since the 1930s by two powerful families, the Andradas and the Bias Fortes (see José Murilo de Carvalho 1966).

ten found in large cities—complete fragmentation is the most common pattern. Many parties compete, and within each party many deputies fight over the party share.

### *The Sarney Administration*

The tables in this chapter report the results of statistical models predicting the probability that any individual municipality received a *convênio* during specific periods.<sup>21</sup> In the case of President Sarney, I compare his strategies at the beginning of his administration to those adopted during a constitution-writing crisis. The agreements his ministers signed between April 1 and November 18, 1986, represent his initial survival strategy.<sup>22</sup> For Sarney, however, the critical phrase of his presidency occurred in 1988. During the late spring, the president faced two key votes in the Constituent Assembly. One threatened to reduce his term from five to four years; the other sought to substitute a parliamentary system for Brazil's presidentialism. Sarney lobbied hard and successfully for five years and presidential rule. Because the decisive period for recruiting legislative support naturally occurred in the months preceding the two votes, the model focuses on the distribution of *convênios* between March 1 and July 1. Table 12 presents results from both Sarney models.

At the start of his term, President Sarney faced a dilemma. As a former governor of Maranhão and as a politician with close ties to the outgoing military regime, he had filled the vice presidential slot on the Liberal Alliance ticket to provide ideological and regional balance. When president-elect Tancredo Neves died before taking office, the new president inherited both a PMDB-dominated cabinet and Tancredo's commitments to that party.<sup>23</sup> Sarney had no other short-run strategy, given the reasoning presented earlier, but to solidify his PMDB base, even faced with the opposition of many PMDB leaders. As table 12 shows, he did just that. Municipalities with PMDB mayors were significantly more likely to receive federal *convênios* than were municipalities with mayors of other parties. Municipalities dominated by a single PMDB deputy enjoyed

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21. The models are Poisson regressions. Ordinary least squares is inappropriate, because one of its assumptions, that the dependent variable can take on any value, is obviously violated. No municipality can receive fewer than zero *convênios*, and the vast majority receive fewer than three. Poisson models (also known as "count" models) are suitable for this kind of situation.

22. These dates refer to the publication dates of the *convênios* in the *Diário Oficial* (see Brazil 1986–95).

23. The adoption of the Plano Cruzado before the 1986 election is further proof that at least through the 1986 elections, Sarney was content to reinforce his PMDB base even though his ideological predispositions were to the right of the PMDB. On the Plano Cruzado, see Sola 1992.

**TABLE 12. Presidential Strategies: Sarney's Start versus the 1988 Constitutional Crisis (Poisson model predicting intergovernmental grant agreements)**

Parameter	Start of Administration (estimate)	Constitutional Crisis (estimate)
Intercept	-1.709**	-1.372*
<i>Party fragmentation variables</i>		
High interparty fragmentation; high PFL, high PMDB fragmentation	-.003	.178*
High interparty fragmentation; low PFL, low PMDB fragmentation	-.028	.201*
High interparty fragmentation; low PFL, high PMDB fragmentation	-.318**	.134
High interparty fragmentation; high PFL, low PMDB fragmentation	.182*	.327**
<i>Electoral dominance variables</i>		
Dominant deputy of PMDB	.206*	.032
Dominant deputy of PFL	.151	.320*
Dominant deputy of PDS	.228	.015
<i>Municipal political condition variables</i>		
PMDB mayor	.155*	-.126*
PFL mayor	-.026	-.191*
PDS mayor	-.089	-.029
Maranhão state	1.336**	1.100**
Bahia × PFL	-.079	.115
Bahia × PMDB	-.499*	-.286
Rio de Janeiro state	.346*	.442**
Rio Grande do Sul × PMDB	-.781**	.562**
Rio Grande do Sul × PDS	-.229	.415**
São Paulo state	-2.112**	-.937**
<i>Need and capacity variables</i>		
Northeast state	.005	.422**
Population	-.000	.000
Percentage in manufacturing	.951	.943
Income per capita	.0003**	.0002**

\* = estimate twice standard error    \*\* = estimate thrice standard error    Obs. = 3,638

more federal largesse than municipalities not so dominated. And the Northeast, a group of states where the PMDB is traditionally weak, failed to profit even though the president was a fellow northeasterner.

Beyond his pursuit of a party strategy, Sarney targeted particular states. São Paulo, as always, registered the largest proportional losses of any state.<sup>24</sup>

24. São Paulo has always received a tiny share of central government pork barrel. Most scholars agree that São Paulo's leadership has made a historic trade similar to the deal struck be-

Maranhão, the president's base, received far more than its proportional share of funds. Rio de Janeiro also did well. Maranhão's largesse resulted, presumably, from Sarney's desire to maintain family dominance. Rio, however, is another story: Why reward a state whose political center of gravity was so far to the left? Most likely, Sarney had no intention of rewarding Rio; instead, it was the price he paid for political peace. The social welfare minister, Rafael de Almeida Magalhães, neutralized the opposition of Ulysses Guimarães in the Congress. As Rio's only cabinet member, Rafael was not one to neglect his roots, so Rio came out unexpectedly well.

In two cases, Bahia and Rio Grande do Sul, the factional nature of state politics encourages separation of the states' municipalities into PMDB-governed, on the one hand, and PFL- or PDS-governed, on the other. The results are quite dramatic—that is, PMDB-led municipalities did extremely poorly in both states. In Bahia, the explanation is simple: Sarney needed the backing of his communications minister, ACM. Implacably opposed to PMDB Governor Waldir Pires, ACM fought to eliminate federal funds for PMDB municipalities.<sup>25</sup> In the case of Rio Grande do Sul, the heavy penalty paid by PMDB municipalities remains inexplicable, especially compared with the jump in support they enjoyed later in the Sarney administration. However, the *Rio Grandense* wing of the PMDB was strongly opposed by the *paulista* wing, which was much closer to Sarney.<sup>26</sup>

Finally, what can be learned about the nature of political competition in each municipality? Sarney channeled resources to municipalities where a single PMDB deputy faced many PFL deputies. He withheld resources from municipalities in which a single PFL deputy faced many PMDB deputies. In the first case, Sarney supported PMDB deputies who could unequivocally claim credit for the largesse they attracted. The municipalities where he withheld resources (single PFL, many PMDB), are typically big cities; here Sarney avoided wasting resources on PMDB legislators for whom pork was less important and who could not claim exclusive credit. In this way, Sarney maximized his limited resources' impact.

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tween Italy's north and south: macroeconomic policy benefiting one region, pork and patronage outputs favoring the other. São Paulo's firms also play a key role in the construction projects that result from the central government's transfers to the Northeast. In terms of constituency pressures, São Paulo has the highest percentage of deputies with shared constituencies—i.e., bases that discourage credit claiming for pork delivery.

25. On the struggle between ACM and Pires, see C. Souza 1997. It may seem surprising that PFL municipalities did not do well under an ACM-influenced government. My guess is that many of these municipalities had coalition governments and thus felt some of ACM's wrath.

26. Jader Barbalho, Sarney's minister of social welfare in 1988, aligned himself with the party's São Paulo wing.

In the 1988 constitutional crisis, President Sarney needed to utilize all his political resources. By 1988 his relations with the PMDB, particularly with Ulysses Guimarães, head of the Chamber of Deputies, had soured. Although Sarney could entice many PMDB deputies to support his positions, the party as a whole had become hostile. Sensing the shift in the political winds, especially after the failure of the Plano Cruzado, Sarney completely abandoned the PMDB-based strategy of his early years. He switched tactics not to a simplistic “support the PFL” but to a more finely tuned approach in which electorally dominant PFL deputies emerged as the big winners. Maranhão, Sarney’s home state, still did very well, but its advantage shrank. Bahia’s PMDB municipalities continued losing, but the losses were no longer statistically significant.<sup>27</sup> Rio Grande do Sul, however, completely reversed its losses of the earlier period, with municipalities headed by both PMDB and PDS mayors doing extremely well.

In this crisis, how did Sarney deal with the subtleties of political competition? During the earlier period of PMDB support, Sarney favored municipalities where a single PMDB faced many PFL deputies but withheld resources where many PMDB candidates faced a single PFL legislator. In the constitutional crisis, Sarney changed gears. He showered even more resources on lone PMDB members facing multiple PFL deputies. He was generous as well in situations where a single PFL candidate faced a single PMDB deputy. In these situations, where both deputies could claim credit, Sarney favored neither party. Instead, he put resources on any deputy willing to support him. Sarney also favored municipalities with high fragmentation in both the PMDB and the PFL. These are municipalities where only desperate executives should get involved; Sarney must have found some deputies willing to fight over the spoils he sent.

### *The Collor Administration*

Fernando Collor de Mello took office in 1990 as the “Mr. Clean” of Brazilian politics. Scion of a traditional political family and former governor of Alagoas, a very poor northeastern state, the new president portrayed himself as the “hunter of bureaucratic maharajahs.” With a legitimate claim as a fresh voice in Brazilian politics, Collor promised to end clientelism and shrink the state. Running on the slate of the Party of National Reconstruction (PRN), which had only a handful of congressional seats, the new president ostentatiously spurned ma-

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27. By 1988, when the Pires administration had become unpopular, some PMDB mayors struck private deals with ACM.

major party support. In the end, however, the gap between rhetoric and reality reached epic proportions. Collor soon became implicated in scandals too severe for even the long-tolerant Brazilian Congress to ignore, and the legislature formally impeached the president after only thirty months in office.

In Collor's case, then, there is a president with a penchant for direct, often corrupt, appeals to individual deputies, appeals bypassing traditional party leadership. His initial efforts to construct legislative support were begun without a firm party base. The year 1991 can be regarded as an intermediate period, a period of maturation before the scandals became truly threatening. By 1992 the president was struggling desperately—and ultimately unsuccessfully—to pull together enough support to hold onto his job.

Although commentaries on the 1989 presidential contest often stress the importance of Collor's charismatic television presence, my own research has shown that local party organizations played key roles in the generation of support (Ames 1994b). Most municipalities, especially the poorest, are quite dependent on federal transfers, so local political machines have every incentive to back a candidate with a good chance of taking the presidency. The major competitors understood this motivation and devoted considerable efforts to gaining the active support of mayors around the country. The PFL's candidate, Aureliano Chaves, was so weak that many PFL mayors actively backed Collor even in the first round. In round 2, when Collor faced leftist candidate Luís Inácio Lula da Silva, PFL support for Collor became official. With that support came the backing of hundreds of mayors and other local officials, especially in the Northeast.<sup>28</sup> The PDS candidate, *paulista* Paulo Maluf, was strong enough in the first round to hold most of his local officials, but in the second round the PDS followed the PFL, giving Collor a strong base in the South and Southeast.

Did the support of local machines really help Collor? In municipalities headed by PFL, PDS, or PTB mayors, Collor gained a few percentage points over his PT opponent.<sup>29</sup> His final margin was so large (roughly 53 percent to 47 percent) that he probably would have triumphed even without this backing.

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28. The analysis centers on the 1989 presidential election, rather than the more recent contests of 1994 or 1998, because better data on transfers are available for that period. The mechanisms of coalition building remain in place. In the 1994 presidential election, the PSDB, a nominally social democratic party, formally allied with the PFL to support Cardoso. Together, they rode the initial success of the Plano Real to an easy victory. The engine of the alliance was obviously not ideology. The PFL wanted to back a winner, the PSDB needed the PFL's local machines in the Northeast, and both feared a Lula victory.

29. I measured the effects of local party endorsements in a multiple regression framework. The model also included demographic and socioeconomic variables along with measures of local partisan tendency. PDS support for Collor in round 2 was easily significant under one assumption,

Still, local machines hardly expected that rewards would be forthcoming only if their help tipped the balance toward Collor. The local machines had done their job—organizing rallies, getting out the faithful, disrupting the opposition—and expected a payoff.

Collor's early strategy, as table 13 shows, seems a straightforward and unequivocal response to the campaign support he had received only a few months earlier. PDS-led municipalities garnered a substantial share of the fund transfer agreements signed by the ministers of education and social action, and PFL-led municipalities did nearly as well. PMDB-led municipalities suffered. The single-mindedness of the strategy—at least as compared to Sarney's multifaceted efforts—is apparent given the absence of significant coefficients for the fragmentation variables and for dominant deputies. Collor's strategy was simple: reward municipalities with right-wing leadership.

Region also proved central to Collor's initial strategy. Municipalities in Alagoas, the new president's home, were easily the biggest beneficiaries of federal largesse, with Bahia, Maranhão, and Rio Grande do Sul (a PDS bailiwick) running just behind. The Northeast as a whole did well, and most states in the Southeast, especially São Paulo and Rio de Janeiro, fared quite poorly. To say the least, the huge payoffs received by Alagoan friends of the president's family (and his wife's family as well) were politically wasteful.<sup>30</sup> Since the Alagoan delegation was hardly in a position to oppose the president, Collor was simply rewarding allies and family.

In 1991, the intermediate period, Collor's strategy became more subtle, more differentiated. Alagoan municipalities lost about half their advantage, while São Paulo municipalities, once the most penalized, lost less. PDS-led municipalities still gained, but their advantage declined almost 60 percent. PFL-led municipalities were in a neutral position, neither gaining nor losing, while the losses of PMDB municipalities declined a bit.

The most interesting change in Collor's "mature" strategy was his attempt to aid individual PFL deputies, those facing real electoral challenges, rather than simply to reward the Right regardless of electoral vulnerability. To understand this tactic, consider the variables representing various kinds of inter- and

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but it just missed significance under another. Of the three major right-wing parties, however, the PDS clearly contributed the most support to the Collor candidacy.

30. Rosane Collor de Mello, Fernando Collor's second wife, is part of one of Alagoas's most traditional political families, the Malts, centered in the municipality of Canapí. In 1991 the Collors were having marital problems, and Fernando began to appear in public without his wedding ring. Rosane's father made clear his perspective on family values: "In our family there are no divorced women, only single women and widows." The ring returned, and the Collors remain together.

**TABLE 13. Presidential Strategies: Collor's Start, Maturation, and Impeachment Crisis (Poisson model predicting intergovernmental grant agreements)**

Parameter	Start of Administration (estimate)	Maturation (estimate)	Crisis (estimate)
Intercept	-2.026**	-1.444**	-1.798**
<i>Party fragmentation variables</i>			
High interparty fragmentation; high PFL, high PMDB fragmentation	.074	.047	-.029
High interparty fragmentation; low PFL, low PMDB fragmentation	.072	.233**	.009
High interparty fragmentation; low PFL, high PMDB fragmentation	-.065	.195**	.182*
High interparty fragmentation; high PFL, low PMDB fragmentation	.107	-.019	-.037
<i>Electoral dominance variables</i>			
Dominant deputy of PMDB	-.109	-.010	-.078
Dominant deputy of PFL	.083	-.125	.342**
Dominant deputy of PDS	-.108	-.073	-.196
<i>Municipal political condition variables</i>			
PMDB mayor	-.145*	-.132**	-.187**
PFL mayor	.201*	.044	-.167*
PDS mayor	.637**	.232**	.132
Alagoas state	1.052**	.533**	.401**
Maranhão state	.606**	.675**	1.06**
Bahia state	.848**	-.871**	-.331*
Paraná state	.427**	.503**	.341**
Rio de Janeiro state	-.278	-.401*	-1.059**
Rio Grande do Sul state	.861**	.549**	1.077**
São Paulo state	-1.801**	-.946	-2.748**
<i>Need and capacity variables</i>			
Northeast state	1.041**	1.317**	1.085**
Population	.0000	.0000	.0000
Percentage in manufacturing	.973	-.529	.627
Income per capita	.0002**	.0002**	.0002**

\* = estimate twice standard error    \*\* = estimate thrice standard error    Obs. = 3,638

intraparty fragmentation. The two significant coefficients represent situations in which a small number of PFL deputies—usually a single deputy—dominated the PFL vote in a municipality but at the same time faced substantial competition from deputies from other parties. Collor supported the PFL deputy whether the opposition was united (low fragmentation) or divided (high fragmentation). It now becomes apparent why neither the “Dominant Deputy of PFL” variable nor the “PFL Mayor” variable seems to benefit during Collor’s mature period.

The president had learned the importance of efficiency, concentrating his resources on deputies who really needed electoral help.

By 1992 the Collor administration was in deep trouble. Collor's brother, Pedro, set off the crisis by denouncing the president's campaign treasurer, Paulo César Farias, for involvement in various extortion rings that had accepted money from big corporations benefiting from government projects. Their "contributions" to Collor's campaign amounted to hundreds of millions of dollars, and the trail seemed to lead directly to the presidency. By mid-1992, as the noose tightened, it appeared quite possible that Collor could not escape a congressional impeachment vote. Could he find a strategy that would allow his survival as president?

In terms of regional politics, the desperate president realigned his tactics in ways that might seem surprising. Alagoas remained a big winner, but the state's gains continued the slide that had begun in Collor's mature period. Maranhão, a state that had always done well, now found itself among the states profiting most. Bahia cut its losses by about 50 percent. Rio de Janeiro did much worse than in 1991, but Rio Grande do Sul was enormously better off. What explains these changes? Alagoas had profited simply because Collor wanted to reward his "homeboys," not because the state's delegates might desert their leader. Under fire, Collor curtailed Alagoas's advantage. Maranhão's gains, along with the improvement in Bahia, probably come from the ideological cleavage that determined most deputies' positions on impeachment. In other words, leftist deputies were strongly anti-Collor from the start, while deputies on the Right defended the president as long as possible. Maranhão's eighteen-member delegation included fourteen members of right-wing parties (the PFL, PRN, PDC, and PSC). In Bahia's delegation, conversely, only nineteen of thirty-nine deputies represented right-wing parties. So, more than three-fourths of Maranhão's delegation was on the right, compared to a bit less than half the Bahians. Likewise, Rio de Janeiro suffered from the precommitments of its deputies. In the highly politicized environment of the former capital, deputies had good reason to fear voter backlash if they supported Collor. Fear made the price of their adherence so high that Collor allocated his resources where cost-benefit ratios were more favorable.<sup>31</sup>

Collor's final efforts included a shift toward dominant PFL deputies and a refinement in his tactics toward deputies in fragmented electoral contexts. Because dominant PFL members were heavily represented in the leadership of the

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31. The one anomaly in this regional allocation is Rio Grande do Sul. With only about one-third of the deputies belonging to the right-wing PFL or PDS (left and center-left parties held twelve of the state's thirty-one seats), it seems irrational for Collor to have magnified his earlier tilt toward Rio Grande do Sul during this critical period.

Chamber of Deputies, and because the president's survival was impossible without the loyalty of the conservative congressional leadership, these deputies were well placed to seek pork-barrel benefits. Like Rio's leftist deputies, PFL leaders could demand a high price for their support, but, as opposed to the Cariocas, Collor could hardly afford to ignore the PFL bosses. Collor also concentrated on PFL deputies facing fragmented opposition. Such deputies were more vulnerable than those facing a single opponent, so their price was lower and the president could expend fewer resources to recruit them.

### *The Franco Administration*

As has already been demonstrated, Itamar Franco based his cabinet appointments on three criteria: personal relationship, political party, and intraparty faction. The seventeen nonmilitary cabinet members included ten "friends of Itamar," and the cabinet as a whole represented seven different parties. Why construct a cabinet with little political clout but with a high potential for deadlock?<sup>32</sup> Conversations with politicians and close observers of the political scene tend to support one overriding fact: the president assumed office with no program. Itamar had been an honest but obscure senator from Minas Gerais. He was a reluctant vice presidential candidate, placed on the ticket to ensure regional balance. Although the success of the 1994 Plano Real—and, as a result, the public's overwhelming approval of his administration—may have augmented his political ambitions, through most of his abbreviated term Itamar appeared to loathe being president.

The Franco presidency falls naturally into two phases. The distribution of grants during the first four months exposes the strategy of the "uninterested" Itamar.<sup>33</sup> In 1993, however, the scenario changed. Cardoso had shifted from the foreign ministry to treasury. Under his leadership, the Franco government set out to stabilize the economy. Cardoso's team was convinced that any stabilization proposal would require a fiscal shock (euphemistically, a "fiscal adjustment").<sup>34</sup> The government's program included three crucial elements: the provisional tax on financial transactions, which would substantially increase revenues; the social emergency fund (FSE), which would hold back federal transfers to states and municipalities (along with direct programmatic trans-

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32. The argument that a larger number of parties in the cabinet magnifies the potential for deadlock assumes that cabinet members have a voice in the policies proposed by the president. Most observers would accept this assumption for the Franco government (see Tsebelis 1994).

33. The data set includes only grant agreements signed after Itamar's ministers took office.

34. The best treatment of this period, including the negotiations over the economic program and the development of the 1994 presidential campaign, appears in Dimenstein and De Souza 1994.

fers); and a new indexing device (the unit of real value), which would eventually become a completely new currency, the real. The first two measures required congressional approval.<sup>35</sup> Everyone in the government knew these two measures would be a hard sell in Congress; nobody, after all, wants to vote for a tax increase, and the FSE, in spite of its euphemistic title, was really nothing more than a mechanism to reduce the fiscal deficit by withholding funds owed to states and municipalities.

These measures (especially the FSE) struck at the heart of congressional privileges and appeared to threaten Brazil's distributional politics. Moreover, Finance Minister Cardoso initially engaged in very little of the usual piecemeal bargaining with individual deputies.<sup>36</sup> Although the president could have cut the deficit by refusing to spend money previously approved by Congress, Cardoso insisted that Congress itself participate in the cutting exercise by approving a new budget.

Under normal circumstances, seeking congressional approval for these measures would be like asking condemned prisoners to build their own scaffolds. But circumstances in the spring of 1994 were far from normal. In the approaching presidential election, the clear favorite was the candidate of the Workers' Party, Luís Inácio Lula da Silva. Lula and his party had benefited from popular revulsion to Collor's corruption, and the PT was practically the only party untainted by the congressional budget scandals of 1993. Moreover, Brazil's Right, led by the PFL, had no candidate with the potential to defeat Lula.

The Center-Left, represented by Cardoso's social democratic PSDB, also feared a Lula victory. Lula, and especially the PT's more radical factions, would be an obstacle to the neoliberal ambitions of the PSDB. The economic chaos expected to follow a Lula triumph might trigger another episode of military rule. Although the Center-Left could produce vigorous candidates, it lacked a political base in the countryside, particularly in the Northeast.<sup>37</sup>

The outcome of this political conjuncture was an alliance around the Cardoso candidacy between the PFL and PSDB.<sup>38</sup> PFL leaders knew a successful

35. Creation of the new monetary unit required only that Congress not specifically reject the measure.

36. However, as chapter 8 will demonstrate, Cardoso struck a deal with the rural caucus to reduce agricultural debts in exchange for their votes on the FSE. Itamar reneged on the deal, vetoing the relevant item in the resulting legislation. Congress overturned the veto, backing the rural caucus, during the early months of the Cardoso presidency.

37. The importance of local politics in a presidential election is quantitatively assessed in my article on the 1989 Collor election (see Ames 1994b).

38. An alliance between the PSDB and the PMDB, a party closer ideologically to the PSDB than to the PFL, did receive consideration by PSDB leaders. The PMDB, however, was split between its *Quêrcia-Fleury* wing and its *auténtico* wing, led by *gaúcho* Antônio Britto.

economic stabilization plan was a prerequisite for a Cardoso victory (Dimenstein and De Souza 1994). They felt they could deliver the congressional votes crucial to the plan's approval. Thus, the leadership of the traditional Right found itself backing strongly antipork and antipatronage proposals.

Table 14 illuminates both Franco administration's overall approach and the differences between the early months of his administration and the period from January to August 1994, when the Cardoso team was seeking congressional approval for its key stabilization measures.<sup>39</sup> In neither period is there evidence of the kind of fine-grained political strategy apparent in earlier presidencies, especially under Sarney. None of the various combinations of political competition seems to affect grants, and dominant deputies never gain any advantage. In the initial phase, in fact, municipalities with mayors from the PMDB—Itamar's party—do less well than other mayors.

The distribution of grants in the early months demonstrates the importance of ministers themselves. Alagoas, once recipient of Collor's corrupt munificence, now is the biggest loser of all the states. The Northeast in general does well, but this phenomenon may reflect regional poverty more than a deliberate political tactic. More striking are the substantial losses suffered by Itamar's home state, Minas Gerais, and the gains made by relatively wealthy Rio Grande do Sul. What kind of presidential strategy would lead to punishing one's own state and rewarding a state that is polarized between political radicals and conservatives? The answer, I suggest, lies in the nature of the two ministers who controlled the bulk of these grants: Maurílio Hingel (Minas Gerais) in education and Antônio Britto (Rio Grande do Sul) in social well-being. Hingel, an obscure educator from the president's hometown, had no obvious political ambitions. He left office with Franco and has not been visible since. While Hingel was minister, observers of the Education Ministry stressed his apolitical nature and the depoliticization of the ministry's chief grant program, the National Education Development Fund. Britto, by contrast, was a professional politician and former member of Congress. In 1994 he made a successful run for the governorship of Rio Grande do Sul. Since Britto was too good a politician not to have planned his gubernatorial run years in advance, it is likely that he distributed welfare grants with an eye to advancing his political future.

When the identical statistical model is implemented in the period when Congress was debating the stabilization measures of the Plano Real, evidence of a more concerted political strategy appears. The model's explanatory value

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39. In this table the data on grants to municipalities are mainly limited to two ministries, education and social well-being. In this period, however, these two ministries controlled most of the available grant money.

**TABLE 14. Presidential Strategies: Itamar's Early Months and the Crisis of the Plano Real (Poisson model predicting intergovernmental grant agreements)**

Parameter	Start of Administration (estimate)	Plano Real Crisis of 1994 (estimate)
Intercept	-2.456**	-.938**
<i>Party fragmentation variables</i>		
High interparty fragmentation; high PFL, high PMDB fragmentation	.106	.083
High interparty fragmentation; low PFL, low PMDB fragmentation	.156	-.181*
High interparty fragmentation; low PFL, high PMDB fragmentation	.081	-.028
High interparty fragmentation; high PFL, low PMDB fragmentation	-.145	.083
<i>Electoral dominance variables</i>		
Dominant deputy of PMDB	-.098	.037
Dominant deputy of PFL	-.087	.114
Dominant deputy of PDS	-.024	-.027
<i>Municipal political condition variables</i>		
PMDB mayor	-.284**	.081*
PFL mayor	-.338	.054
PPR mayor	-.119	-.143*
Alagoas state	-1.869**	.186
Maranhão state	-.551	.230*
Bahia state	-.214	-1.578**
Minas Gerais state	-.606**	-.975**
Rio de Janeiro state	-.505	-2.306**
Rio Grande do Sul state	.566**	.914**
São Paulo state	-.520**	-1.349**
<i>Need and capacity variables</i>		
Northeast state	.522**	.101
Population	.0003**	.0003**
Percentage in manufacturing	-1.267	-.480
Income per capita	.0003**	.0002**

\* = estimate twice standard error    \*\* = estimate thrice standard error    Obs. = 3,638

is about three times better in the second period.<sup>40</sup> In other words, the initiation of the stabilization program marks the time when the administration finally gets serious.

Consider the three variables measuring the effects of the mayor's party on grant distribution. Municipalities with PMDB mayors do significantly bet-

40. In the initial phase, the ratio of regression-weighted sum of squares to residual-weighted sum of squares is 1:6. The same ratio in the Real phase is 1:2.

ter than municipalities led by mayors of other parties, while municipalities led by PPR mayors (the former PDS), do significantly worse. While the gains of Cardoso's coalition partner, the PFL, are positive but not statistically significant, there are striking changes in the fortunes of the PFL from the beginning of the Franco administration. To make sense of these responses to local political conditions, consider the context of the PSDB-PFL alliance and the upcoming election. The PPR had its own candidate, Espiridião Amin. It had to oppose the stabilization program, at least in part, to differentiate its candidate from the administration. In addition, the PPR posed a serious threat to Britto's ambitions in Rio Grande do Sul. The minister would hardly be interested in supporting PPR-led municipalities in his home state. The PMDB, however, did merit support, or at least part of the party merited support. By the time of the Plano Real, the Quércia-Fleury wing of the party, based in São Paulo, had come to oppose the government. Quércia was himself a presidential candidate, although corruption charges stemming from his term as governor crippled his candidacy. The *autêntico* wing of the party, centered on Britto, was much more supportive, and of course Britto was running for office. So the PMDB profited.

Still, why did PFL-led municipalities fail to benefit from Itamar's largesse? After all, the PFL was a big part of the alliance, and its deputies were being asked to sacrifice pork for the party's benefit. The answer is likely twofold. PFL leaders knew their party was tainted by the congressional budget scandal of 1993, which hit many PFL deputies. Moreover, the party leaders were backing the stabilization program and consequently pressured their deputies to support its legislative measures. The PFL is hardly a disciplined party, but leadership influence was sufficient to reduce the need for individual payoffs, especially to marginal deputies.

The gains and losses of Rio Grande do Sul and Minas Gerais illustrate once again the tension between presidential and ministerial strategies. Maurílio Hingel was the perfect minister for Franco: Minas's deputies, according to observers, had a strong propensity to support the fellow *mineiro* in the presidency, and the minister's lack of political ambition enabled the administration to avoid wasting money on deputies who would be supportive anyway. In Britto, however, Itamar was dealing with a minister with a separate agenda. The data show that grants flowed to a number of municipalities whose dominant deputies were strongly anti-PSDB and who opposed the stabilization plan but who were, however, potential allies of the future governor. In the end, of course, the power of the PFL-PSDB alliance, a union based essentially on an "anyone but Lula" rationale, overcame the contradictions in presidential tactics. Still, it is easy to see

the inherent inefficiency and costliness of the coalition-building strategies Brazil's presidents are forced to adopt.

## Conclusion

This chapter centered on a challenge every Brazilian president faces. That challenge, posed simply, is the maintenance of a consistent base of support for the president in the Congress. This question is simple to pose, perhaps, but is difficult to surmount, because Brazil's political structure fills the legislature with a plethora of weak and undisciplined parties as well as hundreds of deputies who care far more about their personal constituencies and private interests than about national-level issues.

In some countries, executives build legislative support by asking citizens to pressure parties and deputies to support presidential programs. Such tactics generate little response in Brazil, because ties among voters, deputies, and parties are extremely weak.<sup>41</sup> Instead, presidents use political jobs and pork-barrel programs to corral support and make tactical shifts in these inducements over the course of their administrations. The most important political jobs are those in the cabinet itself. Not only do cabinet members control the distribution of lower-level jobs and municipal-level programs, but they also channel party and regional interests.<sup>42</sup> Cabinet appointments, in other words, reassure politicians that their concerns will reach the president's ear.

To an outside observer, cabinet construction may sometimes seem less than optimal. Collor, for example, installed a curious mix of friends, technocrats, and weak politicians. Franco's cabinet had a large component of personal friends who often served the president poorly. In fact, Itamar's great success, the Plano Real, came only after he was effectively marginalized by the economic team assembled by Cardoso and supported by the PFL leadership. Only Sarney, it seems, came close to maximizing the value of every appointment. This finding comes as no surprise, perhaps, when one considers Sarney's long political experience and his commitment to the survival of his dynasty in Maranhão.

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41. The administrative head of the office of an important senator told me that his office receives only two or three letters a day from constituents, most of them from other states. The senator does not even receive a daily or weekly mail count from the staff.

42. Ministers' control over their ministries' lower-level jobs is far from absolute. In many cases the president or even a particular legislator forces lower officials on the minister, either as a way of ensuring that a certain region receive a larger share of programs or as a way of influencing the overall distribution.

Presidents' lives would be simpler if they could distribute pork personally, dispensing with ministers altogether. But since intermediaries are necessary, presidents continually deal with ministers with their own political agendas. None of the presidents in this chapter was immune to the problem of ministers whose personal survival strategies contradicted those of the chief executive. Collor had to deal with an education minister with political ambitions in Rio Grande do Sul. Franco, ironically, had conflicts with a minister of social well-being from the same state. Stories of second-echelon personnel whose policies depart from the interests of their superiors—the so-called principal-agent problem—are commonplace in every bureaucracy, of course. But the result in Brazil is to decrease the efficiency of the distributional policies executives use as the currency of coalitions. Because distributional policies are less efficient, more money must be spent. The system is thus even more likely to produce pork at the expense of national-level policies.