

How Social Policy and Scandal  
Transformed  
Brazil's *Partido dos Trabalhadores*

A Thesis Presented by Seth Soderborg

To

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# Abstract

*This paper analyzes evidence that the PT's electoral base has changed over time, posits that the Bolsa Família social welfare program and a 2005 corruption scandal worked together to produce the shift, if it happened, and uses municipal-level data to test a model of voter support for PT candidates in congressional races. It also considers whether the Bolsa program is subject to clientelistic interference. Results suggest that the Bolsa program does increase voter support for the PT at the municipal level, and that this effect has grown larger as the average benefit payment has increased. The provision of conditional benefits to Brazil's poorest citizens has firmly entrenched a pro-poor discourse likely to remain the norm for the foreseeable future.*

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*Meus caros amigos Brasileiros, especialmente o Danilo e a redação d'O Globo em Brasília*

Brazil's States and Statistical Regions



# Interviews

This project was made possible by generous grants from the Department of Political Science and the LSA Honors Program. Using those grants, I traveled to São Paulo, Rio de Janeiro, and Brasília to speak with experts about how Brazil has changed over the past nine years.

While there, I interviewed:

Carlos Alberto de Melo, professor of political science at INSPER in São Paulo

Fernando Limongi, professor of political science at the University of São Paulo

José Casado, a reporter for *O Globo* in Rio de Janeiro

Aline Amaral, a coordinator for the *Bolsa* program at the Ministry of Social Development

Sergei Soares, an economist at the IPEA Institute for Applied Economic Studies

Sílvio Santana, head of the Esquel Foundation, a charity that works in Northeastern Brazil

Tatiana Britto, a University of Brasília political scientist and former Senate aide

Demétrio Weber and Francisco Leali, news editors at *O Globo* in Brasília

Ricardo Zuniga, political counselor at the US Embassy in Brasília

Alfonso Cortes, Cristina Velez, and Pavel Rodrigues, staffers at the US Embassy in Brasília

Their insights form the bedrock of this paper.

# Preface

In January of 2009, I had lunch at an acquaintance's home in Belo Horizonte, Brazil. The home was in the neighborhood, *bairro*, of Santa Maria, just a few blocks from the seamless boundary between *Belo*, as the city is often called, and Contagem, the city's principal suburb. It was a nicer house than most, with a spacious ground floor, a spotless bathroom whose shower was enclosed in glass—in Brazil this is called a *box*—and a not-too-small backyard. Like most of Belo's *bairros*, Santa Maria is defined by a steep hill, and this house sat near the top. From the dining room's spacious window, we could see the mall where a Wal-Mart had recently opened, an expressway, and rising beyond, the neighborhood of Cabana do Pai Tomas, the slum where I spent my afternoons.

My companion (for that is what an LDS missionary calls the person with whom he has been assigned to spend all his time) and I had been invited by the older couple who lived in the house, but we had, to that point, only met the churchgoing wife. Danilo, whom we met that afternoon, was a gregarious, skinny man who coughed almost as soon as he met us. "I've already stopped smoking, Elders," he assured us. It took only a few minutes for the subject to turn to politics. At the time, I knew nothing about what was going on in the country where I had resided for about four months. Our host quickly satisfied my curiosity by exclaiming that Lula, by which he meant then-President Luis Inácio Lula da Silva, was "a lazy good-for-nothing."

"The president? Lazy? Didn't he have to work hard to get elected?" I asked

"Do you know why they call him Lula?"

I did not, nor did I know then that *lula* is the Portuguese word for "squid."

"Because years ago, he didn't want to work. So he cut off his finger to go on disability. When he holds up his hand you'll see he only has nine fingers. That's why they call him 'Lula'."

The conversation that followed was my introduction to contemporary Brazilian politics. I quickly placed my host somewhere on the political Right. While I knew very little, there was one government initiative with which I was familiar, one advertised on billboards and TV, that seemed to provide welfare benefits to poor families. The program was called *Bolsa Família*, something that translated in my then-limited Portuguese as “family bag.” It seemed like a decent, necessary response to the concentrated poverty I saw in Cabana each day.

Now, looking out at that slum, Danilo explained that Lula won because he had purchased the votes of the poor. *Bolsa Família*, he explained, was a bribe. Like the disability payments that let Lula be lazy during his ascent to the presidency, the *Bolsa* paid for poor men to go on benders. “There are,” Danilo explained, “sheds where men go when they receive their *Bolsa* checks. They buy bottles of *cachaça* and drink until they pass out. They can sleep in the shed and drink until their money runs out. Then they have to leave until the next *Bolsa* check comes.” I was struck by how much his words resembled anti-welfare rhetoric in the United States.

My conversation with Danilo sparked a persistent interest in Brazilian politics, and led me to wonder about the *Bolsa* program in particular. Were there really flophouses where beneficiaries drank away their money? How could someone who saw Cabana each day through his window think so poorly of the people who lived there? Was the program helping Brazil’s poor? And, most interesting to me, did the *Bolsa* get Lula reelected? In the year that followed I tried to learn as much about the program and country as my limited access to news would allow.

This thesis is the culmination of a longstanding curiosity that began with a fascinating conversation.

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# Introduction

Between 2002 and 2010, Brazil's Workers' Party (PT) won three presidential elections and twice took the largest number of seats in the country's lower congressional house. Luis Inácio Lula da Silva, a longtime PT leader, left the presidency at the end of his second term in 2010 with an approval rating of about 83 percent, perhaps the highest ever attained by the head of a free democracy.

In late 2005, it was unclear whether President Lula would win reelection. His chief of staff, a longtime co-partisan, had been forced from office after an investigation revealed he had been systematically buying the votes of allies in the congress. As lurid tales of money in suitcases hit the press and the investigation widened, critics wondered how long it would be before the accusations reached the president.

Forty officials from the government, the legislature, and the top ranks of the PT were revealed to have operated a large money-laundering and legislative vote-buying scheme. Although the president was never named as a co-conspirator, many believed that extensive, negative press coverage over weeks of congressional hearings would ensure his defeat in the general elections. When Lula won the race (with 48 percent of the votes in the first round, two percent more than he had managed in the first round of the 2002 election), commentators suggested that the *Bolsa Família*,<sup>1</sup> a welfare program that reached almost a quarter of Brazil's population, had turned the electorate in Lula's favor (Leali, Interview Aug 2011). The most cynical (and most anti-PT) commentators argued that Lula had purchased the votes of the poor.

Most members of the educated class felt that ordinary Brazilian voters simply did not care about corruption, or were not aware of the allegations. Whether or not the voters in question

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<sup>1</sup> "Family Grant"

were believed to be ignorant, the conversation was nearly always predicated on the idea that Lula could not have won without the *Bolsa*. These initial responses stemmed from the map of the electoral results. Just as much was made of the “red-blue” divide following the 2004 presidential election in the United States, the map of Brazilian electoral results fueled widespread speculation that social class, and its relationship with social policy, had been the most important factor. The map shows a distinct regional divide between support for Lula and Geraldo Alckmin, his opponent from the more conservative Social Democracy Party. Underlying that regional divide

**Figure 1.1** State-level Presidential Election Results, 2006



are longstanding class differences: the arid states of northeastern Brazil have long been the least-developed, and now hold the majority of *Bolsa* beneficiaries. Poverty and the government’s policies toward poor voters provided the foundation for a parsimonious explanation of the regional divide.

The program credited with turning the tide and creating a regional divide in PT support was a program that provided money to poor families if they complied with certain behavior conditionalities. The first version of the program, called the *Bolsa Escola*<sup>2</sup> was an initiative of Lula’s predecessor, Fernando Henrique Cardoso. Under Lula, social policy had become the federal government’s primary policy focus, and the school grant program had expanded from a

<sup>2</sup> “School Grant”

few tens of thousands of families to millions across Brazil. Because of their divergent sizes and different goals, *Bolsa Família* and the Cardoso-era School Grant cannot be considered the same program, even though Cardoso's PSDB party now claims that the *Bolsa Família* was its invention.

*Bolsa Família* began in 2004, and by 2006, it reached just under 11 million people (IPEA; Lindert 2007). The program's large scope provided a convenient, parsimonious explanation of Lula's reelection geography. Indeed, there is strong evidence that being a *Bolsa* beneficiary increases the likelihood that a voter chose president Lula in 2006, and voted for his successor, Dilma Rousseff, in 2010. But in the same year that Lula won reelection, his party lost seats. The PT received two million fewer votes in 2006 than in 2002. Some voters, it seemed, *were* unhappy with the party for its role in the scandal, and chose not to vote for it.

Accepting the hypothesis that the *Bolsa* program accounts for Lula's success in 2006 leaves the tricky question of why the program helped him but not his party. This paper attempts to discern, in the patterns of PT voting over time, profiles of PT voters, the details of the scandal, and the relationship between candidates and parties, a compelling description of and explanation for the divergence between the PT and its presidential candidates. It explores two questions: 1) whether, and 2) why, the PT has not reaped electoral benefits at the congressional level from the *Bolsa* program even as it helped the party's presidential candidates. As it questions the electoral impact of the program, it also considers whether that electoral impact is, as the causal story implies, the result of the *Bolsa*'s being a tool of clientelistic exchange. The paper also explores how the program's impact has changed over time.

## Outline

The first chapter explains how the *Bolsa* program works and where it came from. It touches on Brazil's long history of clientelistic politics, and argues that the program is free of political interference. Finally, it explores how insulated bureaucracies arise in chaotic political atmospheres.

In the second chapter, the paper discuss national election trends in greater detail. The chapter includes an overview on the unique role of the PT in Brazil's constantly-changing party system, and considers the literature on the *Bolsa* program's possible electoral effects.

The third chapter gives a detailed account of the 2005 corruption scandal. It tracks the relationship of public opinion and corruption allegations, and looks at the consequences for the lawmakers involved. It then considers the relative importance of regional voting blocs in the PT.

The fourth chapter develops a model of the *Bolsa*'s effects on the PT's municipal-level vote share. The chapter compares a model that emphasizes the *Bolsa*'s pocketbook consequences with a model that attempts to capture the program's primary and secondary impact. It then considers why the *Bolsa* program may have mattered more in 2010 than it did in 2006, and examines possible reasons for regional disparities in the *Bolsa*'s electoral effects.

A final conclusion assesses how the *Bolsa* has changed the way Brazilians talk about social welfare, and considers what lessons the results might hold for other countries interested in imitating the *Bolsa* program.

# The *Bolsa* program in context

## Introduction

To understand the political consequences of a major policy initiative, it is necessary to understand what that policy does. This chapter explains the poverty-fighting paradigm the *Bolsa* follows, discusses the program's gradual expansion from a municipal-level program in a handful of major cities to the signature policy of the Lula administration, and uses this history to show that *Bolsa Família* is deeply connected to the PT. It then turn to concerns about clientelism stemming from Brazil's history of creating national redistributive policies that became subject to clientelistic exchange. The final section shows in detail how the program's design prevents abuse, maximizes its precision, and insulates its administrative bureaucracy from outside political pressure. The purpose of the chapter is to show why the *Bolsa* program exists, how effective it is as a welfare program, and the roots of criticisms leveled against it.

## What the *Bolsa* Is and How it works

The *Bolsa Família* program is a conditional cash transfer welfare program. It gives money, rather than less-liquid benefits like food stamps, to poor households that meet certain eligibility criteria. The first of those criteria is a means test: only households with monthly incomes below a certain threshold are allowed to be added to the program rolls. The second set of criteria is compliance with certain behavior conditionalities. The main conditionality is a requirement that children living in beneficiary households must attend school 80 percent of the time. A second conditionality requires that beneficiary children visit health clinics on a regular basis to receive health check-ups, dental care, and vaccinations.

As of this writing, the *Bolsa Família* program reaches approximately 52 million Brazilians in 13.4 million beneficiary households, or about one-fourth of the country's total

population (IPEA). Program benefits vary between 22 and 200 *reais*<sup>3</sup> each month, and may be available to any family with a monthly per capita income below R\$140 (MDS). Because of its large scope, the program has been the subject of intense scrutiny by scholars interested in the program's effectiveness as a poverty reduction instrument, the efficiency of the ministry that runs it, the effect of the program on economic and personal development, and its role in national politics. It is not the first conditional cash transfer (CCT) program to focus on health and education outcomes, but it is one of the most-studied.

Soares (2011) writes that cash transfer programs like the *Bolsa* have a long history in Brazil. That history begins with President Getúlio Vargas's *Estado Novo* of the 1930s, which imitated European social insurance schemes to develop a measure of social protection for urban industrial workers, most of whom were white and lived in the country's more-developed southern regions. The system worked for the formally employed, but then, as today, thanks to Brazil's strict labor regulations, millions of Brazilians were excluded from the formal labor market (*Economist* 10/3/2011). Rural agricultural workers, mostly black, mostly northeastern, and mostly poor, were in practice unable to receive benefits from the Vargas-era programs. In 1971, the military regime began trying to address this gap by creating non-contributory pensions for the rural elderly.

The 1988 constitution established a broadly targeted benefit meant for all poor elderly Brazilians. Called the "Continuous Benefit,"<sup>4</sup> the program was a step towards the targeted benefit model in place today because it was meant specifically for the poor and paid a fixed benefit of one minimum monthly salary.

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<sup>3</sup> The Brazilian *Real* (plural *reais*, pronounced "Hay-all" and "Hay-eyes," respectively), abbreviated R\$, has lately held steady at between \$0.65 US and \$0.5 US, or 1.6 *reais* to the dollar. In the discussion of historic social programs that follows, it is worth noting that in the 1990s, the Brazilian currency was worth much less in dollar terms.

<sup>4</sup> *Benefício de Prestação Continuada*



The PT's relationship with cash transfer programs at the national level began in 1991, when Eduardo Suplicy, the first Workers' Party member to be elected to the Federal Senate, began his term by presenting a bill calling for a "citizenship income,"<sup>5</sup> in effect, a payment that would be given to each Brazilian to ensure that he or she had enough money to function as a citizen of the Brazilian republic (Soares, Amaral, Britto Interviews August 2011; Soares 2011). Although the benefit was limited in scope and never came to a vote in congress, many credit Suplicy's introduction of the bill as a moment that guided Brazilian social policy in the years to come. Following Suplicy, officials of the left and center-left developed programs that provided minimum incomes to the poor of the cities they administered.

Cash transfer programs with explicit conditionalities arose almost simultaneously in three Brazilian cities in 1995. Campinas and Ribeirão Preto—both large cities in São Paulo state—and the Federal District (the administrative region that includes Brasília) created programs that offered benefits to families with children less than 15 years old who attended school on a regular basis. The following year, President Fernando Henrique Cardoso's Social Democracy Party (PSDB) administration developed a program designed to combat child labor by paying families who sent their children to school instead of having them work.<sup>6</sup> That benefit was targeted at families whose children were believed to be especially at risk of working in dangerous jobs like harvesting sugarcane and producing charcoal by burning wood. Throughout the late 1990s, other municipalities around Brazil developed programs that gave cash benefits to poor families who sent their children to school (Lavinás 1998). All of them were designed to break the intergenerational cycle of poverty by creating incentives for children to attend school.

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<sup>5</sup> *Renda da cidadania*

<sup>6</sup> *Programa de Erradicação do Trabalho Infantil*, the "program for the eradication of child labor"

As conditional benefits programs spread across the country, the Cardoso administration agreed to support them by paying 50 percent of their costs through the Child Citizen Fund<sup>7</sup> program. They renamed this program *Bolsa Escola Federal*, “federal school allowance,” in 2001, and expanded it to reach most children between the ages of six and 15 who attended school 85 percent of the time and came from families with monthly household incomes below 90 *reais*. It provided R\$15 per child up to three children, and was run by the Ministry of Education.

In the same year, the health ministry developed a “food allowance,” *Bolsa Alimentação*, which used the same eligibility criteria and disbursed the same benefits as *Bolsa Escola*, with the added requirement that children younger than six years receive vaccines and expectant mothers receive prenatal exams.

When Luiz Inácio Lula da Silva took office in 2002, he inaugurated a large scale hunger eradication effort under the name “Zero Hunger,” which began with the addition of the *Cartão Alimentação* food card program to the existing stable of cash transfers. This program, modeled on US food stamps, simply gave R\$50 each month to poor families via a card that could only be used to purchase food.

At this point, three federal programs and approximately 30 state and local programs provided cash benefits attached to behavioral conditionalities, and two others (the food card program and a cooking-gas allowance) provided cash benefits to all poor families (Soares 2011). Three federal ministries divided responsibility for the various programs at the national level, making it possible for some families to receive benefits from all of the programs even as equally needy families in other areas slipped through the cracks and received nothing. To increase the efficiency of its antipoverty campaign, the Lula administration decided to consolidate the

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<sup>7</sup> *Bolsa Criança Cidadã*

programs under the newly created Ministry for Social Development and the Fight Against Hunger (MDS) in 2003.<sup>8</sup>

Creating MDS as a cabinet ministry showed that “Zero Hunger” and the consolidation of existing CCT programs into one large CCT was the administration’s top domestic priority. This consolidation produced the program now called *Bolsa Família*. The MDS subdivision responsible for the *Bolsa Família* is called the National Citizenship Income Secretariat (SENARC), a name meant to remind its functionaries and the public of the program’s connection to Eduardo Suplicy’s original calls for a national basic income (Britto, Interview August 2011).

Bureaucrats at SENARC combined the beneficiary rolls of existing federal and non-federal transfer programs into a database called the Single Registry<sup>9</sup> and handed off administration of benefits payment to Caixa, a federally-owned commercial and development bank with millions of depositors and a long connection to government social programs (Lindert et al 2007).

Enrollment of beneficiaries is decentralized, carried out by employees of municipal governments rather than by the MDS. Once a family is on the rolls, the registered head of household for purposes of the program (usually a woman) receives an electronic bank card from the *Bolsa Família* program that can be used to withdraw benefit payments from Caixa-affiliated ATMs found in most Brazilian communities. Thus, the processing of payments is done through an institution that already has the capacity to process large financial transactions, while enrollment happens either through having been on the beneficiary rolls of predecessor programs or from contact with a municipal employee. This reliance on existing infrastructure was the primary reason *Bolsa Família* was able to scale up very quickly, reaching its initial target of 11.2

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<sup>8</sup> *Ministério do Desenvolvimento Social e Combate à Fome*

<sup>9</sup> *Cadastro Único*

million beneficiary families in 2006—just three years after the program began. The centralizing of existing records, and the opportunity it provides to collaborate with other government ministries, especially the offices of the Controller General and the national tax courts, has made it much easier for the MDS to identify the poor, detect potential fraud, and get benefits to beneficiaries.

### **Targeting**

One of the most important topics of the development literature on CCTs concerns “targeting,” the accuracy with which the system is able to identify people who should be beneficiaries and deliver benefits only to those who are eligible. (The presence of people on the transfer rolls who are ineligible is called “leakage.”) Effective targeting becomes more difficult as programs expand. With an estimated 46 million beneficiaries in over eleven million households, the *Bolsa* program faces enormous targeting challenges. Those challenges are further complicated by the fact that many of those who most need the program, the poorest of the poor, live far from urban centers. They may lack access to sources that inform them to seek benefits, and may not have access to transportation that would facilitate registration for the program or withdrawal of the benefit payments.<sup>10</sup>

One response to this ongoing challenge has been to decentralize registration, so that officials designated by municipal governments carry out the task of finding eligible people and registering them for the program. MDS pays part of the cost of dedicating municipal personnel to this task. A set of performance targets and bonuses provides incentives for cities to find and register eligible beneficiaries; the targets are related to how closely the number of registered

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<sup>10</sup> In some isolated communities, beneficiaries cooperate with each other to withdraw benefits at distant Caixa branches, taking turns traveling to larger communities with several families’ benefit cards and returning with the cash (Britto Interview, Aug 2011).

families matches the ministry's estimate of the number of eligible people within the municipality.

Prospective registrants are interviewed by social workers or other city government officials, who assist them in filling out a registration application. These municipal workers then enter the household's information into the MDS Single Registry database. Eligible families are entered into the list of beneficiary recipients or added to a second list of people who are eligible but not receiving benefits. Because the program's budget and benefits structure are set by Congress, there is a hard limit on the number of people MDS is allowed to add to the rolls. When the *Bolsa* program was first set up, that limit was set to correspond with the National Household Survey's<sup>11</sup> estimate of the number of people living in households with per capita monthly income below the eligibility threshold. Because this target value is a real cap on the number of people who can be enrolled, it is possible for the program rolls to fill up before every eligible family can be included. Thus, there is a group of people known to the MDS and registered in the Single Registry database who are not receiving payments. They are added as other families become ineligible or Congress expands the target number of beneficiaries.

Application forms are prepared by social workers, and include information about the family's domestic situation, income, and possessions. MDS checks applications against tax returns to minimize the number of ineligible people on the rolls. Because Brazil has a large informal labor market (partly the result of stringent labor market regulations),<sup>12</sup> the social worker

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<sup>11</sup> *Pesquisa Nacional por Amostra Domiciliar* – PNAD, a study of family income, housing conditions, and employment run by the Brazilian census bureau, the IBGE.

<sup>12</sup> Businesses in Brazil must comply with an unusually comprehensive and puzzling set of labor laws which make hiring a burdensome process that exposes employers to a great deal of liability. Labor courts do not recognize many forms of just cause for firing and usually side with former employees. Persons seeking formal employment must produce notarized proof of former employment. People with insufficient documentation lack access to the formal sector to such a degree that social service programs often include efforts to help people put their documentation in order. These complications discourage formal hiring. (Soares, Interview August 2011; *Economist* 3/10/2011; *Folha de S. Paulo* 12/25/2005).

interview is essential to ensuring that families with modest informal-sector incomes (who might own homes or cars out of reach of a *Bolsa*-eligible income) but tiny official incomes are not put on the rolls.

### **Goals**

At the broadest conceptual level, the *Bolsa Família* program is intended to help the poorest Brazilians meet their basic survival needs while incentivizing behaviors likely to have a positive impact on children's lives over the long term. The institutions through which the program is mediated were created to maximize poverty reduction and facilitate the monitoring of compliance across Brazil. Combining municipal-level reporting with national oversight minimizes labor costs, ensures that people with local knowledge are carrying out the targeting process, and reduces opportunities for fraud (Lindert 2006). A set of performance targets tied to the speed with which cities register eligible families and carry out biennial reviews of the program rolls give local governments incentives to keep their records up to date.

### **Does the Bolsa Reduce Poverty?**

The *Bolsa Família* is the largest program of its type in the world (Lindert et al. 2007). Conditional cash transfer programs are popular with development economists today, and the apparent success of programs like *Progres*a in Mexico (now named *Oportunidades*) has fueled a growing body of research into such programs' effects. Three questions underlie most analyses of conditional cash-transfer programs: how well do they work? how can their success or failure be measured? and to what degree should the benefits be thought of as universalistic, that is, how strict should administrators be about removing from the rolls families that fail to comply with the behavioral conditionalities? Critics who believe in enforcing compliance tend to see CCT programs as privileges tied to good behavior, while the universalistic school sees the conditionalities as a helpful encouragement that should only sometimes be enforced. In this

view, noncompliance with health and educational conditionalities is a sign that poverty has reduced the targeted individuals' ability to function as citizens (Medeiros et al. 2007; Soares et al. 2010).

A fourth question, how do these programs influence the political behavior of recipients? is addressed tangentially in the development literature and more directly in papers by political economists.

Kathy Lindert, head of a World Bank working group on Brazilian social policy, has written several reviews of the *Bolsa* program and its evolution, along with papers that touch on its political consequences, the program's reception in the press, and a meta-review of the program's impact (Lindert 2005; 2006; Lindert et al. 2007; Lindert and Vincensini 2010). Her detailed analysis has shaped most of the political science literature on the program, which tends to agree with her conclusion that the program is well-run, effective, and relatively free of political interference.

Lindert's analysis begins with the broadest fact of Brazil's fight against poverty: at a time when in most of the developed world, the richest tier began pulling away from lower strata at record rates, the level of income inequality in Brazil has declined since the mid-2000s. The country's Gini coefficient of income inequality fell from 0.60, its average level since the mid-1970s, to 0.54 in 2009 (Lindert 2007; World Bank 2010). While that score is higher than most OECD countries, it is lower than the level of inequality recorded in Italy, the most unequal of OECD countries, in the mid-2000s. Paes de Barros (2005) uses the results of the 2004 National Household Study to show that 20-25 percent of the fall in Brazil's Gini coefficient could be explained by the effects of the *Bolsa* and other cash-transfer programs in effect. Soares et al (2010) attribute 21 percent of the decline in inequality directly to the *Bolsa*, and note that this is

an impressive result for a program that consumes only 0.5 percent of total government income. Such large gains are possible from a relatively small program because beneficiaries are extremely poor—*Bolsa* transfers, which average out to around \$80 US per family each month, provide about 10 percent of the total income of the poorest five percent of Brazilians. The flattening of the income distribution was, in other words, largely caused by an increase in the real incomes of the poorest stratum. In these early analyses, the *Bolsa* program seemed to be achieving its aims. Overall, the percentage of Brazilians living in poverty fell from 36 percent in 2003 to 22 percent in 2009. Even in a period of dramatic economic growth, the effects of the *Bolsa* program are observable and appear to have played an important role.

Soares et al. (2010) look at the *Bolsa* program in comparison to similar programs in other Latin American countries. They find that the *Bolsa Família* differs from its counterparts in using self-reported income to determine eligibility, guaranteeing a minimum benefit to the extremely poor regardless of compliance with conditionalities, and operating through a decentralized application and monitoring process. They conclude that the *Bolsa* program has chosen to emphasize poverty alleviation over compliance—a marked contrast to the approach used by the Mexican *Progresas / Oportunidades* program, where a child's failure to attend school results in his or her family's quick, permanent removal from the program rolls. MDS's policies suggest that the agency believes that exclusion error (failure to provide benefits to an eligible family) is a more serious problem than inclusion error (provision of benefits to an ineligible family). In general, decreased inclusion error comes at the cost of increased exclusion error. Steps taken to prevent ineligible families from receiving benefits also increase the chance that eligible families will be mistakenly excluded. Despite this emphasis on reaching as many people as possible, Coady et al. (2004) find that the *Bolsa* program is among the ten best-targeted CCTs in the



world—an impressive place given that the *Bolsa* is the largest of the 122 CCT programs they study.

Even though the MDS has generally emphasized inclusion over compliance, it manages to monitor educational compliance (child school attendance) for 85 percent of beneficiary families (about one-third of the total school-age population) in 2008. Monitoring of health compliance has been less successful; only 59 percent of beneficiary families were being monitored for compliance with health conditionalities like yearly checkups and vaccinations in 2008 (Soares 2011).

The differences in compliance monitoring have produced predictable outcomes in child education and healthcare. Soares et al. (2010) find that the *Bolsa* has a “clear, positive impact on school attendance.” Children in *Bolsa* beneficiary families are 3.6 percent less likely to have been absent from school in the previous month, and 1.6 percent less likely to have dropped out of school than children in non-beneficiary families. Interestingly, beneficiary children are four percent less likely to advance in school. Similarly the program increased knowledge about the need to access public health services and receive vaccinations, but produced no noticeable increase in the number of child vaccinations. These last two findings suggest that, while the *Bolsa* has been effective in getting children into school and raising awareness of child health needs, the educational system does not provide enough support to the poorest children to improve educational outcomes, and the public health system may be failing to make vaccinations available in the poorest areas.

The overall picture these evaluations present is of a program that is very effective in producing the behaviors it specifically rewards and monitors, but fails to achieve goals whose fulfillment depends in part on the performance of parts of the government not directly tied to the

program's administration. *Bolsa* has succeeded in increasing demand for education and health services, but the ministries responsible for providing those services have failed to meet that demand.

### **The Bolsa in the Press and the Public**

When the *Bolsa* program was first announced, it was the subject of intense commentary. Critiques of the plans generally focused on three areas: whether the program was likely to be effective as a poverty fighting tool, whether it was a partisan effort to “buy” the votes of the poor, and whether it was an appropriate use of public funds.

Kerstenetsky (2009) provides an analysis of Brazilian media coverage around the *Bolsa* program. She notes that a great deal of coverage, especially on nightly news programs, focused on instances where an ineligible family had managed to get on the rolls. The tone of the coverage was similar to 1970s reporting on welfare fraud in the United States, embodied in Ronald Reagan's famous anecdote about a Chicago woman defrauding the federal government of hundreds of thousands of dollars. As discussed above, MDS administrators had ways of estimating how often benefits would be given to the wrong families, and while safeguards were in place to prevent fraud, they were well aware that a non-trivial number of ineligible people would receive benefits. How that number might be reduced remains one of the primary focuses of the program evaluation literature (*vide* Lindert et al. 2007; Hall 2006). This often-sensational reporting played on stereotypes about the poor (that they are lazy) and the government (that it is hopelessly incompetent and corrupt) that should be familiar to American readers (Medeiros et al. 2007).

A second set of criticisms concerned whether money earmarked for *Bolsa* benefits might more beneficially be diverted to other pressing public needs.

Other critiques came from those who said that the program was *assistencialista*, intended to make people dependent on the government for their source of income, rendering them indolent (a critique that resonated with religious leaders who opposed the program) or loyal to whoever was in power (*Folha de S. Paulo* 12/25/2005). One of the most vocal of these critics was, ironically, Cristovam Buarque, creator of the *Bolsa Escola* program in Brasília, who honed in on the lack of conditionality enforcement as proof that the program was intended solely as a sop to poor voters (Buarque 2005). Buarque's critiques should be taken as examples of how concerns about *assistencialismo* were partisan rhetoric first and substantive policy critiques second—he notes that members of the PT had, in the mid-1990s, denounced the federal *Bolsa Escola* program as a “*bolsa esmola*,” or “handout allowance,” while he himself had first proposed the basic citizenship income that would have provided an automatic minimum salary to all Brazilians. At the heart of these critiques is a claim that the *Bolsa* is a clientelistic tool of the Lula government. They rely on appeals to preconceptions about how the poor will use money, and often come from lawmakers who had supported identical programs in the past, when it had been to their advantage. Buarque, it should be noted, had been the education minister under Lula in 2003 and 2004, but had been fired from the post and subsequently left the PT.

Kerstenetsky (2009) rejects claims that the *Bolsa* is a partisan tool, following the conclusion of the World Bank evaluators: the program was decentralized and means-testing is done carefully and consistently, making it extremely difficult for ineligible families to remain on the rolls if they manage to enter them. She rejects arguments that the program is *assistencialista* because it has no negative effect on participation in the labor force (*vide* Soares 2011). Thus, the program is difficult to manipulate and makes people no less likely to seek out employment, rendering them neither idle nor dependent. The only opportunities for clientelistic behavior she

sees are at the local level, but the use of cross-checked databases makes even that kind of exchange an untenable one over the long term. Finally, budget restrictions on the program ensure that it has a hard ceiling of total beneficiaries and can only be expanded with congressional votes to increase funding, something the Congress might withhold from a PT-centric program.

The process of cross-checking *Bolsa* rolls against other records is probably the most important institutional safeguard to protect against improper registration of ineligible beneficiaries, which in turn may help limit the degree to which local authorities feel they can manipulate the registration process to their own ends. Kerstenetsky's suggestion that the cap on beneficiaries is a viable method of restricting the program's scope and uses depends on the assumption that only the PT has a stake in continued or expanded funding of the *Bolsa* program. Because the *Bolsa*'s previous funding schemes passed a congress in which the PT controlled less than twenty percent of the seats, it is reasonable to assume that the program garnered support from other sections of congress. The fact that funding is congressionally controlled may actually provide an effective check against use of the program as a large-scale *partisan* clientelistic program. If the *Bolsa* program is intended to influence voting behavior, it is probably not producing gains solely for the PT. It could, however, be intended as a program to benefit the entire PT coalition, or all incumbent legislators.

### **Brazilian Political Institutions and Clientelism**

*Bolsa Família*'s success has surprised many who study the country. A highly-effective, bureaucratically independent program that reaches 96 percent of the people it is intended to reach would be a success in any country. In Brazil, it seems unthinkable. A lively literature on Brazilian political institutions tends to describe its government as dysfunctional, corrupt, and full of programs hobbled by administrators seeking to engage in clientelistic exchange. These studies

reflect historical tendencies that justify *Bolsa* critics' fears (and sometimes insistence) that the program is being run for electoral gain.

Armijo, Faucher, and Dembinska (2006) declare that “numerous scholars judge Brazil’s political institutions to be almost paradigmatically poorly designed,” before calling the country’s success in reform since democratization “a puzzle” (759). Their criticisms draw on a tradition beginning with Linz’s (1994) claim that the combination of proportional representation and presidentialism leads to political instability. Kunicova and Ackerman (2005) argue that the same combination also leads to greater corruption; their conclusion reflects the same belief (again following Linz) that PR presidential systems are seriously flawed in many respects. Although Mainwaring and Shugart (1997) challenge that conclusion, noting that the regimes Linz discusses were flawed in ways that presidentialism could not account for, the sentiment has colored subsequent scholarship on Brazil. Mainwaring and Scully (1995) and Mainwaring (1999) describe a “feckless” Brazilian political atmosphere characterized by frequent party-switching, low party discipline, ideological fragmentation, and proliferating political parties. The Brazilian popular press often denounces systematic bribery at all levels of government (*Folha de S. Paulo* 6/6/2005).

Institutional studies of legislators’ incentives suggest that the Brazilian political system does not allow for effective governance. Ames argues that federal deputies spend most of their time pursuing pork-barrel resources to distribute to their backers and blames the open-list proportional representation electoral system for undermining party discipline (1995a; 1995b; 2001). Deputies with local, concentrated constituencies must cultivate ties with municipal leaders and deliver pork, which often leads them to take positions quite different from that of the party. Because of the open-list system, candidates at the top of party lists can afford to dissent

from the party. Ames concludes that the electoral system makes it both possible and necessary for deputies to defect from their party's positions. This in turn makes party affiliation a poor indicator of a legislator's position on the *Bolsa* program.

Shugart and Carey's seminal study on "Incentives to Cultivate a Personal Vote" (1995) finds that Brazil's open-list PR system, in which voters cast their votes for either a party or an individual legislator (whose name or registration number they must enter manually), makes personal reputation extremely important in Brazilian elections. The authors predict that greater district magnitude under open-list PR will increase pork-barreling and constituency service activities on the part of deputies seeking reelection. Thus, the 70 federal deputies from São Paulo state are more likely to worry about access to pork-barrel resources, provision of prominent public goods, and constituency service than the three deputies from tiny Amapá. Persson and Tabellini delve into a similar question with their papers on the role of political institutions in shaping economic policy (1999; 2000). They find that presidential systems spend less, and predict that majoritarian institutions will decrease provision of public goods. The corollary that more proportional systems produce greater spending and increase provision of public goods is explored by Edwards and Thames (2007). They attempt to determine whether differences in spending and public goods provision are the result of institutional majoritarian-ness or incentives for cultivating a personal vote. Brazil, with its majoritarian presidency and PR electoral system, does not fit easily into the majoritarian-proportional schema used by these comparative political scientists and economists. It does, however, fall towards the personalist end of the personal vote spectrum. Edwards and Thames find that "in systems with significant incentives for personal votes, increases in district magnitude actually decrease both total and public good spending," a result they say, of deputies' increasing need to provide targeted pork-barrel resources to the

slices of the district electorate that keep them in office (2). This result is consistent with Ames' (1995b) finding that only deputies with concentrated urban support bases consistently support welfare. For such deputies, welfare is the good that keeps them in power. For deputies with statewide support, it is more important to provide pork to the powerful lobbies that provide the money necessary for a statewide campaign. Anderson (2011) notes that, when compared to democracies around the world, the sum of money required to successfully win a seat in the Brazilian Chamber of Deputies is second only to the amount necessary to win a seat in the US House of Representatives.

Together, studies of Brazilian deputies suggest a group dependent on personalistic relationships with segments of the state electorate whom they court with pork-barrel spending. While that spending may come in the form of a public good, it could just as easily come in the form of more specific benefits to small groups of people, through which deputies cultivate an image of themselves as the champion of a particular region or, in the case of large cities, a sort of breadwinner for a group of neighborhoods. This kind of relationship resembles clientelistic exchange.

Chang and Golden extend the personal vote paradigm specifically to clientelistic behavior, which they describe as an “illegal search for the personal vote” (2006). Using Italy's pre-1994 open-list PR system as an example, they find that greater district magnitude encourages corruption under open-list PR, such that once the number of seats available in a district exceeds fifteen, corruption is even greater than under closed-list PR. While corruption is not the object of study here, clientelism may be a useful way to think about the relationship between *Bolsa* beneficiaries and their federal deputies. Deputies from large states may be more invested in associating themselves with particularistic federal government programs like *Bolsa Família*,

because deputies from places like São Paulo tend to rely on a few hundred thousand voters living in one part of the city, often drawing on people from one income stratum. Their counterparts in smaller states tend to draw on state-wide constituencies. If the big-state deputy's support base is poorer, she has greater need to associate herself with particularistic social programs.

To understand the *Bolsa* relationship through the lens of clientelism requires emphasizing the fact that deputies' votes determine which demographic groups are eligible to receive *Bolsa* benefits and how much beneficiaries will receive. Although only MDS has the power to include or exclude a family from the program rolls, deputies could campaign on their support for expanding the *Bolsa* program by raising the eligibility threshold (which would appeal to people in the least-needy tier of the lower class) or increasing the per-family benefit (an appeal to those who are already receiving money from the program). In theory, legislators have some power to punish recalcitrant *Bolsa* beneficiaries by contracting the program; in practice, that has never been done, and, from a clientelistic standpoint, would not be an effective way to exert control over voting behavior.

### **Policy Consequences of Brazilian Institutions**

There are reasons to think that personal vote incentives and other institutional factors promoting patronage-seeking behaviors can seriously reduce governmental effectiveness. Hicken and Simmons's (2008) study of the policy consequences of personal vote incentives finds that, while party and personal vote systems spend similar amounts on education, education spending produces little improvement in literacy where the electoral system encourages cultivation of a personal vote. If one assumes that Hicken and Simmons's finding holds for other types of spending targeted at the poor, it would be reasonable to conclude that the *Bolsa Família*'s well-documented success is the result of the extent to which it bypasses Brazil's elected officials. This



is the opinion of Fenwick (2009), who writes that the *Bolsa*'s success is due in large part to the federal government's success in keeping the program from coming under the sway of state governors and other patronage-seeking officials. She also believes that the federal government's increasing power to constrain subnational budgets has limited state officials' ability to deliver pork of other kinds. With opportunities for state and municipal spending diminished, more personal benefits from government action are coming from federal programs. Though she does not address the question of voter support, Fenwick's findings indicate that officials outside of the federal government have been unable to claim credit for delivering *Bolsa*—even if they are affiliated with the state branch of the Workers' Party. Her finding raises an interesting pair of questions: does the *Bolsa* produce different benefits for politicians at different levels of government? And if it does, are electoral institutions or the program's practices more responsible?

There is deep mistrust of subnational officials in Fenwick's work, and several authors have claimed that, historically, Brazil's government has been compromised by excessively strong federalism. State budgets have traditionally been massive, and state officials have access to millions of dollars' worth of pork that, in other countries, would come from the national government.

One surprising consequence of this is Samuels's (2003) finding that federal deputies often pursue careers at the state level, sometimes taking leaves of absence from their federal seats to occupy a position in a state ministry. Samuels argues that this phenomenon is a result of the president's increasing willingness to use line-item veto power on budget proposals. Since 1996, when President Fernando Henrique Cardoso vetoed every pork-barrel amendment to the national budget, state ministries have been more effective pork-barrel resources than seats in the

National Congress. The *Bolsa* program is today one of the largest purely federal initiatives and, as such, may provide federal deputies with renewed abilities to claim (at least to their poorest constituents) that they have brought money to their districts. If it does, PT deputies and their allies would be the most likely to profit.

An extensive literature treated later in this paper describes Brazilian legislators' frequent party-switching and the low level of partisanship in the electorate that has resulted. There are some signs that the chaotic environment that characterized Brazilian legislators' working world, and disconnected them from partisan identities, is slowly yielding to a more disciplined, organized party competition. Samuels (2003) and Figueredo and Limongi (2002) attribute that change to the president's line-item veto power, along with the president's ability to simply defund legislative initiatives he or she dislikes. In the meantime, state ministries, have ceased to be the political boondoggles they once were. After the state of Minas Gerais defaulted on \$15 billion of foreign debt, President Cardoso managed to bring state budgets under federal control. Still, Samuels' finding that prospects for pork-barrel spending are better in state government reflects the continuing importance of the patronage-oriented exchange described in the personal vote literature. Even as the federal government gains greater control over national finances, federal deputies are less able to engage in the pork-barreling they believe voters expect. They are left with two choices: either attempt to associate themselves with federal programs that provide benefits to voters, or move into a state ministry from where they can continue doing business as usual.

The literature on "broken" institutions treats incentives to secure pork as synonymous with the successful cultivation of personal political fiefs, and argues that these incentives allow (or force) legislators to break with their party. At the same time, these papers describe pork-

dependence as a major constraint on legislator behavior. Thus, they paint a picture of a Brazilian deputy who is simultaneously dependent on pork (which he cannot get without party help) and independent of his or her party. These competing forces ensure that there will always be parties, but those parties will be in near-constant flux.

Cox (2006) helpfully points out that the process of granting deputies distributive benefits as an incentive to vote for a bill is quite different from targeting benefits to constituents to influence electoral outcomes. Importantly, there is reason to think that as the power to grant distributive benefits to legislators becomes more concentrated, parties themselves will stabilize, in turn reducing incentives to cultivate a personal vote. Cheibub, Figueiredo, and Limongi (2000; 2002) find that party leaders have, over time, gained near-complete control of the legislative process by controlling when bills can be considered under urgency rules. They have begun using that power to enforce tighter party discipline. Cheibub et al.'s analysis of roll-call votes suggests that Brazilian parties are now highly-disciplined. More and more, Brazilian parties are beginning to resemble the institutionalized, programmatic organizations found in older democracies (Strom 1990). Like politicians everywhere, they continue to have every incentive to claim credit for government initiatives they believe might be popular among their constituents.

Hagopian (2009) analyzes the rise of disciplined, programmatic parties in Brazil, and finds that politicians are now willing to run programmatic campaigns, delegate authority to party leaders, and no longer switch parties. Samuels (2006) finds that party identification in the electorate has risen from 32.5 percent in 1995 to 42.6 percent in 2002, a level similar to that found in many countries with established democratic governments. He cautions, though, that much of that increase is due to rising support for the PT. Hagopian completes the picture with her finding that Rice Index scores of party discipline in Brazil's National Congress rose from 62

to 80 between 1986 to 1999, with especially dramatic increases in the cohesiveness of the PSDB. The PT had long been highly disciplined (Mainwaring and Scully 1995). Hagopian describes these changes as part of a broader shift away from delivering patronage goods to pursuing ideological programs. In her opinion, the shift means that party scholarship must focus less on the incentives (usually perverse) created by the electoral system, and work to better understand the incentives now pushing politicians towards party loyalty and programmatic appeals. In a wistfully-titled article, “They don’t make political machines like they used to,” Borges (2010) describes how the PT broke the back of the long-established Liberal Front Party (PFL, now “Democrats”) machine in the state of Bahia. The shift, which he believes was closely related to *Bolsa Família*, meant that “traditional” conceptions of Brazilian politics as “clientelistic” and “anti-Republican” no longer fit the current reality (186). Since the pioneering work of Ames in the 1990s, Brazil has improved from a country of chaotic, patronage-oriented parties to one with institutionalized, disciplined national parties able to control their state-level subsidiaries. As parties have become more subject to central control, so too have the institutions of the executive. An effective, politically independent *Bolsa* program is possible only in a context that no longer rewards parties for purely clientelistic strategies. With fewer incentives to engage in clientelistic behavior, politicians are less likely to pressure the Ministry of Social Development to grant special benefits to certain regions.

### **Is the Bolsa Família Clientelism?**

Despite the decreasing pressures on Brazilian lawmakers to create clientelistic programs, fears persist that the *Bolsa* is a large-scale clientelistic program. At the center of those fears is the fact the program provides individual benefits—a hallmark of clientelism.

Zucco (2011) argues that the *Bolsa* occupies a middle ground between programmatic redistribution and clientelism as they are traditionally conceptualized. In the former, benefits are given universally according to eligibility criteria, in the latter, benefits are individual in nature and given as a reward or incentive for certain political behavior. One of the primary ways of distinguishing between the two is to examine whether the good provided was a public good (available to all, like a road) or a private good (such as a cash payment). *Bolsa Família* blurs the line by providing private goods according to universal, objective criteria.

One of the keys to clientelistic exchange is a mechanism for monitoring the behavior of the clients. In some regimes, that takes the form of outright interference at the ballot box, or through voting targets set for local leaders by officials at higher levels (Remmer 1993; Calvo and Murillo 2004). In more democratic regimes, monitoring may occur through politicized friend networks (Stokes 2005). Zucco notes that regardless of how monitoring is done, it must take place for a relationship to be considered clientelistic. Vote-monitoring, however, is not a fixture of Brazilian political life today (though it once was, *vide* Leal 1948), and there is nothing in the *Bolsa* program's design that makes it possible for benefits to be removed if beneficiaries are suspected of partisan disloyalty. Because the program lacks a mechanism for monitoring partisan behavior, and provides benefits according to universal, objective criteria, it should be thought of as being intended to provide a programmatic benefit.

### ***Bolsa* Compared and Past Policies**

Hall (2006) places the *Bolsa* program in comparative context, noting that Mexico (*Progresas / Oportunidades*), Colombia (*Familias en Acción*), Chile (*Subsidio Unitario Familiar*), Nicaragua (*Red de Protección Social*), Argentina (*Jefes de Hogar*), and Ecuador (*Bono de Desarrollo Humano*) had all experimented with CCT programs. The goal of these

programs was always to fuel national development by expanding human capital. Underpinning these programs was a belief that a focus on children's health and education could break the intergenerational cycle of poverty. CCTs were a way to deal with the fact that "supply-side" spending on social goods—expenditures on schools and hospitals—did not always create public goods that the poor could reach. Hall notes that the World Bank sees this "demand-side" approach as less clientelistic, and believes that the provision of cash is both simpler and avoids creating distortions that sometimes result from provision of specific, illiquid items.

Brazil has long spent a large share of its government resources on social programs. Hall (2006) finds that direct social spending equals about 14 percent of GDP. But 44 percent of all Brazilian government social spending goes to pensions, leaving just over half for education, healthcare, social security, and welfare programs. In Hall's reading, Zero Hunger was a way for the Lula administration to show that it was more serious about fighting poverty than its predecessors: "*Fome Zero* was underpinned by a clear and vociferous political commitment to benefit the very poorest sectors of Brazilian society" (695).

That political commitment has given many authors pause. Hall (2006) recalls that a federal food basket program run from 1993-2000 usually distributed about 15 million packages per year, but distributed twice as many during 1998, when President Cardoso was seeking reelection. Hall suggests that the *Bolsa*, and the predecessor food card program, avoided this problem by using electronic payment systems to bypass local interests, something that Fenwick (2009) applauds. Hall cautions that there still exist opportunities for mayors and other municipal authorities to use their role in the registration process to set up patron-client relationships with potential beneficiaries. This is why Hall argues that cities in which *Bolsa* registration passed through the mayor's office (rather than through other municipal departments) were more prone

to clientelistic behaviors involving the *Bolsa*. Then again, Lindert et al. (2007) indicates that mayor's offices only handled *Bolsa* registration in municipalities where the social services and education departments were too understaffed to carry out registration. The "clientelism" Hall finds, measured by the presence of ineligible people on the rolls, was just as likely the result of understaffing. Catching clientelistic (or at least inappropriate) manipulation of the *Bolsa* would be fairly easy for the MDS, which has access to tax records and the registration forms, but is very difficult for outside observers. Outside studies that try to discern self-interested action in cases of poor targeting have no way to reliably discern between malicious action and the debilitating effects of serious material constraints on municipal capacity.

Some local officials did attempt to use the *Bolsa* program for direct electoral gains. The *Folha de S. Paulo* reported that the mayor of Teófilo Otoni, a city of about 125,000 people in eastern Minas Gerais, told a meeting of PT party leaders and state governors that she had directed city officials to identify beneficiaries of both the *Bolsa* program and a separate rural electricity-provision initiative called "Light For All" (Recondo 2006). The beneficiaries were sent a card on municipal letterhead which, according to the paper, stated "that these initiatives were the responsibility of President Luis Inácio Lula da Silva." The express goal of these notes, according to the mayor, was to increase support for the president and his party among the city's poorest voters. Such indirect appeals for voter support may have been successful: Lula received 53 percent of the votes cast in 2002 in Teófilo Otoni, and 59 percent in 2006. That increase could have come from *Bolsa* beneficiaries or, just as likely, from other voters. These kinds of appeals do not appear to have been widespread. This story was the only one of its kind reported by the *Folha*. Importantly, such an appeal is not clientelistic, and, while it may reflect inappropriate use of public funds to engage in campaign activities, it is not out of the bounds of normal Brazilian

political discourse. Municipal, state, and federal governments all run regular television commercials portraying their programs and officials in a positive light. In this case, the attempts to attach a personal political identity to the *Bolsa* program went no further than to assign credit. Although the appeal is personalistic in attaching Lula's identity to the program (on the implicit assumption that support for Lula would induce support for the PT), it is also programmatic in that it focuses on a policy.

For some authors, whether the *Bolsa* program was a specifically targeted electoral tool is immaterial, because its effects were identical to the likely effects of a large-scale vote-buying effort. The most obvious of these effects would be a shifting of the PT's electoral base. According to Hall, Lula became reliant on Northeastern, poor voters, and depended on the image he cultivated of being the "Father of the Poor." Support for Lula was consistently higher among beneficiaries, and three-quarters of beneficiaries live in the Northeast, where one-third of households (44 percent of the region's rural households) receive the benefit. This is why the regional divides on the presidential election map were so compelling for pundits: at the state level, the dependent Northeast seemed to go all-out for Lula.

### **The *Bolsa* and Incumbency**

Throughout this chapter, the assumption has been that government programs provide electoral benefits to the official (and party) who made them happen. That assumption may overestimate voters' ability to connect specific policies to individual legislators. Especially in the chaotic Brazilian environment, the electoral benefits of the *Bolsa* program might not go to PT legislators, but to incumbents or other officials who claim responsibility for the program.

Evidence from comparative studies suggests that CCTs provide a meaningful boost to incumbents in other countries. In an early study of a CCT's political effects, Manacorda, Miguel, and Vigorito (2009) find that beneficiaries of the PANES program in Uruguay are 25 to 33



percentage points more likely to support the incumbent *Frente Amplio* government than the previous government, which was not in power when PANES began. Because there was a large gap in political support between people near the income threshold who received the benefits, and those whose incomes were near the threshold but did not receive benefits, it is likely that PANES, rather than a more general incumbency effect, accounted for the *Frente Amplio*'s increased support among the poor. Like *Bolsa Família*, PANES was an attempt to reach most poverty-stricken people, rather than a purely political tool. Unlike *Bolsa*, PANES was a temporary measure in place from 2005 to 2007 meant to counteract an economic downturn. PANES recipients continued to support the government after the program ended, by about 20 percentage points more than the national average. Using survey data, Manacorda et al. (2009) conclude that those nearest the center of the political spectrum were the most responsive to government transfers. Support, they believe, for Dixit and Londregan's (1996) swing-voter model of the consequences of redistributive policies. Such a model would imply that many *Bolsa* beneficiaries who voted for the PT in 2006 had not done so in the past.

Sewall (2008) notes that Mexico's CCT program, *Oportunidades* (formerly *Progresa*), which reaches five million families, seems to have been used quite successfully for political gain. Beneficiaries were 11 percent more likely to vote for Felipe Calderon, the chosen successor to President Vicente Fox, who had established the program. These poor voters may have been decisive in the 2006 national election, which was decided by fewer than 250,000 votes.

In Hall's (2006) view, the *Bolsa* is a dangerous program over the long term because it is vulnerable to manipulation for electoral gain and opens the door for clientelistic policy design. But he qualifies his concern: "Of course, such dependence on of poorer classes on federal transfers has to be seen together with the massive reliance of the middle classes and former

public sector employees upon heavily subsidized state pensions, which consumes the lion's share of Brazil's social budget" (707). Hall's point here is important—much of the Brazilian population derives some share of its income directly from the federal government. Including (as Hall fails to) the large elderly pension scheme, that percentage grows even further. Although the *Bolsa* program does extend an important income source to people who had not received federal support in the past, this broader context suggests the expansion of federal aid is a move toward equality in both absolute income and federal income support.

### **At the Ministry of Social Development**

Whether the *Bolsa* program is corrupt, in terms of being subject to manipulation for political purposes, or in terms of having been created primarily for electoral gain, was a question I posed in each of my interviews. The most interesting response came from Aline Amaral, an official at SENARC, the office that administers *Bolsa* payments. Amaral is the coordinator for the Single Registry, a position that gives her a great deal of power over who enters the registry of eligible persons. Before working in the Social Development Ministry, she had worked in a Senate office, and her answer reflects experience working with politicians:

**Soderborg:** *Is there political interference in the Ministry [of Social Development]?*

**Amaral:** *This secretariat particularly, which directs the Bolsa Família Single Registry really doesn't have it. For me that was a surprise, because before I worked here I worked in the Senate.*

**Soderborg:** *Have you ever been visited by, say, mayors or senators who tried to influence you?*

**Amaral:** *I've met with some deputies and Senate staffers saying, "My city is receiving very little, I'd like an increase [in the number of Bolsa program beneficiaries]. Did you know that I support Lula? So we'd like to see an increase." But as there are objective criteria, I don't think this happens anymore. Because they already know that there is an estimate [of the correct number], and they know how that selection is made.*

The exchange reveals several important things. First, those who have worked in politics in Brazil tend to expect political interference with bureaucracy, and they expect that interference to take the form of legislators pressuring bureaucrats to grant special favors to constituents. Amaral's comment about being surprised by the MDS's ability to withstand such interference is an encouraging sign that this important institution does not aid clientelistic exchange between elected officials and constituents. The comment also suggests that she knows firsthand that clientelism, and clientelistic pressure, are a common political tool. Critics are right to be worried that the MDS could be a tool of clientelistic exchange, because politicians seem to treat every government program as a tool for clientelistic exchange. Interestingly, the politicians seem to believe that they have a better chance at getting more funds—or believe they deserve them—because of their relationship with Lula. At all levels, their thinking seems to be about direct exchange: an increased share of the *Bolsa* money is the logical payback for supporting Lula. And they seem to think that the people in MDS are susceptible to that appeal.

***Amaral:** But here there is nothing of that kind of politics. Here, it's very technical. Most of the team is drawn from career public servants, you know, like public policy specialists and public administration. The Secretary, which is the top position, he is a [trained] administrator. His second-in-command, he's an administrator, the four directors general, they're administrators. Now, these are all positions filled by appointment.*

***Soderborg:** How so?*

***Amaral:** For people who have passed civil service exams. Preferably people who have passed civil service exams, but not necessarily. . . . This administrative path, all of these are tied to [and placed in other ministries by] the planning ministry. Here there are many people from this career path.*

Amaral refers here to civil service exams, national competitions for government jobs that are used to fill most positions in the bureaucracy. Interestingly, even though the upper-level jobs inside SENARC are filled through executive appointments, nearly all of the people in the

positions come from areas of the government that are relevant to the work they do. Thus, despite being staffed with appointees, MDS is a technocratic place. It appears, however, that there is no formal requirement that MDS officials be technocrats, which means that an administration interested in using the ministry for pork-barreling or clientelistic exchange might be able to do so. Despite this, MDS officials did not seem concerned that the agency might become subject to external pressure through, for example, the appointment of a partisan department head interested in exploiting the program for patronage.

One key to preventing abuse lies, according to Amaral's and others' analyses, in the formal eligibility criteria. These provide an easy way for bureaucrats to respond to the lawmakers from whom they experience pressure. Amaral says as much in the next excerpt, and also points to a limit on the degree of nakedly clientelistic behavior she has seen.

*Amaral: Now we've never had indications; I've never gotten "I want this family to receive benefits." That's never happened.*

*Soderborg: Ok.*

*Amaral: Now I've met with cities wanting increases like this; even today we have this, but in a much more formal way, one that's also legal: "Look, this estimate doesn't reflect reality. I need more openings here . . . I have more poor people than the estimate says." Alright.*

*Soderborg: What do you do after this? Do you take the initiative and look over the records?*

*Amaral: We've never looked back over the records. We do the following: we look at how up-to-date the records are. If there are lots of registrations that haven't been updated in more than two years, we tell them to update the records. We look at the number of revised registrations, do an audit, and usually the number is correct.*

*Soderborg: You ask the mayor to update the records?*

*Amaral: Exactly*

The distribution of responsibility thus protects SENARC and the *Bolsa* rolls from interference. In this exchange, Amaral is explaining that the usual cause of serious under-enrollment in a city is the result of out-of-date registrations (beneficiaries must receive visits

from the registering body at least once every two years). If the mayor's complaints are an attempt to increase their city's *Bolsa* allocation above what it ought to be—rather than an honest complaint about eligible people failing to receive benefits—three technical hurdles make it difficult to pad the program rolls. First, the tax records of any household a city registers are reviewed before they are added to the list of eligible persons. This effectively keeps people with formal incomes above the threshold from joining the program. A mayor could encourage the workers who carry out registration to systematically understate families' informal-sector incomes. In doing so, he or she might succeed in adding ineligible people to the rolls who would pass the tax check. Because municipal *Bolsa* allocations are actually derived from SENARC's estimates of the level of poverty in the city, a large increase in registrations that brought the number of registrants far above the estimate would likely result in a SENARC audit. Finally, the actual value of allocations is limited by Congress, and those limits have led SENARC to establish municipal caps on *Bolsa* expenditures. Registrations in excess of this cap would be added to the list of eligible households, but would only receive benefits when existing beneficiaries exited the program or Congress expanded the program's budget. The potential electoral benefits of systematically subverting the program at the municipal level are thus quite small.

Although a few authors wondered whether mayors would attempt to manipulate registration for electoral advantage, this story is an important sign that the separation of registration from payment and the auditing process limit the power of local interests to affect the program's deployment. At the same time, the technocrats in the national office are insulated from high-level political pressure, and can use the program's well-known eligibility criteria to deflect

pressure from municipal-level officials. It is, after all, the city officials who are responsible for registering everyone who is eligible.

*Amaral: I think the success of the Bolsa Família is this: the process is shared. The ones who register [eligible families] don't choose [who receives benefits]. The ones who define how many will receive [benefits] also, those are several institutions. When I first came here, I thought, "You must be joking, this will never work." But it does.*

The combination of localized processing and national oversight achieves several things that make *Bolsa Família* the envy of other CCT programs (Lindert 2007). Administrative costs are low, penetration is high—local officials know where to find eligible families—and no one has the ability to add a family to the payment rolls without approval from someone else. In this system, there is little possibility for abuse. The technocratic bent of SENARC staffers makes it even harder to manipulate the system. *Bolsa* seems to be a well-functioning, rational bureaucracy, which raises the question of why (and how) the government decided to create a ministry that did not behave according to the usual patterns of governance in Brazil.

### **Why It Works**

The answer lies in the program's prominence. Because *Bolsa Família* is such an important part of the PT's platform, any kind of scandal related to the program could do serious damage to the party. Political interference of the kind one might expect—manipulating the rolls to ensure that certain municipalities and certain individuals receive money—might help local officials and federal deputies win reelection. But if reporters managed to discover systematic bias in the program's administration, the resulting costs to the party would likely be greater than the benefits a manipulated program would bring. Although this explains the executive's interest in running the *Bolsa* with probity, Brazil's history of corrupt institutions and perverse incentives

requires a more detailed answer for how this insulated bureaucracy managed to come out of the Brazilian Congress.

In *Politician's Dilemma*, Barbara Geddes develops a theory that accounts for the occasional existence of insulated bureaucracies in countries whose administrative institutions are known to be subject to near-constant political interference (1994). The dilemma of the title refers to her hypothesis that parties and candidates face different incentives when they consider using patronage. Candidates, Geddes argues, play one-shot games. If they lose an election, they no longer compete; if they win, they face different competition the next time around. There is little reason to eschew patronage because each election requires building coalitions around patronage exchange, but each election coalition will be different, depending on the identity and affiliation of each challenger. Parties, on the other hand, face an iterated game *if* they campaign on their own probity. For a party that campaigns on a reform platform, the costs of being involved in patronage scandals are great. After a scandal, any opponent, corrupt or not, could attack the reform party for failing to live up to its principles, and the reform party would no longer have access to the claim that it is uniquely honest. It would lose the thing that made it different. Thus reformist parties play an iterated game where they must weigh the benefits of patronage against the possibility that they will lose their distinguishing characteristic if their patronage activities become public knowledge. Because non-reformist parties do not attempt to convince electors that they are especially ethical, their incentives against patronage are weak, and resemble the single-game incentives of individual candidates.

Geddes's model sheds light on why the PT would choose to create an independent bureaucracy to administer the *Bolsa* program. The PT has a long reputation for honesty and good governance, an image that underlies many of their campaign appeals (Casado, Leali Interviews

Aug 2011). That image of administrative probity would make a scandal in government more damaging for the PT than it might be for other parties. Together with *Bolsa*'s place at the center of the party's action plan, the need to protect the PT's reputation ensures that MDS is technocratic and insulated from outside pressures.

This way of thinking about the *Bolsa* masks the degree to which PT leaders probably believed that the program would redound to their benefit. If a scandal would be costly, but a well-run program could produce huge electoral benefits, the incentive to use the program for patronage all but disappears, regardless of a party's reputation for honesty. Those benefits would accrue to the party in two ways. First, through individual voters who identify (perhaps after viewing campaign ads) the party and its candidates with the *Bolsa* benefits they receive. Second, through being able to claim that a major policy initiative was well-executed and effective, an appeal that works regardless of a party's reputation (Stokes 2007).

Although it appears the program is free from interference, Amaral's account makes it clear that local politicians believed they could subvert the system to reap additional gains. Geddes describes the interplay between local and federal political officials in Brazil in a way that explains those municipal officials' conduct while showing how federal officials expected to benefit from the creation of MDS and the *Bolsa* program:

Local patronage is much more firmly tied to the center than it is in the United States because municipalities have very limited power to tax. Consequently, local leaders rely on the central (or state) government for virtually all important services. This centralization of decisions and resources means that election outcomes at the local level often depend on the success of local candidates in obtaining favors through the intervention of national legislators. In return for such intervention, local leaders are expected to turn out the vote for the legislator when the time comes (101).



Federal officials likely believed that local co-partisans would campaign on the *Bolsa* for them, crediting the federal deputies who voted for the program and the PT leaders who crafted the plan. Municipal leaders in turn had especially large incentives to increase the impact of the *Bolsa* program in their communities—something that they could take credit for through their role in administering the *Bolsa* at the local level. The resulting partisan gains would help incumbent federal officials and win the local politician credit from higher-ups who might in turn reward him with additional patronage money. Teófilo Otoni’s mayor was behaving in exactly this way.

While Geddes focuses on reforms to election policies and corruption laws, her framework helps answer another question: why would politicians outside of the PT agree to a law that they expected might bring huge gains for that party? Certainly, they might have believed that being part of the PT’s ruling coalition ensured that they would be able to claim credit for the program just as the PT did. But given the level of volatility in electoral alliances (and the weakness of non-PT partisan attachments), the connection in voters’ minds between *Bolsa* and another party might not be strong at all. If *Bolsa*, even without political interference, might generate impressive gains for the PT, why did allied parties support it? Perhaps the policy appealed to them, and the technocratic aspects of the plan helped them stomach it—the MDS would not be the patronage arm of the PT. There was precedent for such a situation. Geddes (1994) writes that in 1992 (the era of President Fernando Collor, who was impeached for corruption), 94 percent of the money distributed by the federal government’s Secretariat for Regional Development had gone to districts whose representatives supported the president. In the months leading up to Collor’s impeachment, the president of the Bank of Brazil (a partially state-owned commercial bank whose head is appointed by the president) offered large health infrastructure development packages to deputies and senators who agreed to vote against impeachment. A technocratic,

independent MDS would ensure that the PT could not use *Bolsa* money to manipulate congress in the same way.

Perhaps the most important consideration allied parties made in voting for the *Bolsa* was based on their belief that it *would* bring electoral benefits for everyone involved in its passage. As Geddes writes, “Individual benefits are highly visible and concrete, and thus easy for beneficiaries to understand and for politicians to take credit for” (1994: 136). Traditional rational voter theories (Downs 1957), which have long suffered for producing tiny estimates of the utility of voting work well for explaining what hypothetical *Bolsa* beneficiaries might do—the value of *Bolsa* benefits to the voter is easy to estimate, and (importantly) there is a fine for failing to appear at the polls. A rational pocketbook voter who entered the *Bolsa* rolls in 2004 is not necessarily changed by that money into a PT voter; rather, she becomes much more likely to support the incumbent official. That hypothesis is supported by the long-established American politics literature on the economic determinants of voting. This literature finds that in the United States, the incumbent party loses when voters experience declining income personally or collectively (Tufté 1975), or perceive the economy to be on the wrong track (Kinder and Kiewiet 1979; Kramer 1983; Fiorina 1981; Markus 1992). This literature generally concludes that electoral benefits from increases in voter wealth benefit incumbents. Though the Brazilian context differs in many respects, the rational behavior theory underlying these conclusions is considered to be an acceptable model of voter behavior everywhere. In Brazil, the proliferation of parties makes it quite difficult for voters to understand which officials were behind which policies. Thus *Bolsa* might not be so much a boon for the PT as for any sitting official. Supporting a technocratic MDS ensures that benefits are spread according to objective criteria (which may strengthen all incumbents), rather than disproportionately going to PT districts.

In a personal email, Barbara Geddes indicated that the PT may have had another reason for wanting the *Bolsa* program to be as immune to interference as possible: “many of the areas of greatest poverty were controlled locally by parties other than the president's at the time when the program was begun and especially when it was extended to much larger numbers” (2012). Centralized control and careful means-testing were a way for the PT to ensure that parties in the PT-unfriendly Northern states could not subvert the program to their own ends, except insofar as the program benefited all incumbents.

It was precisely Brazil's reputation for corruption and the frequency of political interference in bureaucratic affairs that forced the PT to predicate their unprecedented social welfare expansion on, in effect, fair play. The PT needed to protect its reputation for honesty, coalition members wanted safeguards to ensure that MDS did not become a PT patronage machine, and incumbents as a group believed that the program would help them win reelection. Every stakeholder thus had an interest in creating a *Bolsa* program that followed objective criteria and was insulated from political pressures.

# National Election Trends and the *Bolsa's* Electoral Effects

## Introduction

The economists and public policy experts cited in the previous chapter worried that the *Bolsa* program was intended to create a patron-client relationship between the federal government and the poorest Brazilians. The country's long history of clientelistic political relationships—including in programs with national scope—made that possibility a real one. Partisan critics insist that the *Bolsa* program is exactly that. After careful review, policy evaluators seem satisfied that the program is a programmatic benefit provided solely according to objective criteria.

As a program with that made a large difference in the quality of life for millions of families, the *Bolsa Família* is likely to loom large in the personal utility calculations Brazilian voters make as they go to the polls, following the logic of Downs's (1957) utility-maximizing rational voter model. That logic suggests that voters who received *Bolsa* benefits prior to the 2006 elections would vote for Lula in 2006 to maximize their chances of continuing to receive benefits (Stokes 2005). Voters with incomes near the then-current eligibility line who believed Lula would expand the *Bolsa* would vote for him to maximize their chance of being included in the future.

This logic implies observable consequences in elections to lower-level offices. These consequences differ depending on whether voters reward incumbents after their own material conditions have improved, or instead seek out candidates affiliated with the party they believe is responsible for the improvement. If voters reward incumbents, we would expect poor voters to have overwhelmingly supported incumbents. At the regional level, we would expect incumbent candidates to perform best in the North and Northeast, where the *Bolsa* program reached the

largest number of people. If voters use party labels as shortcuts for candidate policy preferences (Campbell et al. 1960; Lupia 1994), we would expect Lula and the PT to do better in more *Bolsa*-dependent regions than they had in previous elections.

A literature on the political effects of the *Bolsa* program supports the hypothesis that the program increased support for Lula among the poorest Brazilians. This same literature also suggests that Lula became far less popular among the middle and upper classes over his first term in office. These articles rely on a pronounced shift in the geography of the Lula vote between 2002 and 2006; they point to a 2005 scandal as the most important reason for his declining support among the middle and upper classes. Only a few articles attempt to extend the analysis beyond Lula's performance to examine whether there is empirical support for arguments that the incentives responsible for shifting voter support towards Lula also operated on voter preferences vis-à-vis the PT. Most use survey data, voting results, and census information to test the strength of a hypothesized linear relationship between a measure of the *Bolsa*'s importance and voting patterns at an individual, state, or municipal level. Most cover only the 2006 election; nearly all use Lula votes as the dependent variable. None of the studies that attempt to test the *Bolsa*'s electoral impact analyze the program's impact on congressional races. Finally, none attempt a systematic explanation of the impact of the 2005 scandal, which almost certainly played a role in the PT's 2006 performance, and likely had differing impacts on voter support for the incumbent and his party. Understanding the theoretical justifications for the scandal having different effects in different races requires a discussion of the PT's special place in Brazilian party competition.

Throughout this literature, poverty and the *Bolsa* program are assumed to have the same effects on voter preference for Lula. That assumption seems valid in light of the tight relationship

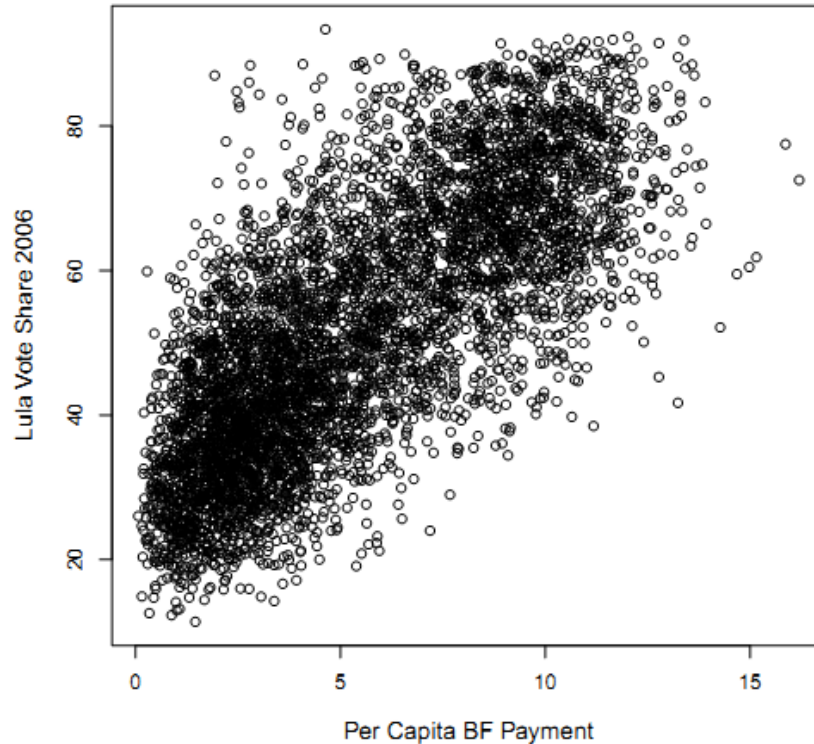
described in the previous chapter. The key, suggestive finding of the literature that compares the 2002 and 2006 elections is that the relationship between poverty and preference for the PT is changing.

## **Political Effects of the *Bolsa* Program**

### **National-level Analyses**

The idea the *Bolsa Família* played a decisive role in president Lula's 2006 reelection was part of the post-election narrative almost as soon as the results were in. Nicolau and Peixoto (2007) began the academic debate on the relative importance of the *Bolsa* program by applying a linear regression model to municipal-level voting returns. By their reckoning, the percentage of a city's population receiving *Bolsa* benefits could explain almost 20 percent of the variation in Lula's vote share. Their finding may have been an overstatement, and the model likely suffered from multicollinearity resulting from their inclusion of the Northeastern region as a dummy alongside measures of the *Bolsa* scope. *Bolsa* beneficiaries are highly concentrated in that region because poverty, which the program targets, is concentrated in the Northeast. Despite this flaw, their work provides strong evidence that poverty, and the government's response to it, played an important role in the 2006 election. Their paper shows that the higher a city's score on the UN Human Development Index, the worse Lula performed there in 2006. Because poverty (which is a major component of that score) is an extremely strong correlate of measures of the *Bolsa*'s scope, that same relationship can be expressed by comparing Lula's 2006 vote share in each Brazilian city to those cities' per-capita municipal *Bolsa* budgets in the same year.

Figure 3.1 Scatter plot of Lula's 2006 Vote Share and *Bolsa* program per capita payment



The scatterplot is clear: Lula did better where the *Bolsa* gave the most money.

Following Nicolau and Peixoto, many authors tackled the same question, incorporating more precise municipal-level data that supported the *Bolsa*-centric hypothesis (Marques et al 2009; Zucco 2008), survey results that discounted the *Bolsa*'s role (Holzhacker and Balbachevsky 2009), and models that found economic conditions to be a more compelling explanation for Lula's performance (Shikida et al. 2009). The most sophisticated analysis yet produced combines municipal-level voting returns, survey data, and a matching process to calculate individual-level effects and create comparisons between identical municipalities (Zucco 2011). Most articles agree that the *Bolsa* played an important role. Those that disagree suffer from not accounting for the *Bolsa*'s economic impacts, which were substantial in Northeastern towns where more than forty percent of the population received benefits, and from using surveys with limited geographical reach.

Hunter and Power (2007) claim that poor voters (by which they mean the poorest voters) came out to support Lula in large numbers because of material improvements to their living standards that had occurred between Lula's first victory in 2002 and his reelection bid four years later. They report a strong state-level correlation between the decline in extreme poverty after 2003 and Lula's 2006 vote share. Although they are not measuring the *Bolsa* directly, the program is, from the very beginning, their explanation for Lula's improved performance. They suggest that many of the *Bolsa* voters had not voted for Lula in 2002, and imply that Lula would not have won reelection had the *Bolsa* not existed. Most subsequent writers worked from a similar premise.

For Hunter and Power the pattern of “*interiorização*” or “*nordestização*”<sup>13</sup> that characterized Lula's support base recalled Brazilian politics of the 1960s and earlier, when incumbent candidates relied on federal aid-dependent rural municipalities whose leaders ensured that local votes went to the national incumbent in return for continued access to federal money. In the authors' understanding, changes in Lula's support base were a sign that the *Bolsa Família* served an electoral purpose, and reflected a failure to move beyond the country's clientelistic past.<sup>14</sup>

The most consistent challenge to the claim that the *Bolsa* played a decisive role in the 2006 election comes from a series of papers written or co-written by Andre Carraro, who agreed with the claim that poor voters supported Lula at much higher rates than they had in the past, but did not believe that the *Bolsa* was responsible for that change (Carraro et al 2007; Shikida et al. 2009). For him, broader economic factors that increased poor Brazilians' real incomes could

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<sup>13</sup> “Interiorization” and “Northeastization,” respectively—movement towards Brazil's rural interior or the Northeast.

<sup>14</sup> Leal (1948) famously called interior cities “grottoes” (*grotões*), and argued that the relationship between municipal and national officials was the latest iteration of *coronelismo* (literally “colonel-ism”)—a pattern of patronage-oriented relationships in place since the Portuguese established hereditary captaincies to rule colonial Brazil.



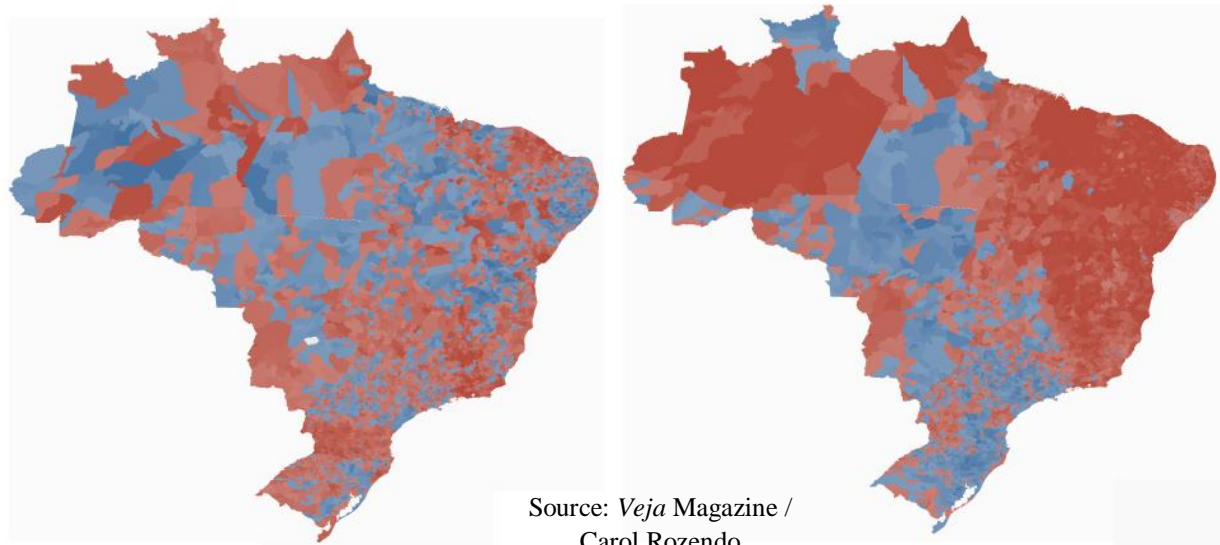
explain why poorer voters now supported Lula. In the most sophisticated version of the article, the authors first confirm the pattern of high Lula voting in poorer municipalities, then turn to the role of an export boom that fueled a rise in real incomes in many of the poorest regions. They are quick to point out that indices of food prices rose far less quickly than did prices themselves over Lula's four-year term, and that the relative difference between consumer goods price increases and food price increases was highest in Pernambuco, where Lula received 82 percent of the first round votes.

Written with Carraro, Shikida et al.'s (2009) analysis of the municipal voting trends makes use of sophisticated spatial analysis techniques that can provide a level of control for spurious correlations caused by proximity. That part of the analysis is reliable and fits with the majority of the *Bolsa* political economy literature. The theory behind the economic analysis suggests that a valid exploration of the *Bolsa*'s impact should be able to distinguish between *Bolsa* and non-*Bolsa*-related changes in real income. The data brought to bear in this article are insufficient to support their strong claim that the economy alone explained changes in Lula's vote share. Food prices are measured only in sixteen of 27 state capitals, and the comparison the authors draw between food basket prices and price levels relies on the national average price level, not the price levels in those state capitals. Most discouragingly, they fail to mention that Lula was born in Pernambuco and campaigned there heavily, which is a more compelling explanation of his success there than any other. Shikida et al do a service by attempting to test the importance of non-*Bolsa* economic conditions on voting. But they do not marshal enough evidence to credibly conclude, as they do, that "it's the economy, *companheiro*," and nothing else (1).

### The Geography of Lula's Reelection

Many of the investigations of the *Bolsa*'s role began with a comparison of the state-level electoral maps from 2002 and 2006. The pattern is even more pronounced when comparing maps of Lula's and his opponents' municipal vote shares in the two election years.

Figure 3.2 Map of Municipal-level voting returns, 2006 and 2010



It was precisely the visible shift in Lula support from the Southeast to the Northeastern region that prompted analysts to focus on the possibility that the *Bolsa* played a major role. Zucco (2008), recalling Leal's (1948) "grottoes" interpretation of Northeast Brazilian politics, notes that the Northeast tends to vote for the incumbent presidential candidate no matter his or her party and without regard to the incumbent's policy positions. As he puts it, incumbents regularly do better in less-developed municipalities, "even if this has involved shredding traditional constituencies" (45). Fernando Henrique Cardoso of the PSDB did far better in the Northeast as an incumbent in 1998 than when running for his first term in 1994 and, according to Zucco, the entrance of the longtime opposition PMDB into government in the late 1980s was quickly followed by an increase in PMDB support from Brazil's poorest municipalities. In this formulation, the PT was following the trail blazed by its predecessors in the presidency. Like the

PT, these parties had drawn their original support from wealthy urban areas. Zucco's analysis is particularly important because it covers parties in addition to presidential candidates. Although he does not dwell on the implications of his hypothesized "pro-government electorate" (44) in the Northeast, Zucco's findings suggest that the PT would have improved its showing in the Northeast in 2006, and continued to do well through 2010, regardless of its policy positions. Zucco's analysis suggests that the role of incumbency cannot be discounted in attempting to understand the PT's changing base.

As a consensus developed that there was a meaningful difference between Lula's voter bases in 2002 and 2006, several authors tried to analyze the characteristics of that difference. Soares and Terron (2008) use a spatial analysis technique to study the geographic variation in Lula vote share at the municipal level.<sup>15</sup> They find that in 2002 there were large, concentrated bands of Lula support around several large Southeastern cities, as well as a few Northern and Northeastern capitals. In 2006, the bands of concentrated, elevated neighboring municipal vote shares were physically larger (because they included more dispersed populations), extending northward from the arid regions of Minas Gerais state (slightly south of the official Northeastern region) and across the northern sections of the Northern states. That year, the concentrated areas of low Lula share were in São Paulo state, the South, Brazil's central states, and in some of the same Northern capitals where he and his party had enjoyed concentrated support in the past.

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<sup>15</sup> Their technique uses Moran's I, a measure of correlation of events in space. The value of the I statistic varies between -1 and 1, with 1 being an indication that the event under study always occurs in units of space adjacent to each other. The expected value of Moran's I under the normal hypothesis of no spatial autocorrelation (no discernible pattern of adjacent occurrences) is 0. Moran's I is given by: 
$$I = \frac{N}{\sum_i \sum_j w_{ij}} \frac{\sum_i \sum_j (x_i - \bar{X})(x_j - \bar{X})}{\sum_i (x_i - \bar{X})^2}$$
 where  $N$  is the number of spatial units indexed by the vectors  $i$  and  $j$  (in this case, municipalities),  $X$  is the variable of interest,  $\bar{X}$  is the mean of  $X$ , and  $w_{ij}$  is an element of a matrix of spatial weights (in this case, a matrix of Lula vote shares in Brazilian municipalities, with sufficient rows and columns to describe every adjacency). As can be seen from the equation, the procedure is to divide an ordinary least squares regression by a matrix that indicates whether two units of analysis are adjacent to one another. (Moran 1950; Peters and Thomas 2009). The statistic gives a global value, that is, it provides information about the whole range of values. A high Moran I value would mean that municipalities with high Lula vote shares tend to be adjacent to other municipalities with high Lula vote shares.

This spatial analysis lends additional weight to the impressions generated by the map of voting results: Lula did better in the North and Northeast in 2006, and the spatial blocks of support he had enjoyed in the Southeast in 2002 cohered less in the following election. When the spatial correlation terms were added to a regression model of Lula vote share, the relative weight of those variables declined a great deal, suggesting that linear models without correction procedures for the influence of proximity on voting tend to overestimate the effects of other factors. This result, though, must be used carefully, because the relatively high value of the Moran's I statistic that indicates the overall concentration of the event being studied (municipal level vote share) is high—a sign that the variables being included alongside spatial correlation may be correlated with each other, violating the preconditions of ordinary least-squares regression and greatly increasing the value of the standard error terms. Despite this caution, Soares and Terron's (2008) spatial analysis provides convincing evidence that there was a meaningful shift in the geography of the Lula voting base between 2002 and 2006.

### **And the PT?**

In their 2007 article, Hunter and Power tackle the puzzling fact that, while Lula benefited from the *Bolsa* program to receive increased support in 2006, the PT lost seats. To explain this unexpected discrepancy, they point to the 2005 *Mensalão* scandal, in which the top PT leadership was implicated in a legislative vote-buying scheme. To explain how Lula managed to stay in office when his party faltered, Hunter and Power turn to the idea that poor voters are more tolerant of corruption than the rich. They note that newspaper circulation is low outside of urban centers, and cite a study that shows less-educated Brazilians are more likely than wealthier respondents to say that corrupt behaviors were acceptable. *O Globo* reporters turned to a similar explanation when asked why poor voters chose to vote for the tainted Lula administration (Weber and Leali, Interview Aug 2011). The *Bolsa*'s apparent importance makes one of Hunter

and Powers' (2007) results quite interesting. In 2006, state-level PT vote share was negatively correlated with Lula's share in the same state. While the cause remained unclear, the trend seemed to be that areas which supported Lula did not support the PT. A lively debate over this unexpected (and unprecedented) relationship centered on the question that opened Hunter and Powers' article: why had "the PT benefited far less than the president himself from government investment in social policy?" (1).

In one of the few papers to extend analysis of Lula's performance to his party, Terron and Soares (2010) argue that the reason for the apparent divide was Lula's pursuit of a catch-all strategy while his party made narrower appeals. The PT has historically focused on middle-class Southern and Southeastern voters, and has far less capacity to actuate outside of those regions. Once again using spatial analysis, Terron and Soares test whether PT and Lula votes tended to be concentrated in the same areas. They find that from 1994 to 2002, the spatial distribution of votes for Lula and the PT became less aligned, such that by 2006, it was no longer possible to detect a strong spatial relationship between municipalities with many Lula voters and those with many *petistas*. The biggest drop in cohesion occurred between 2002 and 2006, when for the first time, Lula performed well in a long, continuous swath of the Northeast, while the PT continued previous patterns of strong performance by taking some pockets of the Northeast, dominating the state of Mato Grosso do Sul, and maintaining some regions of support in parts of the South. They conclude that a process of distancing of the party's and president's respective geographic electoral bases had culminated in 2006 with a "divorce"—Lula and the PT drew their support from separate bases.

Although the Moran I statistic from which Terron and Soares (2010) draw their conclusions is a blunt measure, and the categorization process that produced their measures of

cohesion discarded a great deal of information, their papers provide strong evidence that Lula had a geographically wider support base in 2006. Such a result would be consistent with the hypothesis that *Bolsa* beneficiaries, who live throughout the country, were more likely to vote for Lula in 2006 than people in the same income stratum had been in 2002. The declining correlation between PT and Lula regions reflects both the increasing dispersion of Lula votes and the fact that in some strong PT areas, Lula performed much worse than he had before. It is also consistent with the claim that the *Bolsa* did not bring great benefits to the PT, all else being equal.

Yet interestingly, Terron and Soares (2010) note that the number of municipalities in which the PT polled well (according to the paper's tripartite classification scheme) increased from 387 in 2002 to 489 in 2006. That, coupled with a new areas of PT concentration in the Northeast were signs that the PT *was* beginning to actuate and achieve electoral success outside of its traditional homes.

### **The Changing Geography of the PT**

For much of its history, the PT drew its support from Brazil's South and Southeast. As a leftist party of intellectuals and industrial workers—sometimes characterized as factory laborers and *universitários*—it did best in the wealthy, urban regions where such people were concentrated. For decades, São Paulo was the party's heart. The party's first great electoral victories came in the 1988 mayoral elections, in which the PT won the city of São Paulo and three of its largest neighbors, while also taking Porto Alegre and Vitória, the capitals of wealthy Rio Grande do Sul state and the small state of Espírito Santo (Mainwaring and Scully 1995).

In 1994, the former mayor of Vitória won the gubernatorial election in Espírito Santo and became the first PT member to win a governorship. That same year, the party increased its share of lower house seats to 49. The following election saw the PT win 58 seats in the lower house, as

well as the governorships of Mato Grosso do Sul, Rio Grande do Sul (where it had previously won the capital), and the tiny Northern state of Acre. Then in 2002, on the strength of anti-Cardoso sentiment and a brilliant whistle-stop campaign by Lula, the PT took 91 seats and became the largest party in congress for the first time in its history (Weber and Leali, Interview Aug 2011). In four consecutive elections, the PT had gained seats, increasing the size of its bench by a factor of five over 16 years.

During previous presidential terms, the incumbent party had won big: Fernando Henrique Cardoso's Social Democratic Party (PSDB) went from 62 seats in 1994 (the year he won the presidency) to 99 seats in 1998, when Cardoso was reelected. The symbolic power of the presidency had been a huge boon to the president's party in the past; it is common to see television commercials lauding government initiatives, and it is clear to most Brazilians who those commercials are referring to, though parties are never referred to by name. In addition, the patronage power of the presidency had in the past induced many politicians to switch to the leading party (Mainwaring and Scully 1995; Samuels 2003).

But in 2006, the PT lost seats. Its 83-member bloc put it in second place, behind the Democratic Movement Party (PMDB). Lula was reelected, though he failed to win a majority of votes in the first round. Lula won only a handful of municipalities in São Paulo, and took a few cities in the traditional PT stronghold of Paraná. Beyond those, Alckmin dominated Brazil's Southern half. Until 2006, the PT, and Lula, had done best in the South and Southeast.

In what was otherwise a bad year for the PT, the party made great strides in the Northeast. For the first time in its history, the PT took five governorships: those of Sergipe, Pará, Bahia, Piauí, and Acre. Every one of its governorships was in the North or the Northeast. At the same time, incumbent PT governors, and gubernatorial candidates supported by outgoing PT

governors, failed to win in wealthy Rio Grande do Sul and the ranching state of Mato Grosso do Sul. For the first time since winning a governorship, the PT held no governorship in either the South or Southeastern regions of the country. Acre (which with a population of a little over 700,000 people can be thought of as Brazil's Alaska without oil) remained safe territory for the PT. The party's continued success there is to a great extent the result of incumbency advantages. The win in Bahia was also not a stretch for the party that had previously held the mayoralty of Salvador, Bahia's capital and largest city. Tocantins reelected a PT incumbent.

**Figure 3.3 Map of PT gubernatorial victories 1998, 2002, 2006**



This meant that the great surprises of 2006 were the PT victories in Sergipe and Pará. Pará is a large, mostly agrarian state whose capital is at Belém, a bustling shipping hub at the mouth of the Amazon. The state had a per capita GDP of a little over \$7,000 and an illiteracy rate of about 12 percent in 2008. Tiny Sergipe had a per capita GDP of about \$7,500. Pará's population density stood at about six per square kilometer that year, while Sergipe's stood at 91.3. These were the 22<sup>nd</sup>- and 20<sup>th</sup>-poorest states in Brazil.<sup>16</sup> The states where the PT had traditionally been strongest—Mato Grosso do Sul, Rio Grande do Sul, and São Paulo—were far wealthier, with per capita GDPs of \$10,600, \$18,378, and \$24,456, respectively. In races for

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<sup>16</sup> Brazil has 27 states

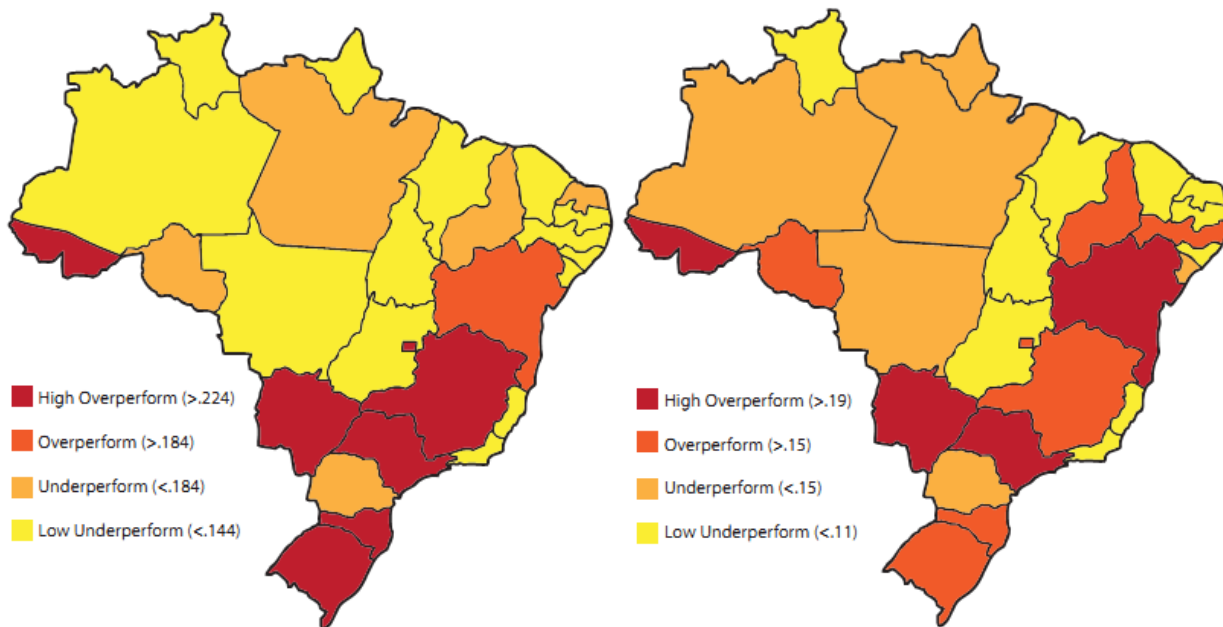


executive positions in 2006, Northern and Northeastern voters preferred the PT far more than they ever had in the past.

When Hunter and Power (2007) raised the question of how the PT managed to lose seats in congress despite the *Bolsa* having a clear role in Lula's (and, the maps suggest, PT gubernatorial candidates') reelection, they pointed to a 2005 corruption scandal. While this scandal can explain the total loss in seats, their question also suggests another line of inquiry: did the geography of PT votes in congressional races change in 2006?

A pair of maps suggests that the PT's electoral geography was different in 2002 and 2006. Here, states are color-coded based on how the PT performed in those states relative to the national average. Redder states are those in which the PT won the largest share of the vote relative to the national averages of 18.4 percent in 2002 and 15.0 percent in 2006.

**Figure 3.4 Map of Relative Performance of the PT in 2002 and 2006**



In 2002, as in the past, the PT performed best in the wealthier southern states that contained the bulk of its traditional constituency. The 2005 corruption scandal can explain why the national average diminished in 2006, but on its own does not explain why the relative performance of the

PT in its traditional bases diminished that year, while Northern states were newly fond of the PT. *Bolsa*, with a geographical distribution that favors the North and Northeast, can explain the PT's growth in those regions.

These geographical trends, and their relationship to the *Bolsa* and the *Mensalão* scandal of 2005, are mirrored in the results of several surveys that find the profile of the PT voter has changed.

Samuels (2006) uses pre-2006 survey data to find that the strongest influence on an individual's support for the PT was the score the respondent's municipality received when graded on the UN Human Development Index scale, a measure of the city's wealth and the ease of access to basic services in the city. That variable was strongly and positively correlated with voters' preference for the PT; people from wealthier cities were, in the early 2000s, more likely to support the PT. The changing electoral geography of the PT suggests that the relationship between wealth and PT support might be changing.

Following the hunt for connections between the *Bolsa* and electoral behaviors, Holzhacker and Balbachesky (2007) test the hypothesis that the poor were, by 2006, strong Lula voters. They assume that, if the poor were strong Lula supporters, social class would be a strong predictor of preference for Lula in the first round of the presidential elections. Their findings are suggestive, though they fail to achieve statistical significance because they are drawn from a small sample. One of their findings is striking: the proportion of lower-class voters who chose Lula rose from 52.9 percent in 2002 to 77.0 percent in 2006, while the proportion of upper-class respondents who chose Lula fell from 46.9 percent in 2002 to 38.1 percent in 2006. In both cases, respondents' evaluations of the government in power were statistically significant with respect to their voting choices. Those who had given Fernando Henrique Cardoso's government

high marks in 2002 were likely to choose Cardoso's chosen successor, José Serra (Lula's opponent in the second round of the presidential election that year), over Lula, while those who disapproved of Lula's government in 2006 were more likely to vote for Geraldo Alckmin (his opponent in 2006) than for the incumbent Lula.

As before, social class was a powerful predictor of preference for Lula. But in 2006, the direction of the relationship had changed. Poor voters were now more likely to support him than were wealthy voters. Importantly, the choice seemed to be the result of a personal evaluation of the government's performance. Poor voters supported Lula in 2006 because they thought he did a good job; wealthier people disagreed with that assessment.

Kerstenetsky, in her article on "The political economy of the *Bolsa Família* program" (2009) dug deeper into the role of the *Bolsa* and perceptions of corruption in shaping approval of the government. Citing public opinion data, she notes that 79.5 percent of *Bolsa* beneficiaries approved of the government, as did 72.8 percent of respondents who were not beneficiaries but knew people who received benefits from the program. The survey, conducted in 2007, about eighteen months after the Lula administration corruption scandals, found that only 46.1 percent of people who did not know any beneficiaries approved of the government. Thus the *Bolsa* appeared to have a large impact on voters' evaluations of the government's performance. Poor respondents were far more likely to be or know *Bolsa* beneficiaries than were wealthy respondents. In fact, because of the program's wide scope, and the interclass relationships common in a country where poor women often find employment as domestic workers in middle- and upper-class households, it is fair to assume that the group who know no beneficiaries are drawn from Brazil's highest income stratum. That group is known from other data to have been especially hostile to the Lula government in 2007 (Datafolha 2007).

Zucco (2010; 2011) finds that being a participant in the *Bolsa* program makes voters 30 percent more likely to vote for Lula if they are in the lowest income bracket, and 43 percent more likely if they are in the next-highest bracket (the group that makes two to five times the minimum monthly salary). This is strong support for the importance of class in predicting individual political preferences.

An important note from Zucco's work: the effect of the *Bolsa* program on municipal vote shares is highest when the program's scope is near the average, and actually tends to be smaller in municipalities where many residents are receiving benefits. This is primarily because other explanatory variables included in his regression model—per capita GDP, Human Development Index scores, and the share of the population living in poverty—gain explanatory power in the poorest municipalities where the share of *Bolsa* beneficiaries is highest.<sup>17</sup> At first glance, the result seems to suggest that PT vote share actually declined in cities with the highest levels of *Bolsa* beneficiary population share. What Zucco actually describes is diminishing marginal electoral returns from increasing *Bolsa* scope, and associations between other measures of poverty and support for Lula.

Through a weighting of individual-level survey results and municipal-level voting returns, Zucco concludes that the *Bolsa* program “increased the probability that the poorest voters would vote for Lula by approximately 0.3,” which, he notes, if those votes are assumed to be evenly distributed and the 11 million beneficiary families are assumed to contain 20 million voters, suggests that 4.3 million Lula votes could have gone to Lula because of the program.

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<sup>17</sup> Because the number of *Bolsa* recipients is very close to the number of poor in almost every municipality by 2006, it difficult to evaluate differences in behavior between demographically similar municipalities with highly divergent *Bolsa* recipient shares—such places were exceedingly rare by the time the election occurred. Further, the reasons a municipality might not have implemented *Bolsa* by that time are limited to extreme isolation or a mayoral decision to minimize participation his city's participation. Both of these are likely to matter more than *Bolsa* scope in explaining voter behavior.

Noting that the *Bolsa* program had indirect economic effects, Zucco estimates that as many as five million votes for Lula could be traced to the program in one way another, accounting for approximately 80 percent of Lula's 6.3 million-vote margin of victory. Unfortunately, this type of analysis cannot really say whether the votes in question were decisive, that is, it is impossible to tell whether in the absence of the *Bolsa Família* program those votes would have gone to Geraldo Alckmin.

While these studies do not all touch directly on the PT, they provide further evidence that the *Bolsa* affected peoples' political judgments—including their perceptions of how the government was performing. If this relationship extends to the PT, it provides an individual-level way to conceptualize reactions to the 2005 corruption scandal.

One study does address the profile of PT voters directly. Veiga (2007) finds that in 2002, the modal educational outcome of PT supporters was having finished two years of secondary school. In 2006, the largest number of self-identified *petistas* had not finished primary school. It should be noted that in 2006, nearly all major parties saw similar declines in their supporters' modal educational achievement level, and received less support overall in the electorate than they had in the previous election. Still, Veiga's finding point to two processes acting to change the *petista* profile: an increase in the number of poor voters stating preference for the PT, along with some decline in the number of highly educated people who supported the PT.

Digging deeper into Veiga's (2007) article shows that there is more to the change in the PT supporter profile than a declining education level. In 2006, the mean household income of PT voters fell by almost 400 *reais* (about \$180 in the early 2000s) from R\$1,350 per month (the second-highest average supporter income of any party, after the PSDB) to R\$985 per month, lower than all but one of the major parties. Together with information about median incomes,

this shift paints a specific, compelling portrait of a changing PT. In 2002, the median PT voter made R\$800 per month; as with average income, this meant that PT supporters were the second-wealthiest partisans in Brazil. But in 2006, the median income of PT voters fell even as it rose among supporters of every other party. The shift resulted in *petistas* having the lowest median income of all partisan groups—R\$747 per month in a year where the reported median monthly incomes of other parties exceeded R\$900. Given that in 2008, the National Household Study found that average income for workers was about R\$1,051, and average monthly household income was R\$1,968, partisans in general seem to be of below-average means. Whether that reflects a tendency of poor or lower-middle income workers to affiliate with parties, or a tendency among the wealthiest survey respondents not to declare a party loyalty is unclear.

The reason for the falling income is clear in light of the PT's geographical shift: average worker income in Brazil's Northeast was far lower than the national average, falling at R\$685 per month in 2008. A shift in PT support to Northeastern voters would dramatically alter the wealth profile of PT supporters. If the *Bolsa* motivated support for the PT, *petistas* would, on average, be far poorer after the program's creation in 2003 than they had been before.

One author suggests that such a view lacks nuance. Bohn (2011) argues that poor voters themselves vote differently in different regions, and so argues that the *Bolsa*, which she assumes to be a universal program, cannot explain the changes in Lula's and the PT's vote share. If the *Bolsa* changed voting behavior, it would have the same effect everywhere. She further argues that *Bolsa* recipients "were already Lula voters in 2002," a claim that would require the program to be evaluated as an attempt to "buy" turnout (Nichter 2007) rather than reach voters with inconstant partisan loyalties.

The most important part of Bohn's analysis is to discuss one of the other major policy initiatives of Lula's first term: a comprehensive "statute of the elderly," which provided additional monetary benefits to the needy and aged (though many of these had long been eligible for a social security program),<sup>18</sup> and strengthened penalties for age discrimination. The statute of the elderly required that three percent of low-income housing be reserved for elderly heads of low-income households, guaranteed all elderly Brazilians half-price tickets to most sporting and cultural events, and changed the Continuing Benefit social security program, which disburses thirty percent more money than the *Bolsa Família*. On every bus and subway in Brazil, there are now special seats reserved for the elderly. Bohn argues that this statute, which deals directly with indignities suffered by the aged and disabled, had a dramatic effect on older voters' sentiments towards the incumbent Lula. In her telling, it was older voters who switched to the PT; the poor were already behind Lula.

Although Bohn disputes claims that the *Bolsa* turned voters from *tucanos* (supporters of the PSDB) into *petistas*, she agrees that the profile of PT supporters changed a great deal by 2006. From 1994 to 2002, there was a positive relationship between years of education and support for Lula. In 2006, the best-educated voters were the least-likely to vote for him. She attributes the change to the corruption scandals. In a similar vein, 2006 was the first year in which income was *negatively* correlated with support for Lula. In past runs, Lula had polled highest among middle class voters (those making ten to twenty times the minimum monthly wage); in 2006 he won seventy percent of those earning two or fewer minimum monthly salaries. For the first time in his life, Lula performed better among the poorest voters—and did so to an overwhelming degree. The idea that the *Bolsa* program induced eligible people to prefer Lula and the PT is consistent with this result, but not sufficient to prove that the *Bolsa* was

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<sup>18</sup> The *Benefício de Prestação Contínua*, or "Continuing Benefit."

responsible. Similarly, a newly negative correlation between income (or education) and preference for Lula and the PT could also solely be the result of falling support for the incumbent in the upper classes.

Bohn's contention that the *Bolsa* fails as an explanation because the poor in one region is not the group *most* likely to vote for Lula is unfair, because all the *Bolsa* could really be expected to do is increase the number (and percentage) of poor voters who support the incumbent. If in some region non-poor voters were much more likely to support Lula in 2002, the *Bolsa*'s importance would not be disproved simply because that wealthier group continued to support Lula at a greater rate than did poor voters. Only if *Bolsa* recipients in 2006 were *less* likely to support Lula than voters in *Bolsa*-eligible income strata had been in 2002 would we question the hypothesis that the *Bolsa* matters.

### **The PT as the Exception**

To understand how the *Bolsa* might affect voting behavior, it is important to consider how Brazilian voters relate to political parties. A large literature on the Brazilian party system argues that voters have tenuous relationships with parties. At the same time, the PT, unlike the other parties, has deep roots in civil society and relies on a set of hardcore partisans. These partisans are deeply invested in the party's reputation for honesty. They are also concentrated in certain regions of the country. The PT's unusual status as a mass party with deep social roots makes it more vulnerable to charges of corruption, and that vulnerability is amplified by its long cultivation of a reputation for honesty, efficiency, and commitment to democracy.

Most authors tell the story of the PT as a story of how gaining power has turned ideologues into pragmatists. Samuels (2004) gives a brief history of the PT as a party that has moved, over its nearly-30 year history, from the far-left to the moderate left: as he puts it, "from



socialism to social democracy.” The party’s stated goal in 1982 had been to create a socialist society; in 1993 party leaders said that they hoped to increase strain on the existing order—presumably to further their goal of creating a socialist society. But in 2002, when the party won the presidency and became, for the first time in its history, the largest party in the Chamber of Deputies, the platform primarily emphasized “morality in public office.” That same year, it formed a strategic alliance with the right-wing Liberal Party (PL), and allowed that party to choose Lula’s running mate, an evangelical Christian named José Alencar.

The PT’s transformation into a strategic party with broad appeal prompted Samuels’ article. Mainwaring had said that the PT maintained its ties to elements of civil society—the labor unions and socialist Catholic groups from which it sprang—by *eschewing* a vote-maximizing strategy (1999: 172). In that work and others, Mainwaring compared the PT to the Duvergerian concept of a mass party, noting that no comparable party existed in Brazil at that time (1995: 382; Duverger 1954). Katz and Mair (1995) refined this understanding of the mass party to include a specifically socialist variety, one with a large membership and clear lines of internal communications that uses significant mobilization efforts to campaign and gets its resources primarily from member fees. Such a party is also able to discipline members and legislators. Mainwaring (1995) repeatedly notes that the PT is unique in its ability to discipline legislators. Further, while party-switching is notoriously high in Brazil—Samuels (2006) notes that one-third of sitting legislators switch parties during the term—PT legislators are the least likely of all legislators to vote against the party line or switch out of the party (Mainwaring 1995).

Samuels (2004) believes that it is precisely the mass party characteristics of the PT that facilitated its move to the center after the end of the cold war. Through internally democratic

institutions of participation and contestation, moderates from the Lula camp were able to influence the national party, and eventually rise into its leadership. The structures to which he refers—internal elections and a series of committees able to designate delegates to higher decision-making bodies—reflect the party’s unique status as a party formed from the bottom-up and closely tied to civil society groups.

The PT considered itself a socialist party from the beginning. Its name and logo, a red star inscribed with the letters “PT,” consciously drew upon Marxist symbolism.

**Figure 3.5 PT Logos and Campaign Images**



Until 1998, the word “socialism” appeared in every PT platform. Its disappearance from the document in that year was the direct result of the pragmatic Lula camp having gained the upper hand in the highest levels of the party’s government.

Samuels argues that the PT’s shift towards moderate pragmatism, and the concomitant rise of the Lula camp, pushed the party towards what Strom (1990) called the “policy-seeking” model. In that paper, Strom concludes that “high intraparty democracy” and “impermeable

recruitment structures,” characteristics he believes are favored by modest government subsidies<sup>19</sup> to parties and mobilization-intensive campaigns, often move parties towards policy-seeking behaviors (1990: 594). The PT meets all of these criteria and operates in a multi-party environment, which Strom identifies as the most common breeding ground for policy-seeking parties.

The change from an ideological focus to policy-seeking was necessary because the party was winning elections, and the cadre of *petistas* holding elected office tended to be centrists who advanced in the party because of their victories. Radicals who won office often attenuated their views while serving. At the same time, the civil society groups to which the PT closely adhered were closer to the establishment than they had been in the mid-1980s, when Lula, the PT, and labor groups had led the *Diretas Já* campaign for direct elections.<sup>20</sup> Over the course of the 1990s, banking and industrial unions lost hundreds of thousands of jobs, which pushed them towards protecting existing jobs, while public-sector unions grew but also became more open to negotiations during the hyperinflation and fiscal reform of the late 1990s.

A combination of electoral success and new priorities for civil society allies changed who won in the PT’s internal competitions, which are “highly institutionalized, and the rules are always followed” (Samuels 2004: 1011). As more PT members won office, the relative number of party-affiliated officials came to exceed the number of party employees. By 2000, 80 percent of PT officeholders and staffers were part of the Lula faction. José Dirceu, a faithful member of the Lula camp, held the party presidency from 1995 until his appointment as President Lula’s

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<sup>19</sup> A series of legal reforms has altered how Brazilian parties are funded, but they have consistently drawn their funds from a combination of private fundraising, government subsidies in the form of free television and radio airtime, and by taking a share of the earnings of government officials elected under their banner. The PT expects its members to pay a larger share of their earnings than any other party (Ribeiro 2010).

<sup>20</sup> *Diretas Já* translates as “Direct [elections] Now!”

chief of staff in 2002. In 2005, he would become the center of the corruption scandal detailed in the next chapter.

In 2000, the PT membership approved a number of changes to the internal governance structure that centralized party leadership and gave party leaders more autonomy. That change cemented the Lula camp's control over the party, and ensured that moderates would dominate the PT for the foreseeable future. Ten years of PT government at the federal level all but ensures that the party will be led for a long time to come by politicians whose views have been tempered by experience in government. Federal party-law reforms in 2002, which applied to all parties, increased the control national party organizations exercised over local affiliates (Ribeiro 2010). This greater central control has not come at the expense of local organization; the PT continues to be the party most able to turn out volunteers to support its political activities.

The accepted wisdom that Brazil is “an extraordinary case of party weakness” (Power 2000, 28) may be responsible for a lack of scholarship into Brazilian parties' roots and support in civil society. Samuels (2006) showed that partisanship within the electorate had increased since Mainwaring and Scully (1995) singled the country out as a case of low party system institutionalization, but that this increase is almost entirely the result of increases in support for the PT. He writes, “Only the PT has developed an organized web of connections to local, regional, and national political and social organizations, such as church groups, neighborhood associations, and unions” (2). Samuels also notes here that the PT has long taken pains to “paint itself as ‘different’ from Brazil's other parties . . . especially in terms of its devotion to the principles of ‘clean government’” (3). That commitment to ethical behavior has been at the center of the PT's appeal from the beginning.

Francisco Leali of *O Globo* explained that the PT, “From its creation until it entered the government, was always the standard-bearer for ethics and liberty. ‘All the other parties are corrupt, but I am not’” (Interview, Aug 2011). Given that so many Brazilians (and political scientists) are cynical about the country’s political institutions, it is unclear why this message would succeed. What made the PT able to *credibly* claim a greater commitment to ethics than any other party? The answer lay, according to Leali, in the party’s actions during the democratic transition of the 1980s. During negotiations that led to the election (by congress rather than the electorate) of Tancredo Neves to the presidency in 1985, the PT spoke out against the proceedings, arguing that a corrupt bargain was taking place. Following their objections, they refused to participate in the vote. The gesture was meant to say: “I am a different party,” and proved the party’s commitment to the pro-direct elections campaign that had gained it national prominence. Other leaders in that campaign—including Neves himself—accepted the indirect election deal brokered with the military government. According to Leali, the PT has always “presented itself as the party that doesn’t make bargains with Brazilian elites.”

### **Partisan Identity in Brazil**

Partisan identity is weak in Brazil. Between 1989 and 2005, an average about 46 percent of Brazilian voters claimed to prefer one party over the others. Supplemental information from the cross-national Comparative Studies of Elections Survey suggested that as few as 35 percent of Brazilians expressed any partisan preference. But at the height of its popularity in 2004, 24 percent of the electorate identified with the PT—an extraordinarily large share. In 2002, PT identification accounted for an astounding 65.6 percent of total party identification. Its leading competitors, the PMDB and PSDB, together accounted for less than 11 percent of party identification within the electorate (Samuels 2006).

Low partisan identification has been explained as, first, the result of Brazil's large number of parties, itself a result of the large district magnitudes and the open-list proportional representation electoral system. A second explanation focuses on the way in which parties tend to form: from the top down, generally as the result of splintering among larger parties, as when the PSDB began by splitting off from the Democratic Movement Party. Such parties have no immediate ties to civil society, and may lack even a clear geographical base. Perhaps even more important, from the perspective of understanding voting behavior, is the way the electoral system's incentive structure has long allowed politicians to switch parties almost at will (Mainwaring and Scully 1995). The combination of low accountability as a result of the electoral system, and an ability to trade party labels at the drop of the hat, make party labels a poor heuristic for predicting legislator behavior. This in turn likely makes party loyalties volatile, especially when 8.5 effective parties are competing for voters' affections (Laakso and Taagepera 1979).<sup>21</sup> The proliferation of parties is both a symptom and a cause of the country's chaotic party environment. Because party labels, partisan allegiances, and even parties' names are so fluid, voters seem to have trouble linking parties to even their most prominent candidates. Baker et al. (2006) found that in 1999, only 36 percent of respondents in one poll could identify then-President Cardoso's party affiliation.<sup>22</sup>

In all of this, the PT is held out as an exception. Baker et al. state explicitly that, "with the exception of the leftist Workers Party, party labels provide limited information about candidate ideology or policy stances" (2006: 386). Still, it is not readily apparent that the PT's high voter identification and reliable policy positions mean that those who identify themselves with the

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<sup>21</sup> Laakso and Taagepera compute the effective number of parties with the equation  $N = \frac{1}{\sum_i^n p_i^2}$  where  $n$  is the number of parties with at least one seat and  $p_i$  is a given party's share of all seats in the legislature.

<sup>22</sup> Fernando Henrique Cardoso was a founding member of the PSDB, which broke off from the PMDB in 1988 following the adoption of the newest federal constitution (PSDB 2012; Mainwaring and Scully 1995).

party actually vote for it. Baker et al.'s survey of voter preferences in neighborhoods during the 2002 election shows that 32 percent of respondents who had a candidate preference at the beginning of the election season (August) and voted (the cities registered 84 percent turnout<sup>23</sup> in the October elections), 32 percent switched candidates. The study notes, however, that switching was most frequent among the least-informed. If PT voters are in fact the kinds of educated or laborite voters many have claimed them to be, and if this group is highly politically aware and very engaged, then PT affiliates should be considered likely PT voters.

Partisanship literature on the PT often attempts to determine whether Brazilian partisans derive their attachments from preferences for individual political leaders (the position of Mainwaring (1999) and Ames (2001)), or whether, as has been suggested by the "Michigan School," partisan preferences inform feelings toward political leaders (Beck et al. 2002). Another classical understanding of partisan identity, drawing from Lipset and Rokkan (1967), claims that partisanship is the result of deep social divisions. In the same line, Campbell et al. (1960) noted that more educated citizens are more likely to be informed and develop partisan identities (Converse 1969). The question is particularly salient with respect to the PT, because it has a strong, famous leader in Lula, deep roots in civil society a wide base of informed partisans, and has long couched itself in class-conscious, transformational terms. Thus, all three perspectives on partisan attachments can be brought to bear on the party.

Samuels' (2006) work has shown that measures of wealth are a powerful predictor of support for the PT. So, too, are individuals' perceptions of Lula. Positive feelings toward the then-incumbent were associated with a 37 percent increase in a respondents' likelihood of supporting the PT. Weaker positive associations were found between PT preference and

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<sup>23</sup> Voting is mandatory for Brazilian citizens between the ages of 18 and 65. Failure to appear at the polls can result in a fine, and election days are national holidays. Turnout consistently exceeds 80 percent (TSE 2012).

respondents' political knowledge and their expressed preference for effective government. A negligible (but significant) negative relationship was found between respondents' tolerance for corruption and support for the PT. Ultimately, Samuels concludes that the PT is less personalistic than the other parties, a claim supported by the fact that his simulation model was able to predict *petistas* accurately and with low standard error, but failed to identify supporters of other parties. The study provides a summary of the received wisdom on PT supporters: "the average *petista* likes Lula, dislikes Cardoso, participates actively in politics, is highly knowledgeable about politics, and believes that his or her vote can make a political difference" (2006: 19).

In research prior to 2006, the PT had been found to be the party of the educated. Carreirão and Kinzo (2004) find that with each one-year increase in years of schooling, respondents became more likely to support the PT (and less likely to support the generally more-popular PMDB). The trend is strong enough that high school graduates and the college-educated preferred the PT to the PMDB in every year from 1989 to 2002. Most interesting of all, in a comparison of five national public opinion surveys covering the 1989 elections, Carreirão and Kinzo find that the correlation between party preference and preference for a first-round presidential candidate of the same party increased with education. This relationship is so strong that the partisan and presidential preferences of college-educated voters were as high as 0.94 correlated, while the correlation of partisan and presidential preferences of voters with only primary educations ranged between 0.66 and 0.81. Education, it seemed, made voters' preferences more consistent with one another—an interesting finding in light of the known relationship between increasing education and support for the PT.



## Conclusion

The PT's uniquely deep relationship with civil society made it possible for a long time to speak of the typical *petista* and, in doing so, describe a group that actually existed. The characteristics of this group, and the importance it seems to place on the party's reputation, make the PT uniquely vulnerable to public exposure of corrupt activity. Profiles of PT supporters suggest that longtime *petistas* would likely find out about corruption accusations. If the PT changed to accommodate the realities of governance, then lost its credibility as a party of ethics, its older supporters would have been less likely to vote PT in 2006.

A large literature supports the claim that the *Bolsa* changed the geography of PT support, and in doing so, altered the economic and educational profile of the *petista*. This literature shows that the PT found new support in the Northeast, and provides evidence that the *Bolsa* played a crucial role in that transition. The party's history and the characteristics of the traditional PT supporter provide the framework that sets up the other half of the story—the story of the PT's weakening in its southern Brazilian heartland.

# The PT's "Big Monthly"

## Introduction

The apparent success of the *Bolsa* program in steering voters' preferences raises a vexing question: if the *Bolsa* program had a large impact on voter behavior, why did the PT lose seats in the 2006 general elections? Most authors point to a 2005 corruption scandal to explain this otherwise unexpected result. The scandal, however, does not provide a straightforward explanation because Lula retained the presidency. If the scandal was responsible, why would it affect PT deputies but not Lula?

Keeping in mind the PT's strong ties to a group of educated partisans, a close look at the scandal explains how public anger could fall most harshly on *petistas* in congress, and provides an answer for how Lula managed to survive even as some of his co-partisans faltered. As in the previous section, social class and the *Bolsa* played a major role, this time in determining individuals' attitudes towards the events of the scandal.

## How to win a postal service contract in Brazil

In April 2005, two businessmen<sup>24</sup> paid a visit to Maurício Marinho, head of the Brazilian Postal Service's contracting division, at his office in Brasília. They wanted to know how their company could win an information technology contract. Marinho obliged: he and the businessmen would have to "come to an agreement." They talked. The businessmen placed 3,000 *reais* on the table—about 1,200 dollars at the time. Marinho put the money into his left jacket pocket. They continued talking.

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<sup>24</sup> *Veja* describes them as businessmen; CPMI v.1 p. 32 (2006) says that Joel dos Santos Filho and João Carlos Mancuso Villela posed as representatives of a multinational company to reveal to the postal service director what was going on in Marinho's office.

One month later, Brazil's most widely-read periodical, *Veja*, published the details of the story (Junior 2005). The businessmen had secretly filmed the meeting. Over nearly two hours of footage, Marinho gave the businessmen "a lesson in corruption." He described ways money could be transferred—through accounts opened by stringers, messengers at hotels, currency exchanges—in a way that suggested he knew exactly what he was doing.

Marinho explained that he had close ties with Roberto Jefferson, a federal deputy and head of the ruling coalition-member Brazilian Labour Party (PTB).<sup>25</sup> Jefferson, Marinho explained, "Gives me cover. . . . I don't do anything without consulting him." *Veja* explained that Marinho and two other officials in the postal service worked to ensure that high-ranking members of the PTB would fill important posts in the postal service, and frequently assigned contracts to companies indicated by PTB leaders (Junior 2005). The point of these contracts was in part to bring money to the party. Friends rewarded with contracts would make large donations to the party, and companies interested in improving their relationship with the PTB were sometimes willing to over-invest in their service contracts with the postal service, knowing that the difference would go to the PTB.

Schemes like this are not unusual in Brazil. Between August and November 2011, five cabinet ministers lost their jobs for bribe-taking and embezzlement meant to enrich themselves and their parties. The causes of these practices are manifold, but the most important are the cost of Brazilian elections (which are the second most expensive in the world), the non-ideological nature of many parties (Mainwaring and Scully 1995), strong incentives to cultivate personal votes (Shugart and Carey 1995), and a culture of political impunity. Parliamentary immunity, the electoral system, and a sense that Brazilian voters are indifferent to corruption are the roots of this impunity. Mainwaring and Scully argued that Brazilian parties are patronage machines

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<sup>25</sup> *Partido Trabalhista Brasileira*

designed to maximize revenues by maximizing the number of affiliates holding public positions. They are interested in winning elections, but also interested in occupying public offices that offer patronage opportunities. Politicians think of parties as vehicles to attain resources; rampant party-switching that characterized the system in the 1990s was a direct result of the incentives Brazilian politicians have to maximize revenue. Mainwaring and Scully quote one federal deputy who explained that “A political career in Brazil is closely connected to success in bringing home material benefits. . . . Especially in the poorest regions, communities judge deputies on what they bring home” (390). Such incentives can lead to ideologically inconsistent decisions. In 1985, two hundred mayors switched from the ideologically opposite Social Democratic Party (PSD) to the Democratic Movement Party (PMDB) overnight, taking their local party organizations with them (378). Scully and Mainwaring label such parties “catchall” parties, but specifically note that the PT does not fit into this non-ideological, patronage-oriented category.

The PTB, however, fits easily into the catchall category. The PTB name originated in 1945, and the party was a creation of the dictator Getúlio Vargas. At that time, the party had a more or less laborite orientation. The current party is another animal entirely. It was a close ally of disgraced former president Fernando Collor during his impeachment, and has been a member of every governing coalition since 1992. If the party’s goal is to capture government offices, it did very well during Lula’s first term. In 2005, PTB affiliates held roughly 2,000 government positions—equal to the number held by the vice-president’s evangelical-backed Liberal Party (PL) and second only to the PT, which held 16,000 offices (Junior 2005). When the postal service tapes surfaced, *Veja* noted that the tourism minister, head of a billion-*real* yearly budget, was a member of the PTB. One of the magazine’s anonymous sources said that the party sometimes set patronage goals for party members who held positions in the federal bureaucracy.

When the scandal broke, those involved probably believed that they could escape without suffering serious harm. Previous bribery scandals had blown over pretty quickly. With the exception of President Fernando Collor's impeachment in 1992, Brazilian public officials tended not to suffer serious consequences from accusations like the ones made against Jefferson and Marinho. The postal service scandal was different. Millions of people had seen or read excerpts of a recording which seemed to be very good evidence that the head of a major party had systematized bribe-taking and embezzlement within the federal government. Congress acted. The first story about the scandal appeared in *Veja* on May 18, 2005. A congressional commission<sup>26</sup> began investigating the case on June 9.

The commission formed quickly because the opposition knew it had a chance to make the government look bad, while the government needed to ensure that its response satisfied an outraged public. A PT senator chaired the commission, which included several prominent leaders from the opposition Liberal Front Party (PFL). The commission's task was simple: figure out who did what in the post office and how it connected to the PTB.

### **Roberto Jefferson takes the stage**

Most corruption investigations in the Brazilian congress do not get very far. A number of well-substantiated accusations were leveled against former president Fernando Henrique Cardoso in 1998, alleging that he had paid congressmen to vote for the constitutional amendment that allowed his reelection (CPMI 2006). The claims never led to hearings. This time seemed to be different. Although Jefferson led a coalition-member party, he was not powerful enough on his own to quash an investigation.

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<sup>26</sup> A "parliamentary inquiry commission," *comissão de inquérito parlamentar*, with subpoena power.

Yet the accusations against Jefferson were tainted. A little digging—in this case, a few depositions from the people involved—suggested that the man who ordered the recording be made was himself engaging in foul play. Arthur Wascheck Neto, a businessman who had already won several government contracts, apparently wanted to have Maurício Marinho removed from his position. Both Wascheck and Jefferson would eventually describe their interactions in some detail. Although their accounts differed, an unclear but suggestive picture emerged. Wascheck had arranged to meet with Jefferson after Marinho had been caught on tape, or, depending on the version of the story that was being told, had arranged through an intermediary to have Jefferson see the tape. They may have negotiated; they may not have negotiated. The commission’s report made it clear that something was wrong: “[Wascheck’s] actions are suspect to the degree that he did not plan to formally denounce Mr. Maurício Marinho” (CPMI 2006, 38). Though they do not come to any conclusions about Wascheck’s goals, it is likely that he was attempting to blackmail Jefferson.

It might have been possible to use Wascheck’s apparently corrupt intentions to dismiss demands that an investigation begin. José Casado, a reporter at *O Globo* in Rio de Janeiro, said that Jefferson tried to call in favors to get the commission muzzled (Interview Aug 2011). He was, after all a party leader with more than a few chips to cash in. That strategy failed. Even if the recordings had been made for a blackmail scheme, they contained strong evidence of corrupt behavior and clear links to Jefferson. The taint on Jefferson was great enough—and word of it had spread far enough—that no one wanted to be seen attempting to help him.

Jefferson must have realized that no one was coming to his rescue. So he began talking. He talked about something called the “*Mensalão*.” *Mensalão* is a word of Jefferson’s invention.

It means “big monthly,” as in “big monthly allowance,” and it describes a patronage machine that extended far beyond the postal service and the PTB.

On June 6, 2005, the *Folha de S. Paulo* ran a front-page article headlined: “PT gave an allowance of 30,000 *reais* to MPs, says Jefferson.” The story related an interview Jefferson gave to the paper in which he described a PT scheme to buy party blocs in the national congress. Jefferson presents the damning details in as self-serving a way as possible, but the facts of the case are extremely disturbing. In the article, Jefferson gives this account of a conversation he had with José Carlos Martínez, the previous head of the PTB:

“Roberto, Delúbio [Soares, PT treasurer] is making a payment allowance scheme, a ‘big monthly,’ for the MPs in the governing coalition. The PP [Popular Party], the PL [Liberal Party], and he wants the PTB to also receive it. Thirty thousand *reais* for each deputy. What do you say?” I say: “I’m against this. This is something for a fifth-rate city council. It will enslave us and demoralize us.” Martínez decided not to accept the payments which, according to him, Dr. Delúbio was already passing to the PP and the PL.” (*Folha de S. Paulo* 6/6/2005)

On the following pages, Jefferson claims that Delúbio Soares approached another PTB leader after Martínez’s death and made the same offer, this time bringing with him deputies from the Popular Party and the head of the Liberal Party, São Paulo deputy Valdemar da Costa Neto.

Neto filed an official complaint against Jefferson that afternoon, alleging to the Chamber of Deputies’ Commission on Ethics and Parliamentary Decorum that Jefferson’s remarks were libelous violations of congressional rules.

Two days later, the congressional inquiry commission into the post office scandal took its seats. Their work would validate most of Jefferson’s claims. New denunciations took place each day, as leaders of various parties, Workers’ Party officials, businessmen, and, eventually, cabinet ministers took the stand to deny the accusations, dodge them, or pass the buck. The millions of

Brazilians who watch nightly news saw, day after day, senior officials describe a corruption machine that seemed to involve the entire government.

### **The Valério-Viaduct**

As the scheme unraveled, it became clear that the money to buy votes had not come directly from the PT treasury. Instead, a publicist named Marcos Valério provided loans to the PT through his public relations companies. The loans were underwritten by two major banks in Valério's home state of Minas Gerais. BMG Bank and Banco Rural signed off on huge loans to the PT, or to Delúbio Soares himself, allowing Soares, whose net worth was, according to the investigating committee, "163,000 *reais* and a [Toyota] Corolla" to guarantee a loan of 26 million *reais*—an arrangement that suggested the bank was colluding by virtue of its "lack of interest" (CPMI 2006, 542) in tracking the loans. Though the money came from loans, Valério did not bother collecting interest on the loans until after the parliamentary inquiry commission had begun issuing subpoenas.

Most of the cash involved in the loans did not come from Valério himself. Companies could contact Valério to express their interest in giving to the PT, and he would arrange for their money to pass through his publicity firms. The money then moved through a series of accounts on its way to the coffers of the PT, sometimes as cash carried in suitcases to Brasília by Valério and his assistants, at other times going directly to the PT in the form of a loan. The papers began calling the scheme "*Valéroduto*," a play on Valério's name and the word for a viaduct. The congressional investigation found that at least 55.8 million *reais* (about 30 million dollars) passed through the *Valéroduto* on their way to the PT.

The businesses that took part in Valério's scheme did so because they believed they would benefit from a close relationship with the PT. Some were involved because they were



themselves under the control of PT officials (Casado, Interview Aug 2011). One of the most damaging stories to come out of the *Valérioduto* testimony concerned the Bank of Brazil, a semi-private commercial bank whose CEO is appointed by the president of Brazil. Over four years, the bank had paid Valério's DNA Publicity a total of 93 million *reais* (about 60 million dollars) for several publicity campaigns. Much of this money was given as advances, and the congressional commission found that over 70 million *reais* were, for one reason or another, not documented properly.

Digging deeper, the commission discovered that one particularly large payment, a 55 million-*real* advance, had gone to Valério's company without passing through normal channels. It had apparently been ordered by Luiz Gushiken, then-minister of communications. This was the first time a cabinet minister other than José Dirceu (the former PT president and, at the time, chief of staff to Lula) had been named in the investigation.

Valério claimed that he had acted on orders from Delúbio Soares, the PT's treasurer. Gushiken's involvement was the first confirmation that high-level members of the executive branch had knowledge of and participated in the corruption scheme. Gushiken's conduct was particularly damaging because it came closer to plunder of government institutions than did the rest of Valério's activities, which were in effect illegal campaign donations. Indeed, Valério's defense was that he was guilty only of cooking his books<sup>27</sup> to cover up extra campaign donations, something the law and the public consider a lesser offense.

But the money was used to buy votes, and Valério, in his testimony, indicated that he was aware of this. He also claimed to have met with Delúbio Soares two to three times each week. These meetings were ostensibly about the PT's public image. Indeed, they might have been—

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<sup>27</sup> Maintaining a "second ledger"—a *caixa dois*—the standard term for hiding money for the purposes of embezzlement.

Valério was one of the PT's primary public relations workers. As the commission notes, however, Valério's visits to Brasília coincided with large cash withdrawals and suspicious bank movements. Regardless of whatever else he did in those meetings, he discussed the scheme, and sometimes took an active role in disbursing money to the parties involved, as when he helped deliver a six-million *real* payment to Liberal Party president Valdemar da Costa Neto.

Throughout his testimony, Valério insisted that the scheme was run from PT headquarters by Delúbio Soares. Jefferson had said that it was in fact José Dircéu, chief of staff to President Lula, who kept the scheme going. Valério eventually admitted that he had, in fact, been to the Planalto Palace (the presidential residence) to meet with Dircéu two or three times, and that he had been accompanied on one of those visits by the head of Banco Rural and another time by the head of BMG Bank. The facts seemed to align with the accusations. Jefferson's picture of a money-laundering and vote-buying scheme run out of the presidential palace seemed, unbelievably, true.

### **What happened in Congress**

Over the following months, fallout from the scandal worked its way through the government. Jefferson had named 40 government officials in his testimony to the investigative commission, and soon, federal prosecutors unsealed an indictment containing 40 names, beginning with José Dircéu. Nineteen of the accused named in Jefferson's testimony and in the indictment had been elected federal deputies in 2002. (Dircéu, had become chief of staff to President Lula in January 2003, but retained his seat in congress and the privileges of a deputy.) Among the accused deputies were senior leaders in several ruling coalition parties: Valdemar da Costa Neto, president of the PL, João Paulo Cunha, president of the Chamber of Deputies and a longtime PT member, José Borba, head of the PMDB delegation in the chamber, Pedro Corrêa,

president of the PP, “Professor”<sup>28</sup> Luizinho, head of the PT delegation in the Chamber, and of course, PTB president Roberto Jefferson.

One peculiarity of the Brazilian system, noted in Figueiredo and Limongi (2000), is that a group of party leaders known as the “directorial table”<sup>29</sup> makes most of the decisions about which bills will be assigned to committees and which will be brought to the floor immediately under urgency rules. The group also has sole power to approve the legislative calendar. All of the party leaders named above were part of this directorial table, meaning that most of the congress’s agenda-setters had been accused and were under investigation. The fact that the accusations were highly public and generated near-immediate changes in public opinion is the key to understanding why these congressional leaders did not use their agenda-setting powers to quash the investigation.

They did, however, use their agenda-setting power in one important way: Roberto Jefferson was the first deputy whose case was voted on in the national congress. The vote on Dircéu’s expulsion occurred in December. Most of the accused did not appear before the plenary until the following March, five months after the scandal broke—a sign that the leaders hoped to minimize their own vulnerability by delaying most of the votes until public anger had diminished.

Parliamentary immunity in Brazil ensures that federal deputies are protected from most prosecutions. They cannot stand trial for crimes until after an absolute majority of the deputies vote to strip them of their political protections. Such a vote can take place only after the congressional Commission on Ethics and Decorum has heard the accusations against a deputy

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<sup>28</sup> Candidates may register with the electoral tribunal under just about any name. “Professor” is the name that appeared on the ballot for Mr. Luizinho, a former teacher, and “Zé,” the Brazilian equivalent of “Joe” was the name under which Dircéu had been elected.

<sup>29</sup> *Mesa diretória*

and issued a recommendation in favor of or against expulsion. Importantly, this commission may only open investigations into allegations against *sitting* federal deputies. The ethics commission may not investigate a deputy who resigns his seat the day before an investigation into his action was to be announced. Such a deputy would not lose the right to contest future elections, and his political rights would not be subject to a parliamentary vote. Deputies whom the chamber expels lose the right to contest future elections.

Several deputies chose to resign their seats prior to the October 17, 2005 opening of the ethics commission investigation. One, Paulo Rocha, a popular PT deputy from Pará state, handed in his resignation only minutes before the investigation officially opened. Such resignations should be seen as rational decisions made with reelection in mind. Resigning in this fashion is not as costly as a resignation would likely be under a different electoral system. Although voters go to the polls to cast one vote for federal deputy, those votes are pooled following a variation on the D'Hondt system. It is possible for a deputy candidate with few personal votes, or one who sees his vote share decline significantly relative to a previous election, to nonetheless win a seat on the strength of other candidates and his position on the party list. Candidates who resign prior to the opening of an ethics investigation believe that the reputational cost of quitting office in the face of corruption charges is small enough, in terms of personal and party votes lost, that they are likely to win reelection despite having resigned. When compared to the possibility of losing one's right to run for office, the risks associated with resigning may seem smaller than the risks associated with staying in the congress during an investigation.

Four deputies availed themselves of the option to resign. Of these, two ran for seats in the Chamber of Deputies again in 2006; both of them were reelected. Valdemar da Costa Neto resigned because his prominent role in the scandal made it likely that he would be expelled,

while his position as head of the Liberal Party would allow him to maintain a high spot on the party list. That position turned out to be sufficient to win him another term. Paulo Rocha likely believed that his high personal popularity at home (he won 4.9 percent of the vote in Pará, an extraordinarily large share in a Brazilian federal deputy election) would allow him to successfully contest his state in the future. He, too, was reelected. Another deputy who resigned, a PMDB member from Paraná state, chose not to run in 2006. The fourth, a prominent former evangelical bishop from the city of Rio de Janeiro (whose name on the ballot was “Bishop Rodrigues”), also chose not to run in 2006, likely because he was being investigated by the federal police for his role in an ambulance contract scandal (Coutinho 2006).

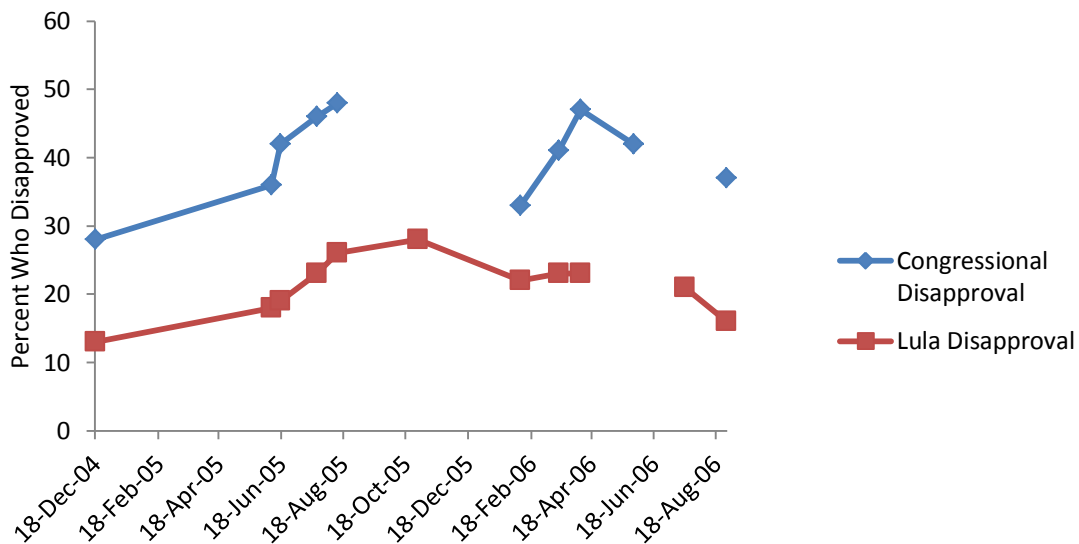
The resignations were one more part of the spectacle that Brazilian voters saw unfolding in congress. News coverage made it clear that those who resigned were doing so to escape justice, and it is reasonable to assume that the image of loopholes protecting wrongdoers ranked in many voters’ minds.

### **Public opinion during the scandal**

It may be problematic to assume that the Brazilian public’s opinion of the congress and the president track each other in meaningful ways. Datafolha, Brazil’s most important public polling firm, keeps much closer tabs on the president’s approval rating than on the public’s evaluation of congress. The company asks respondents whether they think the president and congress are doing a “good or excellent” job, a “normal” job, or a “bad” job. In general, over periods where the share of respondents saying the president is doing a good job is falling, the share of respondents who approve of the congress is also falling. A similar relationship exists between “bad” responses for the president and congress. The exact degree to which variation in one can be explained by the other is small, but the two trend in the same direction. Lula

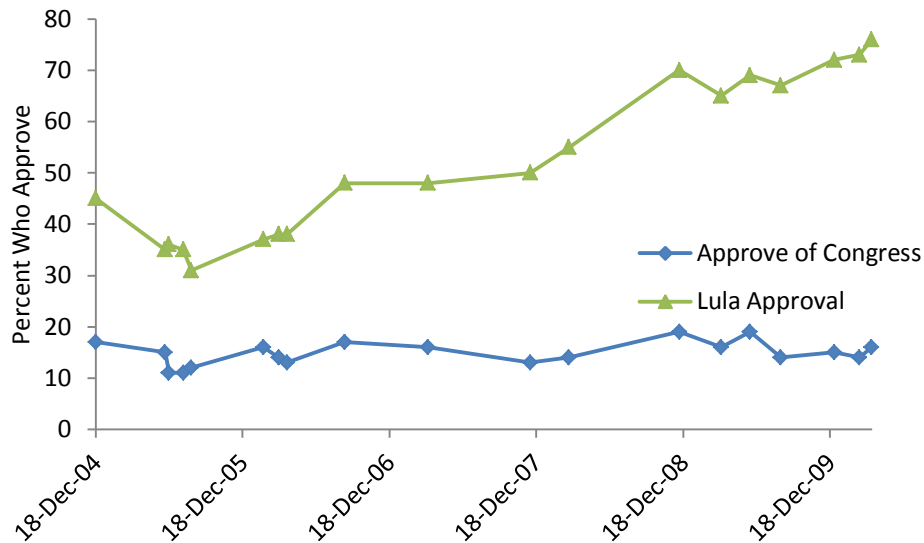
consistently received higher approval ratings and lower disapproval ratings than congress. This relationship matters here because Datafolha did not poll voters on what they thought of congress between August 12, 2005, and February 7, 2006. It did, however, conduct a presidential approval poll in late October 2005—the week following the announcements by the ethics commission and the resignations to avoid the ethics commission. In that poll, Lula received the highest *disapproval* rating of his term, 28 percent, and the lowest approval rating of his term, also 28 percent.

**Figure 4.1 Public Disapproval of President and Congress during the Mensalão Scandal**



Over the long term, the relationship between presidential approval and support for the congress is unclear. Far less data is available on congressional approval, and the data begin after the start of Lula’s term and end once he left office. Further, Lula’s immense personal popularity at the end of his second term, itself an exceptional trend, causes his approval rating to become independent of the congress’s from October 2006 on.

Figure 4.2 Lula and Congressional Approval Rating, 2004-2010



Nonetheless, during the *Mensalão* period, Lula and the congress’s ratings seem to track each other. Indeed, the two are highly correlated in the period of intense polling that began with the post office scandal in early 2005.

One of the most interesting things about public opinion during the *Mensalão* scandal is its responsiveness to events in the congress. In January 2004, disapproval of the congress had stood at 22 percent. Because Datafolha did not poll voters on what they thought of congress before that time, it is not possible to say whether 22 percent was an especially high or low disapproval rating. By early June 2005, just days before Jefferson’s accusations landed in the papers, Datafolha registered a 38 percent disapproval rating, likely elevated because of the post office scandal. The company ran two polls immediately after the *Mensalão* scandal broke, registering a ten-point increase in voter disapproval of congress within about five weeks.

At the end of the summer, Datafolha found that 48 percent of Brazilian voters believed that congress was doing a bad job. Only twelve percent believed things were going alright in Brasília.

Unfortunately, Datafolha did not conduct another survey about congress until February of 2006. Voter disapproval had declined since the summer, but quickly rose again, jumping eight points in early March and six more in early April. (Datafolha seems to launch opinion studies whenever it suspects that public opinion is shifting.) In March, the congressional ethics commission had begun issuing its recommendations, and the chamber had begun voting on whether to expel members accused of involvement in the *Mensalão*. Four were exonerated by the congress in those weeks, including the head of the PL and the former leader of the PT in the chamber. One PT deputy had risen from her seat to celebrate the acquittal of another PT colleague; the press quickly labeled her giddy steps a “pizza dance” in honor of the exonerated deputy. On television, Congress appeared to be a place where criminals went free. Disapproval hit 47 percent in early April.

Not every deputy who had been involved was acquitted or resigned. But those who were expelled lost their seats much earlier in the process than those who were ultimately acquitted: Jefferson was kicked out in September 2005, José Dirceu, who was still a deputy while serving as a cabinet minister, was expelled in December 2005. Even though one deputy did lose his seat in the flood of votes taken in late March, most of the votes that month kept congressmen in their places. The apparent glee with which deputies celebrated the exoneration of colleagues whose alleged crimes had been detailed in public and barely denied (Recall that Marcos Valério’s defense was to claim that he had simply engaged in illicit accounting practices.) would upset any voter who disliked corruption. The opinion polling data suggest that voters *did* react negatively to these examples of impunity.



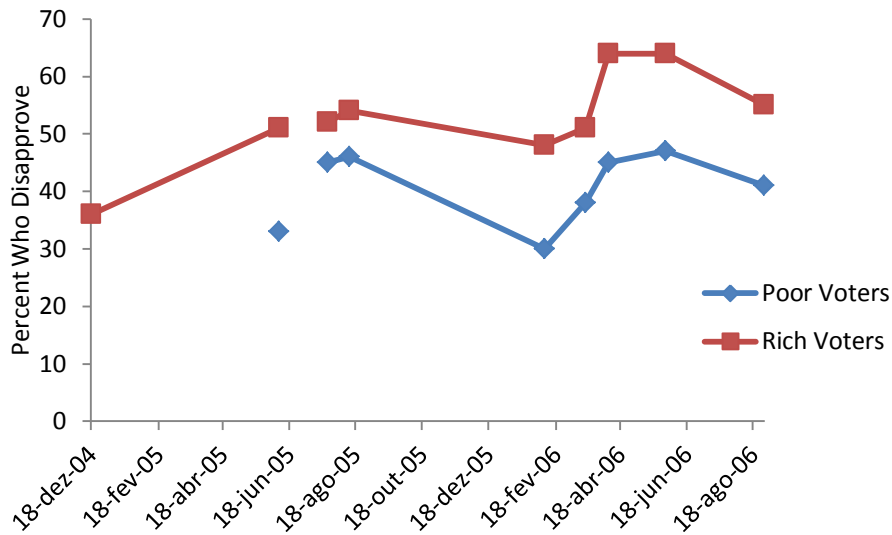
## Regional differences, the poor, and “*Rouba, más faz*”

One of the truisms of Brazilian political reporting is an interesting, condescending assertion about the poor. In interviews with reporters, political scientists, and opposition sympathizers I would ask why corrupt politicians were often reelected. They would respond by explaining that poor Brazilians think of politicians in terms of what they have brought or are likely to bring to them personally—a standard assumption in the political science literature since Downs (1957). The difference for Brazilian poor is that personal benefit is their sole criterion, such that when presented with evidence of misuse of public money, these voters respond “*rouba, más faz*”: “he (or she) steals, but gets things done.” (Weber and Leali, Interview Aug 2011). Poor voters, it is assumed, place no value on probity in public administration.

Such an assumption does not seem outside the bounds of rational voting theory. If voters believe that they get more from some policy than they might lose from corruption, it would be rational to vote for the corrupt politician whose work benefits them. A *Bolsa* recipient would vote PT if she thought that her vote would keep the money flowing—even if the corruption allegations disturbed her. Interestingly, another maxim casts the same kind of attitude in terms that might appeal to middle-class merchants: “To govern is to build roads,” a phrase once uttered by a São Paulo governor and recently repeated as a reminder to the government in *Jornal do Comércio*, southern Brazil’s equivalent to the *Wall Street Journal* (5/19/2010). Both maxims assume that the frequent reelection of corrupt politicians is a sign that Brazilian voters do not care very much about corruption; they locate that indifference in a single-minded search for personal benefits. Neither explanation considers how institutional factors may greatly increase the likelihood that a deputy would escape punishment.

The claim that poor Brazilian voters care less about corruption is testable. Datafolha’s congressional approval polls break the results down by income.

**Figure 4.3 Congressional Disapproval During the Mensalão Scandal, by income**



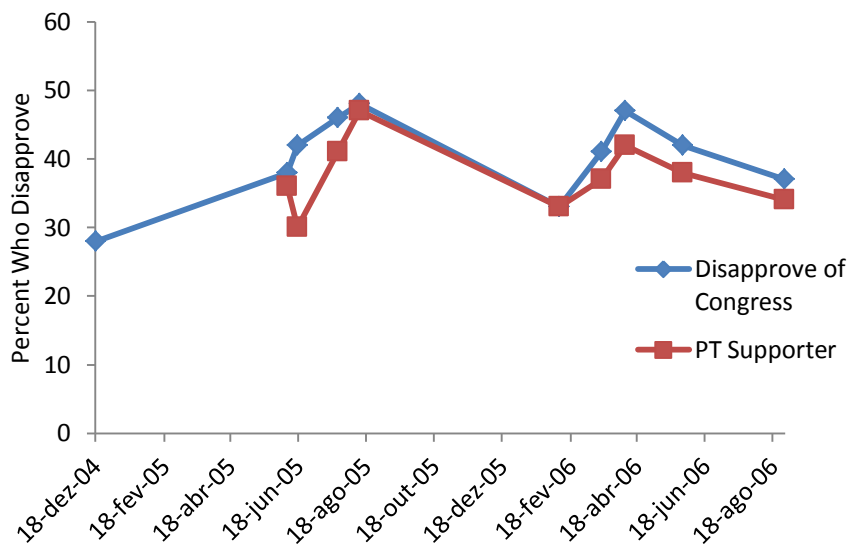
Rich voters are indeed more likely to disapprove of the congress at any given time. However, the level of disapproval seems to vary at similar rates among both groups. When the rich are becoming increasingly dissatisfied with the performance of congress, the poor are, too. Dissatisfaction peaks among the rich in the poll taken in mid-March 2006, just after the acquittals, and it peaks among the poor at the same time. Although the set of available comparisons is limited, it is clear from the graph that both rich and poor Brazilian voters react to news about corruption in congress by becoming increasingly dissatisfied with lawmakers.

Comparing rich and poor Brazilians thus reveals that both groups react similarly to corruption, but their baseline disapproval ratings are different. Cesar Zucco's (2008; 2010) municipal-level results suggest that there may be greater support for the government in poorer municipalities because municipalities in poorer regions tend to depend more on federal transfers than others. He notes that Lula's vote share in 2006 (but not 2002) was highest in places where local tax revenues were a smaller share of the municipality's overall revenue—implying a relationship between federal transfers and support for the incumbent. This phenomenon could

manifest in individual polling data if political leaders in municipalities that were more dependent on the federal government expressed regular support for the federal government.

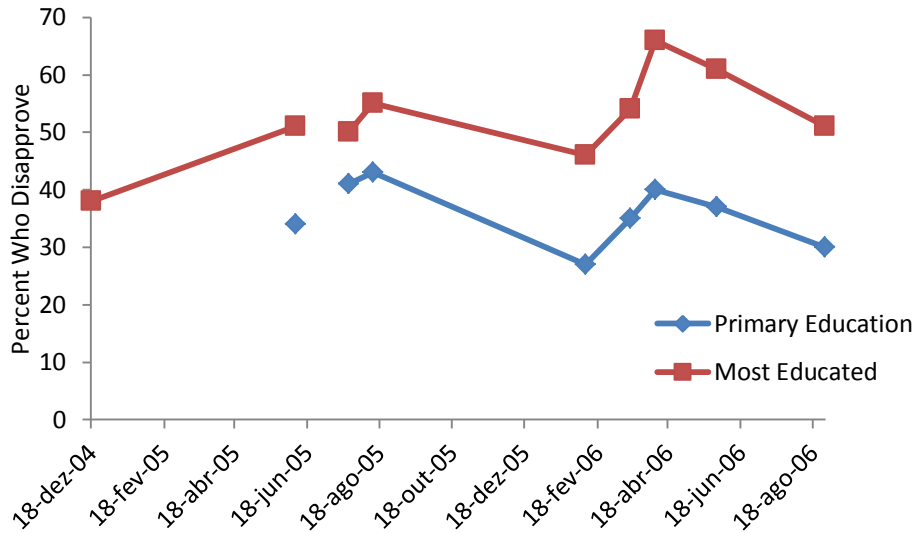
Another common explanation for the difference in natural disapproval level between rich and poor hinges on education. This explanation, mentioned by editors at *O Globo* in Brasília (Weber and Leali, Interview August 2011), holds that while less-educated voters may not approve of corruption, they are less likely to know about it and, if they are at the lowest ends of the education spectrum, may not understand why the accusations matter. Another reason to consider education is that it may affect individual opinions in a way different from wealth. Profiles of the PT sometimes describe its base as being composed of two types, one of which is the middle-class, highly educated leftist intellectual. If such people are common, they may cause the relationship between education and disapproval to differ from the relationship that seems to exist between wealth and disapproval. In fact, PT sympathizers tended to disapprove of congress less often than average during the *Mensalão* period.

**Figure 4.4 Congressional Disapproval during the Mensalão Scandal, PT Supporter vs. National Average**



Although the difference is slight, it is visible and consistent with Holzhaecker and Balbachevsky's (2007) finding that evaluations of the government were affected by correlates of PT support. Interestingly, the relationship between education and disapproval is almost identical to the relationship between income and disapproval.

**Figure 4.5 Congressional Disapproval during the Mensalão Scandal, by education level**

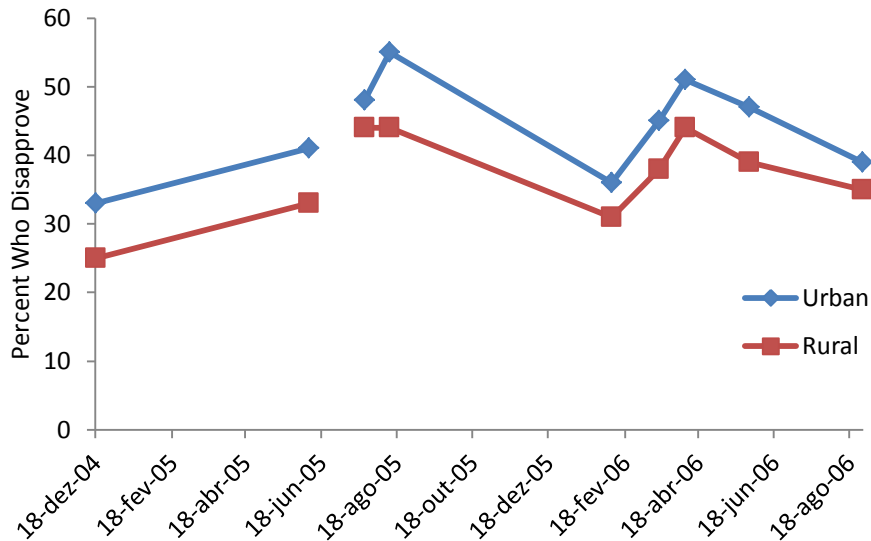


The similarity suggests that income and education capture something similar. This is consistent with education being a strong predictor of income, and vice versa.

A final explanation for the divergence between rich and poor notes that Brazil's poor tend to be dispersed in underserved, rural regions. This theory provides a physical explanation for the difference: people in rural areas with poor roads have a hard time getting newspapers, and are therefore more likely to be uninformed. If the default response of a person who does not know much about the congress is to say that it is doing "okay," then rural people with less access to information are less likely to say that the congress is doing a poor job, but those who do have access to information are as likely to disapprove as any other person with knowledge of the scandal. This version of the "poor voters are different" theory has the advantage of assuming that

voters are similarly inclined against corruption, and differ only in terms of their access to information.

**Figure 4.6 Congressional Disapproval during the Mensalão Scandal, by population density**

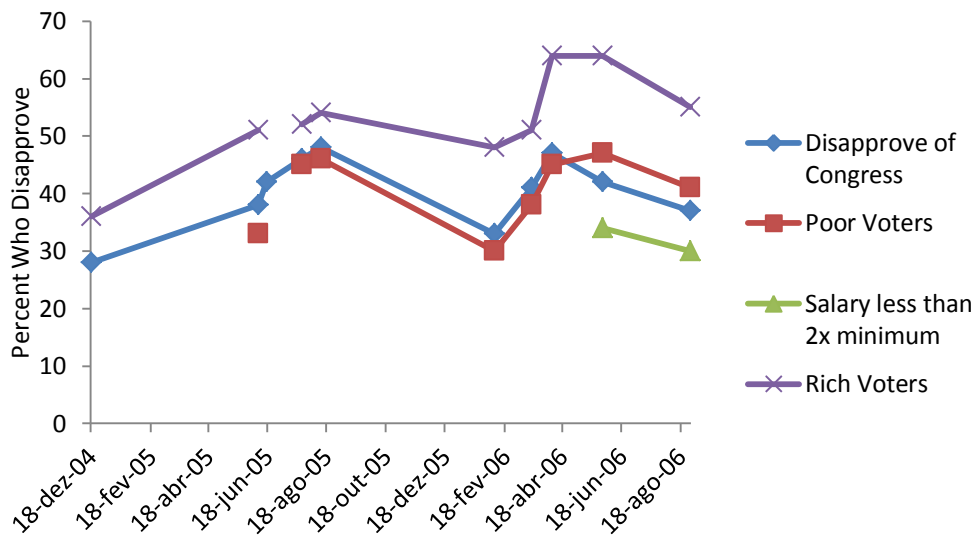


Comparing urban and rural respondents produces a small gap, a result that does not follow from the hypothesis that living in a rural area has a large impact on voters’ ability to gain information about their representatives. Further, people who are so isolated that they are unable to get information from newspapers or television are unlikely to be contacted in a national opinion poll. If living in a rural area does affect knowledge of current events, the Datafolha surveys might not capture it adequately, because the urban-rural distinction as they define it labels whole municipalities as either “urban” or “rural,” failing to distinguish between types of communities (e.g. between living in the city center and living in a semi-rural section of a greater metropolitan area). Such broad definitions of “urban” and “rural” ensure that each varies too much in itself to provide accurate information about responses.

In most of the Datafolha polls conducted during the *Mensalão* period, “poor” was defined as living in a household with a combined monthly income at or below five monthly minimum

salaries (R\$1,750 in 2006 *reais*). That standard fails to distinguish between people living near poverty and those receiving government assistance—a key demographic for understanding the relationship between the *Bolsa* and public opinion. Two polls conducted in the summer of 2006 did distinguish between respondents who made between zero and two minimum salaries and those who made between two and five. With those demographics included it is possible to see that the previous measure of poor peoples’ support for the government likely underestimated the gap between the rich and the very poor, who make up a sizable part of the electorate.

**Figure 4.7 Congressional Disapproval During the Mensalão Scandal, by Income Stratum**



In May, those who reported incomes of two or less times the minimum salary were 13 percent less likely to express dissatisfaction with the congress than were respondents in the next category up. They were 30 percent less likely to be dissatisfied than people in the top bracket of ten or more minimum monthly salaries. Such people were the closest to the *Bolsa* program eligibility threshold, and thus the most likely to receive program benefits or know someone else who did.

Overall, public opinion data reveal that the lower and upper classes respond in similar ways to accusations of corruption in congress. They also reveal that, at least during Lula’s first

term, wealthier respondents were at all times more likely to express dissatisfaction with the congress. The common theory that the poor are more tolerant of corruption does not fit the data well, given that the change in opinion for each group roughly tracks the other. If poorer voters indeed had a greater tolerance for corruption, in the sense that it is often expressed, that should manifest itself as a greater tolerance for marginal units of corruption, and would lead to more gently sloping increases and decreases in disapproval relative to the changes in the rich's level of disapproval. The difference between rich and poor manifests itself as a difference in the baseline level of approval each group gives to the government, from which both groups deviate roughly equivalently. Differences in support for government policies like *Bolsa Família* and *Fome Zero*, and recognition of the role of government social policy improving the poor's standard of living, could help explain why these groups consistently diverge from each other, while also allowing the assumption that voters in each group are, on average, equally disgusted with corruption. If aggregate opinion can be compared to individual opinion, the data imply two profiles: the wealthy Brazilian voter who gains nothing from the PT government's social programs and is upset by corruption, and the poor voter whose anger at corruption is tempered by her desire to see the PT government's social policies continue. These profiles would be consistent with PT losses in southern Brazil and somewhat increased support outside of traditional constituencies.

### **The 2006 general elections**

After the *Mensalão* had worked its way through congress and led to the expulsion of the president's chief of staff, it would be logical to assume that the same voters who registered their disapproval with the president's administration and, for the most part, thought that the congress was doing a "bad" job, would also hold a lower opinion of the party that led congress and held the presidency. If the Datafolha polls say anything about the electorate as a whole, they suggest

that by the end of August 2006, anti-incumbent sentiment far outweighed feelings of goodwill to the government and current congress. In this final poll before the October general election, 17 percent of respondents approved of congress, while 37 percent said it was doing a terrible job. It should have been a bad year for incumbents.

In the congress, it was, and the PT took a serious hit. After losing eight seats, the party fell to second-largest in the chamber of deputies, losing the right to lead the chamber and head the *mesa diretória*. The worst losses were for the PFL, which had been the second-largest overall, but lost 19 seats. This is quite surprising—while one PFL deputy had been named, then acquitted of wrongdoing for his involvement in the *Mensalão*, the PFL was an *opposition* party. If public anger was strongest at the architects of the scheme, then it would follow that the opposition would benefit in the next election, as long as turnout increased or remained constant. Instead, the leading opposition party fell from second place overall to tie with the other main opposition party, the PSDB, which itself lost five seats.

**Table 4.1 Party Performance in 2002 and 2006**

<b>Party</b>	<b>2002</b>	<b>Change</b>	<b>2006</b>
PT*	91	-8	83
PFL*	84	-19	65
PMDB*	75	+14	89
PSDB	70	-5	65
PPB (PP)*	49	-7	42
PL*	26	-3	23
PTB*	26	-4	22
PSB	22	+5	27
PDT	21	+3	24
PPS	15	+6	21
PCdoB	6	+7	13
PRONA	6	-4	2
PV	5	+8	13
PSC	1	+8	9
Other	11	+4	15

\* Indicates that at least one deputy from the party was accused in the *Mensalão*



Only one party that had won more than 20 seats in the 2002 elections managed to increase its share in 2006. That party was the PMDB, which won 89 seats in 2006, after taking 75 in 2002.<sup>30</sup> The PMDB's gains are hard to explain in the national context. Mainwaring and Scully (1995) note that the PMDB is an opportunistic party, one without a strong ideology. The party has joined the ruling coalition in every government since the reforms of 1988. Further, it was involved in the *Mensalão* scandal: José Borba, leader of the PMDB in the chamber of deputies, resigned to avoid the ethics commission investigation. Its victory in 2006 is a mystery, one that can perhaps be explained by its state-level alliances, or by the way it handled the departure of Borba, or by its control of five governorships (though a gubernatorial explanation would imply that the PSDB, which controlled more governorships than any other party, should have performed better than it did).

With the important, but difficult to explain exception of the PMDB, parties whose deputies were accused of involvement in the *Mensalão* lost on average of 14 percent of their seats (the percentage lost falls to eight percent if one includes the PMDB). Every party with more than 25 deputies in the chamber (except the PMDB) lost seats. When congress is doing a poor job in the minds of the voters, the big players take the losses. This in turn means smaller parties grow: six parties with fewer than 25 seats in 2002 managed to improve their seat share in 2006.

Seats won in the congress are a poor proxy for actual voting results, though they do give a sense of what happened. One of the interesting results of the 2006 elections was that the PT remained the most-voted party in Brazil—despite receiving two million fewer votes in 2006 than

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<sup>30</sup> Electoral data come from the website of Brazil's Supreme Electoral Tribunal, the TSE.

it had in 2002. That the PMDB, with 400,000 fewer votes, was able to win six seats more than the PT is an important reminder that the seat-allocation process takes place at the state level.

**Table 4.2 Total Votes Received 2002-2006, ranked by nominal performance**

Party	2002	Party	2006
PT	16,093,987	PT	13,989,859
PSDB	12,534,774	PMDB	13,580,517
PFL	11,706,231	PSDB	12,689,073
PMDB	11,692,011	PFL	10,182,308
PPB	6,840,041	PP	6,660,951
PSB	4,616,860	PSB	5,730,612
PDT	4,482,528	PDT	4,854,017
PTB	4,052,107	PTB	4,397,743
PL	3,780,259	PL	4,080,272
PPS	2,682,339	PPS	3,630,462

For testing the impact of the *Mensalão*, state-level results are the most helpful. Two phenomena should be observed if the *Mensalão* hurts candidates and their parties. First, the nominal votes received by the party will be lower in 2006 in states whose deputies were accused of involvement. Second, the candidates themselves will have lower total votes than they did in 2002. Because party votes received is the sum of votes received by its candidates, nominal votes for a party will decline if nominal votes for a candidate decline. An overall decline in votes for a party that is greater than the sum of the decrease in the number of votes won by a candidate accused of involvement in the scandal suggests that parties themselves suffer when candidates have been accused of corruption.

**Table 4.3 Nominal Votes for Accused Candidates**

Candidate	State	Party	2002 Nominal	2006 Nominal	Change
Valdemar da Costa Neto	SP	PL	158,479	104,157	-54,322
Professor Luizinho	SP	PTB	142,811	59,176	-83,635
Vadão Gomes	SP	PP	108,533	78,728	-29,805
Wanderval Santos	SP	PL	177,451	NA	NA
Jose Dircéu	SP	PT	556,563	NA	NA
João Paulo Cunha	SP	PT	196,143	177,056	-19,087

José Mentor	SP	PT	182,955	104,960	-77,995
Carlos Rodrigues	RJ	PL	192,640	NA	NA
Roberto Jefferson	RJ	PTB	40,685	NA	NA
Roberto Brant	MG	PFL	96,769	NA	NA
Roméu Queiroz	MG	PTB	76,867	NA	NA
João Magno	MG	PT	99,976	31,956	-68,020
José Borba	PR	PMDB	105,302	NA	NA
José Janene	PR	PP	119,501	NA	NA
Paulo Rocha	PA	PT	130,974	117,275	-13,699
Josias Gomes	BA	PT	75,338	42,771	-32,567
Sandro Mabel	GO	PMDB	147,387	108,629	-38,758
Pedro Henry	MT	PP	120,840	73,312	-47,528
Pedro Correa	PE	PP	66,172	NA	NA

The table shows that every deputy named in Jefferson’s testimony who ran for reelection in 2006 received fewer votes than he had in 2002. Though the differing sizes of state electorates make comparison of nominal votes lost a less-informative exercise, the share of the state-level vote has meaning across cases. Given that the average share of the state-level vote won by the nineteen accused deputies in 2002 was 2.14 percent (it was 2.63 percent for the subset who ran again in 2006), the average decline of 1.01 percent represents a very large decrease. Indeed, three of the ten who ran were not reelected (two of these were PT deputies; the other was from the PTB).

Yet seven of the ten were reelected, which raises an interesting paradox. The numbers show that the accused candidates lost a significant proportion of nominal votes, yet only a few failed to secure reelection. It is easy to see that three of the victorious candidates simply began with greater support: Paulo Rocha, Sandro Mabel, and Pedro Henry each had enough votes on their own in 2002 to win a seat outright. The other victors won because of the proportional representation system, which reallocates votes cast in favor of less-successful party candidates to a more-successful candidate of the same party until that person’s combined vote total exceeds the

number needed to win a seat. We may conclude that the three candidates with relatively small personal vote totals in both elections managed to win on both occasions by getting themselves high places on the party list, something that would have been relatively easy for an incumbent, regardless of his or her reputation.

The effect on state-level party vote share of having a *Mensalão*-associated candidate run for reelection is unclear. In some states, the decline in nominal votes for a party exceeded the decline in support for the candidate. In other states, nominal votes increased in spite of the candidate's losses. The results for the two parties most important to the scandal illustrate that the effect of the *Mensalão* is hard to tease out at the party level.

In 2006 Roberto Jefferson's PTB actually received 300,000 more votes than it had won in 2002, despite being at the center of the post office scandal and having been led by the man who invented the word *Mensalão*. Some of that increase PTB came from São Paulo, where overall votes for the party increased by 176,971, though the state's scandal-tainted deputy "Professor" Luizinho received 83,000 fewer votes than he had in 2002. A more surprising increase came in Rio de Janeiro state, home to Roberto Jefferson, where votes for the PTB nearly *doubled*, from 171,000 to over 330,000. Perhaps the party benefited from being able to claim that it was not running any of its notorious former deputies. Perhaps anti-PT voters supported the PTB precisely because Jefferson had revealed so much about the PT. It is hard to imagine a situation in this highly personalistic voting system (Carey and Shugart 1995) where a party could increase its vote share by so much after having two of its largest vote-getters (in the first and third-most populous states) declared ineligible to run for reelection. Whatever the case may be, the results of the 2006 election in Rio suggest that voters do not systematically punish *parties* for corrupt

actions of their deputies when those parties have not run on platforms emphasizing their greater probity.

### **The PT in 2006**

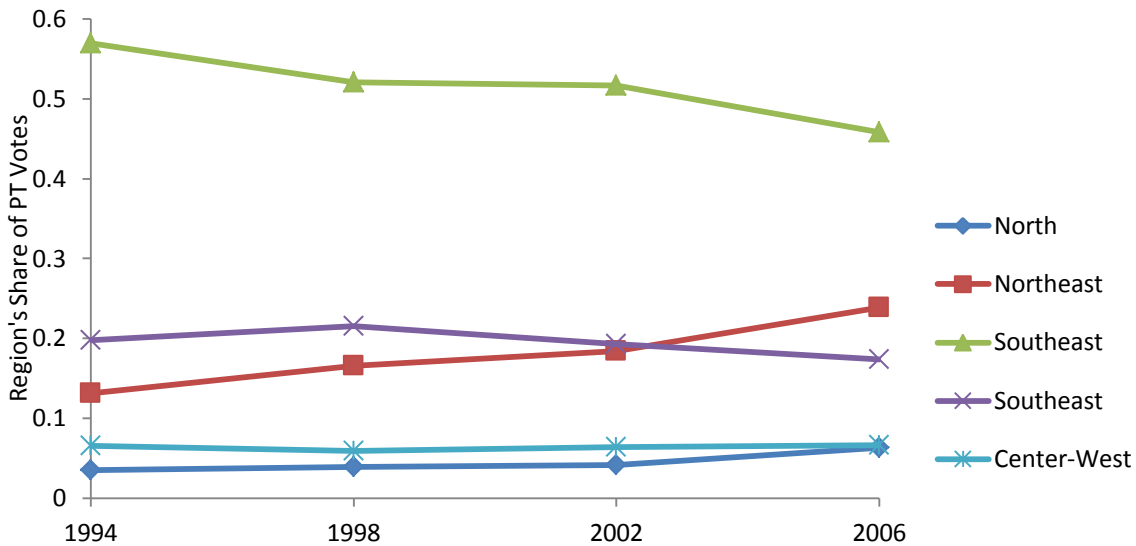
The PT lost nearly three million votes nationwide, and half of that decline can be accounted for by declines in two large states—São Paulo and Minas Gerais—where the party's nominal vote share declined by 1.06 million and 566,000, respectively. A little less than ten percent of the decline in São Paulo can be attributed to declines in the number of votes won by the two PT candidates in that state who had been named. A much larger portion of the decline can be explained by the absence from the race of José Dirceu. Dirceu, the supposed architect of the *Mensalão*, had been expelled from congress and was thus ineligible to run. In 2002, he had received more than 550,000 votes in the state, the second-highest number of votes won by any *paulista* candidate for federal deputy that year. Though it is impossible to determine from the data what percentage of former Dirceu voters cast their votes for non-PT candidates in 2006, the absence of such a strong candidate, and the fact that such a high-profile member of the São Paulo PT had been kicked out of congress, must have accounted for a large portion of the PT's relative losses in that state.

That a very large portion of the PT's loss came from São Paulo and Minas Gerais is not a surprise. The two states account for 23 percent of Brazil's population, and in 2002, 44 percent of PT votes were cast in those two states. If voters were upset at the PT, the largest nominal swings would come in places with the largest electorates and, likely, the places with the largest number of previous PT votes. Interestingly, the role of *paulista* and *mineiro* voters in the overall PT vote declined in 2006. That year, 39 percent of PT voters lived in either Minas Gerais or São Paulo. The share of *paulista* and *mineiro* votes as part of the overall number of PT votes could decline if

the percent decline in PT support in those two states was greater than elsewhere, if the PT grew stronger in other states between 2002 and 2006, or if both trends were occurring simultaneously.

The data do not clarify which is the case, but they do reveal a distinct regional trend.

**Figure 4.7 Relative importance of statistical region in PT national votes, 1994-2006**

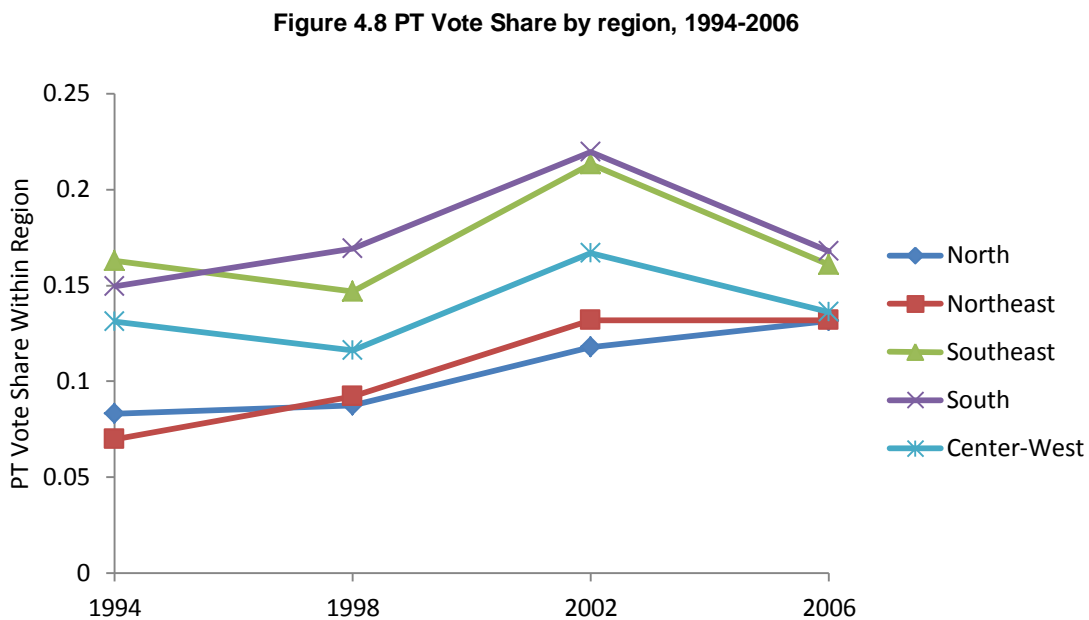


Over the twelve years covered, the importance of the Southeast region, which includes São Paulo and Minas Gerais, declined each election. This is partly a reflection of the fact that when the PT was a small party (it received 5.96 million votes in 1994), its base was in São Paulo and it reached mostly educated and labor union voters, groups concentrated in the Southeast. The data may thus reflect only the natural decline in the weight of base regions as the party expands beyond those base regions.

The chart above is limited because it does not weight the states by population. The Southeast region contains the three most populous states in Brazil, accounting for 42 percent of the country's population, while the Northeast contains about 28 percent, and the South, 14 percent, leaving less than ten percent in the smallest regions. Thus, even if the PT became the dominant party of one of the other regions, winning, say, 30 percent of the votes in the Center-

West, the relative weight of those victories would not create a large difference in the un-weighted table.

To understand where the PT was doing best at the state level, we look at the change in the PT's vote share. The graph below shows how the share of the state-level vote the PT received changed over time. States are pooled into the five statistical regions defined by the Brazilian census bureau.



The result shows that support for the PT grew fastest in the South and Southeast until 2002. After 2002, support for the PT declined most in the three regions where support, as measured by vote share, had been highest. In the Southeast, the PT's share of the vote dropped by nearly five percent, from 21 percent to 16. In the rural impoverished North, it rose from 11.7 to 13.1 percent, and in the similarly rural and impoverished Northeast, the PT vote share stayed at 13.2 percent of the total. These results are consistent with the narrative that attributes PT gains in poor places to the *Bolsa*, and locates PT losses in the fallout from the *Mensalão* scandal.

## Conclusion

The results of the polling presented in this chapter suggest that Brazilian voters care about corruption. They also suggest that the relationship between class and government approval is complicated. Because the movement in government approval was roughly the same across voter categories, theories of voter preference that claim poor voters are more tolerant of corruption, or that rural voters are unaware of it, have little explanatory. If they were correct, the approval would not trend the same way across categories.

Those differences that do exist are consistent with their being another force with differing effects on different groups' baseline levels of support for Lula and the PT. *Bolsa Família* is exactly the kind of policy that would do this. Poor voters care about corruption in the same way wealthier voters do—which is why their support for Lula and the PT trended upwards and downwards with support among other groups—but have a compelling reason to evaluate the government more favorably overall.

This in turn raises a new question: how much did *Bolsa* money matter in the 2006 election? And how much has it mattered since? The next chapter attempts to quantify the relationship between the *Bolsa* program and support for the PT in the two elections that have taken place since the *Mensalão* scandal and the *Bolsa* together changed the PT electorate.



# Modeling the Political Impact of the *Bolsa Família* Program

The final goal of this paper is to test whether the *Bolsa* program has generated support for the PT among poor voters across Brazil. So far, the paper has covered how the *Bolsa* program works, its possible clientelistic uses, and extant theories on how the program affects voting patterns in presidential elections. In the presidential election literature, Lula's victory coinciding with PT losses raised doubts about whether the program played a meaningful role in partisan (as opposed to personal) politics. The discussion of the PT's reputation, alongside a dissection of the 2005 *Mensalão* scandal illustrated the primary reason for the PT's losses in 2006. If the *Bolsa* had political benefits for PT deputy candidates, those benefits did not result in the party winning more congressional seats because the scandal unseated more *petistas* than the *Bolsa* put into office. Soares and Terron's work (2008; 2010) in particular suggested that a new pro-PT electorate formed in the Northeast as a result of *Bolsa* money, while support in southern Brazil either declined or remained constant.

To see whether the *Bolsa* has played this role, it is first necessary to determine whether there is a substantive relationship between the *Bolsa* program and PT electoral results. To do this, I borrow from the approach pioneered by Nicolau and Peixoto (2007), this time using a multivariate linear model to test the influence of the *Bolsa* program's scope on PT electoral performance at the municipal level.

The model is premised on the hypothesis that the *Bolsa* program caused many voters to choose the PT in 2006 and 2010. I expect the program's effects to be greater in 2006, when it counteracted the decline in support from wealthy, southern voters, and was primarily supported by the PT, and smaller in 2010, when most candidates supported maintaining or expanding the

program. The electoral effects of *Bolsa* money on PT support may be diluted in 2010 by the lack of opposition to the program.

### **Dependent Variable**

In every model used, the dependent variable is *PT Vote Share*, the share of votes won by PT candidates in each of the 5,280 municipalities that reported voting returns in 2006 and 2010. Information on *PT Vote Share* in 2010<sup>31</sup> comes from Brazil's Supreme Electoral Court, the body that administers elections and handles allegations of electoral fraud. *PT Vote Share* numbers for 2006 come from the Institute for Applied Economic Studies, a government think tank.<sup>32</sup>

The hypothesis that *Bolsa* money increases voter support for the PT implies an expectation that *PT Vote Share* increases linearly with measures of the *Bolsa* program's scope.

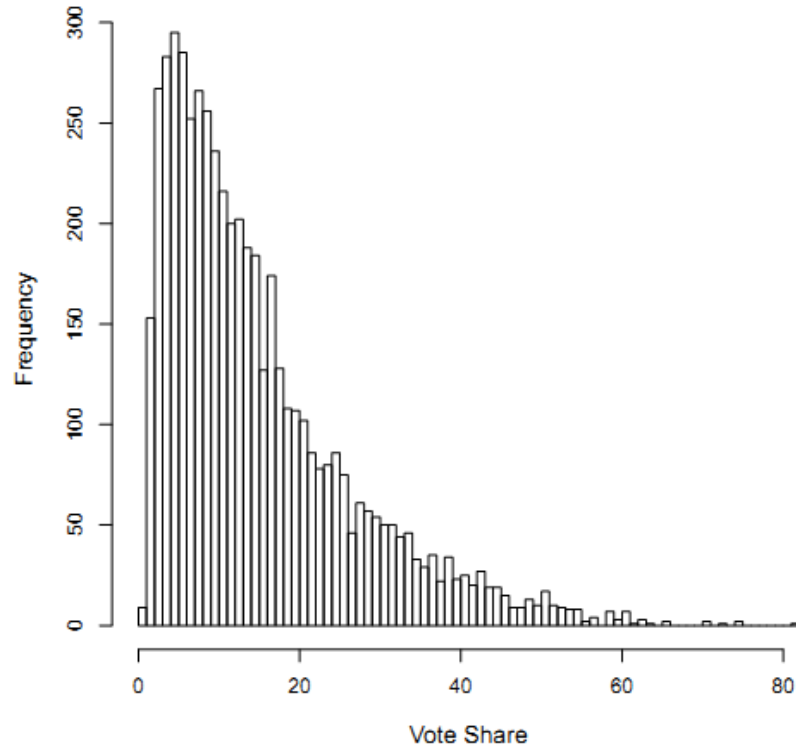
A look at a histogram of the *PT Vote Share* variable reveals that it is not normally distributed.

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<sup>31</sup> The 2010 vote share value was computed manually from the reported number of “nominal votes”—the number of votes received by candidates who exceeded the threshold needed to win a seat outright—plus the number of “party votes” (*votos legendas*)—which are the votes initially cast for particular candidates but redistributed (because they are in excess of the winning threshold or fail to sum to that threshold) to others of the same party according to their place on the party's list. This sum divided by the number of party and nominal votes cast in a municipality produces the PT's vote share in the city that year.

<sup>32</sup> IPEA performed the vote share calculation itself; they derived the number from the process described in the previous note.

Figure 5.1 Histogram of PT's Municipal Vote Share in 2006



This distribution is a first sign that the residuals of the fitted ordinary least-squares model in which the variable will be used may not be normally distributed. This would violate the assumptions underlying the procedure and weaken the model's explanatory power.

## Independent Variables

### Measures of the *Bolsa's* Scope

There are several ways that the *Bolsa's* reach within a community can be measured. Two measures focus solely on the share of the population receives benefits. The first of these is *PBF Household Share*, the percentage of households within a municipality<sup>33</sup> that receive *Bolsa* benefits. The value of *PBF Household Share* is the number of households within a municipality listed by the Ministry of Social Development as households that receive *Bolsa* program benefits

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<sup>33</sup> The municipality, "*município*," is a unit of government roughly equivalent to a consolidated city-county. Municipal boundaries are set by the federal government. Article 23 of the 1988 constitution sets norms of municipal administration for all municipalities in Brazil; municipal elections occur simultaneously nationwide two years after each presidential election.

divided by the census bureau's count of households within a community. This measure has the disadvantage of not comparing the beneficiary population to an accurate count of the population as a whole. Also, MDS only reported the number of beneficiary households for about half of Brazil's cities in 2006. While most municipalities did receive some *Bolsa* money (a fact corroborated by the relatively small increase in the number of total beneficiaries between 2006 and 2011), many of them did not report current enrollment to MDS in 2006. By 2010, nearly all municipalities reported the number of households receiving benefits.

To account for possible discrepancies, an alternative model could rely on *PBF Population Share*. This variable is the number of households on the *Bolsa* rolls in a given municipality multiplied by the average number of persons per household (in Brazil, 3.9 persons), the product of which is divided by the official census calculation of the city's population. The total population living in beneficiary households is not supplied by MDS because the ministry keeps benefit records in the name of the head of household. Although the application form provides information about dependents, that information is used in the pre-screening process when MDS officials decide whether or not a family is eligible and how much they will receive. Even though the names of beneficiaries are a matter of public record, the information that goes into individual benefit decisions is not readily available. Further, the program only tracks children and wage earners within households, and does not account for adult dependents. Thus, the number of people living in *Bolsa* households must be derived from the number of households. *PBF Population Share* may be inaccurate if some cities have average household sizes that deviate substantially from the national average. As a derivative of *PBF Household Share*, it may not be substantially different conceptually, and its potential inaccuracies weaken

its reliability. Nevertheless, looking at the *Bolsa* program in terms of its reach within the population (rather than among households) may provide a useful lens.

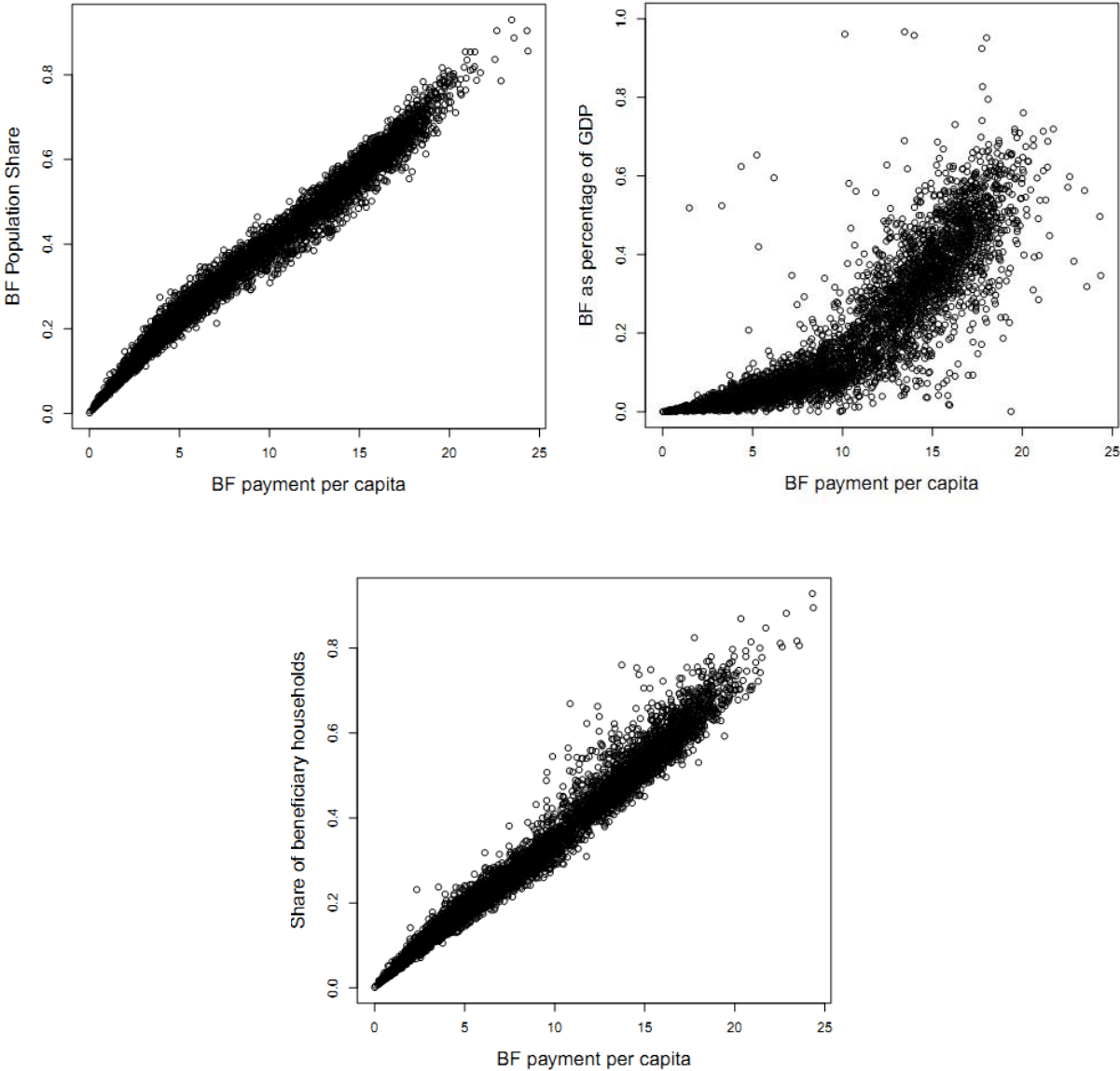
Measuring the share of the population receiving benefits may fail to capture the importance of the program to the local economy, and provides no information about whether the beneficiaries are drawing the maximum benefit (which would indicate they are extremely poor) or fall only slightly below the eligibility threshold. One way to measure the *Bolsa*'s overall impact is with *PBF Payment Per Capita*, which is the total value of benefit payments disbursed within a municipality divided by that municipality's population. Where this is high, the *Bolsa* program is reaching many people or paying large benefits. This measure has the disadvantage of not providing any indication of how widely program benefits are distributed—a community with a moderate number of very poor *Bolsa* recipients would be indistinguishable from one where the *Bolsa* reaches many people who are less needy.

A final possible measure of the *Bolsa* program's importance looks at its share of municipal GDP. In the poorest communities, *Bolsa* money makes up a substantial portion of municipal income. These communities may be more likely to have mayors who talk about the *Bolsa* program and campaign on behalf of PT candidates; the benefits to such communities from the program are greater than in any others. Thus, *PBF GDP Share*, the percentage of municipal GDP accounted for by *Bolsa* funds, may capture the program's importance at the municipal level in ways that the other measures do not. Unfortunately, *PBF GDP Share* is likely to diminish with the size of the municipality—large cities have more sources of income while *Bolsa* benefits are capped—which makes the variable a function of both *Bolsa* scope and city size.

Each of the four measures of *Bolsa* scope track roughly the same thing, and the four are highly correlated. Below are scatterplots comparing the relationship between *PBF Payment Per*

Capita with the three other possible measures of the *Bolsa* program's scope. The relationship between payment per capita and share of the population receiving benefits is more linear than the relationship between per capita payment and the percentage of a city's GDP accounted by benefits because the determinants of payment levels and benefit reach are roughly the same, while changes in *Bolsa* GDP share may be the result of changes in either benefit levels or economic conditions.

Figure 5.2 Scatter plots of per capita *Bolsa* payment and correlated explanatory variables



This paper focuses on *PBF Payment Per Capita* because, more than any other measure of *Bolsa* program scope, it provides information about the breadth and depth of the government's response to municipal-level poverty. Even though the measure cannot distinguish between communities with deep poverty and those with broad but less serious poverty, the scatterplots above suggest that *PBF Payment Per Capita* captures most of the information provided by measures of the percentage of residents receiving benefits, while accounting to some degree for the importance of the program in the economic life of the community. The measure of the *Bolsa* as a share of municipal GDP contains a number of extreme outliers, many of which were excluded from the scatterplot above. Those outliers reflect a more serious problem for that variable as a candidate for inclusion in a linear regression model—it is not normally distributed. Instead, as might be expected of a variable that is the quotient of a usually small, capped value (the *Bolsa* budget) and a value with no upper limit (GDP), it resembles a Poisson or beta distribution.

When comparing the role of *PBF Payment Per Capita* in the 2006 and 2010 elections, it is important to keep in mind that the distribution of the variable changed over time. Because the *Bolsa* program's budget increased repeatedly after its inception (and continues to increase), the average benefit per person has increased. This, along with repeated changes to the eligibility line, has greatly increased the amount of money allocated to municipalities over time. In 2006, the average value of the per capita *Bolsa* budget at the municipal level<sup>34</sup> was R\$5.43. By 2010, that value had increased to R\$9.28—almost double the level in the year of Lula's reelection.

Because the *PBF Payment Per Capita* variable is the principal variable of interest in a multivariate regression model, it is important to examine its characteristics. Unfortunately, the

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<sup>34</sup> This value is computed over the whole population of the city, not over the number of *Bolsa* beneficiaries. In other words, it is *not* the average benefit MDS paid to *Bolsa* recipients in a given city.

variable has a bimodal distribution. Using a variable with a non-normal distribution could violate the assumptions underlying linear regression (Hanushek and Jackson 1977), but because the most logical alternative—the measures of population or household share receiving benefits—are also bimodally distributed, the data leave the choice of either omitting any analysis of *Bolsa* program’s effects, or pushing forward knowing that the data are not ideal for the tests I am able to carry out. Performing the D’Agostino-Pearson omnibus test<sup>35</sup> for normality on *PBF Payment Per Capita* and *PBF Share* confirms that neither variable is normally distributed. Although *PBF Share* departs from normality less than does *PBF Payment Per Capita*, the omnibus test statistic is useful only for showing whether or not a tested distribution approximates a normal distribution, and should not be used for deciding between two confirmedly non-normal variables.

### **Control Variables**

Other possible explanations for the PT’s performance are accounted for in the models. Because voters who dislike Lula are less likely to like the PT, and to a lesser extent because voters who like Lula are more likely to vote PT, Lula’s vote share at the municipal level might explain some of the variation in the PT’s electoral performance. It is included as a control.

Because established party organizations and incumbency play an important role in party performance, previous success in an area will likely have a strong, positive impact on subsequent electoral performance. Some versions of the model include the PT’s previous municipal vote share with the variable *PT Vote Share (Year)*.

Previous studies of the *Bolsa*’s electoral effects and the PT suggest that wealth level affects the likelihood that a person will support the PT. These effects are pronounced at the individual level but may be diluted when taken in the aggregate. It is nevertheless worthwhile to

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<sup>35</sup> The D’Agostino-Pearson omnibus test measures the degree to which a variable departs from normality. The omnibus statistic equals the squared sum of the tested distribution’s skewness and kurtosis. A higher omnibus value indicates a greater departure from normality.



include a measure of municipal wealth, to test whether municipalities' voting profiles were products of both social policy and overall wealth. All models that include this variable use a measure of median per capita income.

Three more control variables test whether known correlates of poverty have their own special consequences for PT vote share. The percentage of the municipal population with houses in rural areas, the percentage of people who were illiterate, and the percentage living in inadequate housing all increase in areas with high poverty, and thus are highly correlated with per capita *Bolsa* payment. Because Zucco (2008) suggested that rural voters are inherently pro-government, and because so many authors believed lack of access to information played a role in the PT's improvement among the poorest voters, the models include the share of people living in rural areas and the illiteracy rate as proxies for these phenomena. Inadequate housing is included as an additional measure of the depth of poverty within a municipality.

Two final variables test the influence of age and social security on the PT's electoral performance. Bohn (2011) argued that Lula's Statute of the Elderly and expansions to social security turned older voters toward the PT. *Percent receiving BPC* measures the share of the municipal population benefiting from the Continuous Benefit social security program. Because most BPC beneficiaries are elderly, and the program provides the principal reason for thinking that elderly voters came around to the PT, it is not necessary to include the share of elderly persons among the population alongside the share of people receiving the BPC. Because Bohn also suggested that the youngest voters preferred the PT, the model includes a measure of the share of the population aged 15 – 24, a useful proxy for the youngest group of voters (aged 16 – 24).

A final set of models includes a *Mensalão* variable, a dichotomous variable that indicates whether a given municipality is in a state that had at least one federal deputy involved in the 2005 scandal. Because the presence of a PT deputy or an allied deputy is more likely in states that have large PT support, this measure may be a poor proxy for the influence of the scandal, and may have a positive relationship with PT vote share at the municipal level. Ideally, it will have a negative impact on PT share; because existing PT support makes the presence of an implicated legislator more likely, a positive impact would not provide compelling evidence that voters were indifferent towards the scandal.

## Results

### 2006 and 2010 Compared on *Bolsa* payment per capita

Most of the analysis cited in earlier portions of this paper focused on the 2006 elections. Beginning with Hunter and Power (2007) and Nicolau and Peixoto (2007), political scientists looked for ways to explain why the incumbent president Lula won reelection after the *Mensalão* scandal. Their explanations were driven by an observation that the geography of Lula support had changed over time, and they focused on the *Bolsa Família* as an explanation for the northward drift of Lula support.

The following table presents a multivariate regression analysis testing whether there existed a relationship between measures of the *Bolsa* program's reach and the share of the vote won by the PT in the 5,146 municipalities that reported their election returns and *Bolsa* budgets in 2006.

**Table 5.1 PT Vote Share 2006**

	1	2	3	4	5	6	7
Intercept	11.726	6.119	6.949	4.801	4.646	1.093	-1.256
	0.991	1.212	0.778	0.955	1.029	1.796	1.849
Per capita <i>Bolsa</i> payment	-0.314	-0.553	-0.100	-0.190	-0.160	-0.130	-0.096
	0.079	0.084	0.062	0.066	0.076	0.077	0.077

Lula vote share		<i>0.097</i>		<i>0.038</i>	<i>0.039</i>	<i>0.040</i>	<i>0.041</i>
		0.012		0.010	0.010	0.010	0.010
PT vote share 2002			<i>0.698</i>	<i>0.693</i>	<i>0.692</i>	<i>0.691</i>	<i>0.696</i>
			0.012	0.012	0.013	0.013	0.012
Mensalão							<i>1.205</i>
							0.236
Median per capita income	0.002	<i>0.008</i>	<i>-0.012</i>	<i>-0.010</i>	<i>-0.010</i>	<i>-0.010</i>	<i>-0.006</i>
	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Percent rural	<i>0.031</i>	<i>0.042</i>	<i>0.022</i>	<i>0.026</i>	<i>0.020</i>	<i>0.032</i>	<i>0.039</i>
	0.007	0.007	0.006	0.006	0.007	0.007	0.007
Percent illiterate					-0.020	-0.022	-0.004
					0.025	0.025	0.025
Percent with inadequate housing					0.017	0.017	0.012
					0.010	0.010	0.010
Percent receiving BPC						0.883	0.758
						0.184	0.185
Percent aged 15-24						0.098	<i>0.127</i>
						0.073	0.073
Number of cities	5,146	5,145	5,145	5,137	5,135	5,135	5,134
	0.014	0.026	0.399	0.402	0.404	0.402	0.406

*Italicized* results significant at 5%

Standard errors appear below estimated coefficients

The results are surprising. In the simplest version of the model, increases in per capita *Bolsa* payments are associated with declining PT vote share. This result is consistent with the idea that PT supporters tend to concentrate in wealthier cities. Historic trends in PT support suggest that many of its strongest municipal-level results would be in highly urbanized, Southern municipalities. If even a handful of those municipalities remained major contributors to the PT's base (and, as the charts on the relative importance of regions indicated, they had), the relationship between the PT's vote share and the per capita *Bolsa* payment would likely be negative. Because *PBF Per Capita* is partly a measure of poverty, and the PT's strongest areas are non-poor, this model may fail to capture the true relationship between the *Bolsa* and PT

support; only one kind of PT supporter is, under this paper's working hypothesis, a *petista* because of the *Bolsa*. That voter is more likely to live in a community without a long tradition of PT support and a weak or nonexistent local party organization. The measure of per capita income was meant to control for this tendency; its failure to achieve significance (and failure to have more than a negligible estimated effect) suggests that median per capita income is a poor way to model the class determinants of PT preference.

By controlling for Lula's vote share in the election, the second model introduces a variable known to be highly positively correlated with *PBF Per Capita Benefit*. Because municipalities with high PT vote share usually had high Lula vote share, but municipalities with high Lula vote share only sometimes went strongly for the PT, Lula's vote share is weakly negatively correlated with the PT's share. Introducing Lula's vote share strengthens the negative predicted impact of *PBF Per Capita Benefit*. Although it is important to control for Lula's performance, his vote share is not independent of the PT's. The strong correlation between the *Bolsa* and Lula's performance means that Lula's vote share varies with both the dependent variable and the explanatory variable of greatest interest. Any electoral gains that went to the PT in 2006 because of the *Bolsa* program likely also went to Lula, and may have been captured by the *Lula 2006* variable to the detriment of accurate measurement of the *Bolsa*'s effect on the PT.

The complicated relationship between Lula's performance and that of his party means that it is worth considering a variation that excludes Lula while testing for the influence of past party performance. *PT Share 2002* turns out, unsurprisingly, to be a powerful predictor of PT performance in 2006. With this control included, the per capita *Bolsa* benefit's predicted impact drops precipitously and fails to achieve significance. *PT Share 2002* may be the best way to control for the class-based patterns historically present in PT voting, and could make it easier to

separate new votes related to the *Bolsa* from longtime PT support. The non-significant impact of *PBF Per Capita* in this model suggests that, once the PT's history has been accounted for, the *Bolsa* program's impact is unclear. Although that does not provide clear support for the claim that the *Bolsa* helped create new support for the PT, it also suggests that the initial results, which produced a strong negative relationship, did not account for the influence of the PT's middle-class base. The R-squared term in the models jumps precipitously once the PT's previous vote share is taken into account, as would be expected of any model that includes an explanatory variable highly correlated with the response.

Subsequent versions of the model attempt to control for different economic conditions that might have some bearing on the PT's performance independent of the *Bolsa* program. Each of these is fairly strongly correlated with the per capita *Bolsa* payment, and introducing them may increase to an unacceptable level predicted coefficients' sensitivity to small changes in the dependent variable. In these models, the *Bolsa*'s per capita payment is negatively related to the PT's vote share. The fact that the percentage of households receiving payments from the Continuous Benefit program is positively and significantly related to PT performance is a sign that Bohn (2011) was right to include this variable in her analysis of Lula's electoral performance. The importance of the Continuous Benefit hints at one explanation for the relative unimportance of the *Bolsa* program: the BPC provides a very large benefit (a full minimum monthly salary) to a very needy group of people (elderly or disabled people with monthly incomes below one-fourth the minimum salary) and has been in place since 1988.<sup>36</sup> The *Bolsa* program provides less money, reaches many households with only one voter (large numbers of children would increase per capita *Bolsa* payments without producing electoral effects), and has

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<sup>36</sup> Assistance of the kind currently provided by the *Benefício de Prestação Continuada* is guaranteed by Article 203 of the 1988 federal constitution.

been in place for only a short time. Lula's push for laws against age-discrimination amplified the age-group effects measured by the BPC variable, and those beneficiaries seem to have chosen the PT. It is important to keep in mind that in 75 percent of municipalities less than three-quarters of one percent of the population receive BPC benefits. Thus, the BPC's strong relationship with PT vote share does not mean that it had a strong impact on the absolute number of votes for the PT. Nonetheless, if the BPC program has a strong positive impact because it provides a large benefit and has been around for decades, the *Bolsa* program might have a smaller impact because it provides smaller benefits and is newer. If this is true, when the absolute value of *Bolsa* benefits increases, and the program becomes a more permanent fixture on the political scene, its importance in elections will increase. Such a result would be consistent with Stokes' (2005) finding that targeted benefits are more likely to influence voting when beneficiaries believe the benefits are permanent.

Taken together, the results of the linear model suggest three possibilities. First, in 2006, the *Bolsa* may have been causing low PT vote share. This is not consistent with current theories of voting behavior, and seems unlikely to be the case. Second, the tendency of wealthier municipalities to support the PT might have been stronger than the tendency of poorer ones to do the same—despite the scandal. *Bolsa* is concentrated in the Northeast, and the PT's support base is in the South. If the scandal reduced support in the South and the *Bolsa* increased support for the PT in the North, but the changes did not lead to the North becoming the PT's most important region, one would *expect* this model would find a negative relationship between PT support and the *Bolsa* program's scope. This relationship would be weakened, but not necessarily controlled for, by inclusion of the PT's 2002 vote share. A third interpretation would argue that the variables are poor proxies for what they are being used to study. The PT's vote share at the

municipal level might not be a good indicator of who is voting for the PT. In addition, the non-normal distributions of several variables might be weakening the estimates. This interpretation would hold that the results are inconclusive because they rely on inaccurate methods.

## 2010 Election

Comparison of a similar model for 2010 suggests that the relationship with per capita *Bolsa* payment in 2010 is positive and stronger than the predicted relationship in 2006. This would be consistent with the claim that as benefits grow and the program becomes a fixture of national politics, its effect on elections increases.<sup>37</sup>

**Table 5.2 PT Vote Share 2010**

	1	2	3	4	5	6
Intercept	<i>11.34</i>	<i>9.015</i>	2.889	2.065	3.998	3.19
	1.524	1.592	1.221	1.274	1.315	2.189
Per capita <i>Bolsa</i> payment	0.0301	<i>-0.187</i>	0.0961	0.039	<i>0.191</i>	<i>0.192</i>
	0.074	0.080	0.059	0.064	0.073	0.073
Dilma vote share		<i>0.076</i>		<i>0.028</i>	<i>0.032</i>	<i>0.033</i>
		0.015		0.012	0.012	0.012
PT vote share 2006			<i>0.726</i>	<i>0.723</i>	<i>0.714</i>	<i>0.713</i>
			0.013	0.013	0.013	0.013
Median per capita income	0.0054	0.005	0.0036	0.003	-3E-04	3E-04
	0.003	0.003	0.002	0.002	0.002	0.002
Percent rural	<i>0.0602</i>	<i>0.052</i>	<i>0.038</i>	<i>0.035</i>	<i>0.052</i>	<i>0.057</i>
	0.008	0.009	0.007	0.007	0.008	0.009
Percent illiterate					<i>-0.14</i>	<i>-0.13</i>
					0.030	0.030
Percent with inadequate housing					<i>-0.04</i>	<i>-0.04</i>
					0.012	0.012
Percent receiving BPC						0.352
						0.224
Percent aged 15-24						0.011
						0.086
Number of cities	5,149	5,148	5,145	5,144	5,137	5,135
R <sup>2</sup>	0.010	0.015	0.376	0.377	0.381	0.381

*Italicized* results significant at 5%

Standard errors appear below estimated coefficients

<sup>37</sup> The *Mensalão* variable is excluded because it is not assumed to have an effect on 2010 vote share.

In every model version that controls for previous PT vote share, higher *Bolsa* payments per capita are positively associated with the party's performance. Interestingly, these positive results become much stronger (and achieve significance) only after controlling for the proportion of the municipal population that is illiterate. The negative relationship between PT share and the proportion of illiterates within the population is most likely an artifact of the PT's longstanding strength in areas with low levels of dire poverty, if it indicates a meaningful relationship.

In the fullest versions of the model, the *Bolsa* measure was the second most important predictor of the PT's performance, after the party's performance in the previous election. Comparing the results of the models suggests that in 2010, the *Bolsa* program mattered more than it had in 2006. More importantly, changes in the *Bolsa* per capita payment accounted for a sizeable proportion of the variance in PT performance. If the test procedures have produced reliable estimates, it is safe to assert that the *Bolsa* program increased support for the PT in the 2010 congressional elections.

### **Discussion**

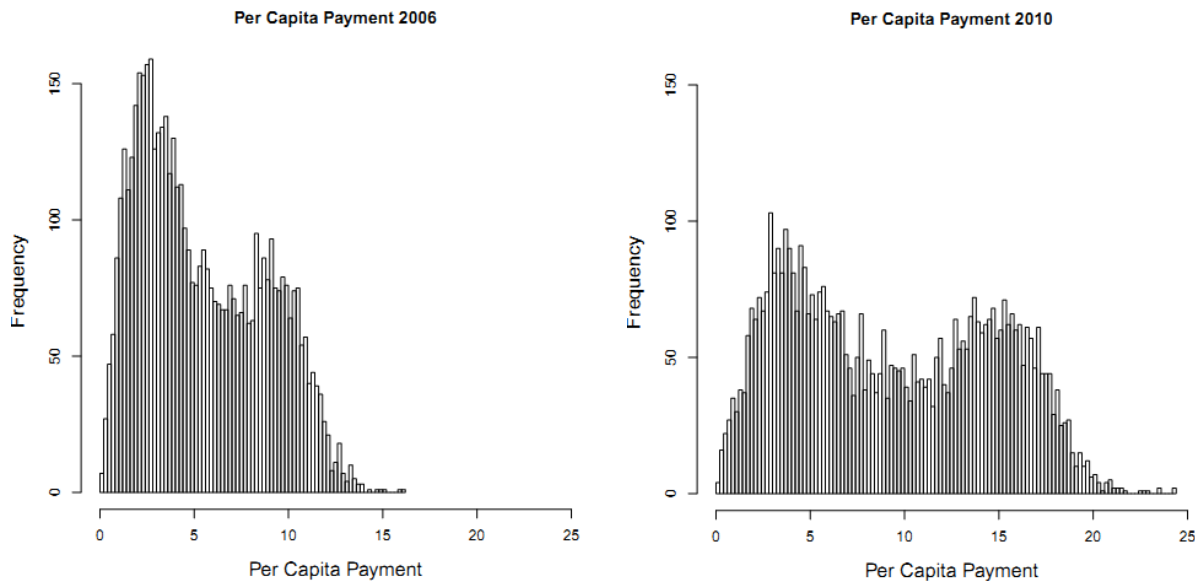
In 2006, the year in which experts attributed the greatest weight to the *Bolsa* program as an electoral tool, its municipal-level effects were limited to the presidential race. There, as previous authors have shown, it played an important role in bringing poorer voters into the Lula fold. The story in congressional races appears to be more complicated. From the beginning, the tenuous link between support for a presidential candidate and support for his or her party hinted that it would be difficult to establish a link between determinants of presidential and party performance.



Because of the emphasis placed on *Bolsa* by studies of the 2006 results, I expected it to fare well as a predictor of PT behavior, especially after the *Mensalão* scandal did so much harm to the PT's reputation. It seemed likely that the *Bolsa* would matter less in the 2010 election because, at least at the presidential level, no one seemed to oppose it. PT presidential candidate Dilma Rouseff's leading opponent, José Serra, had promised to expand the program. That unified opinion in favor of the *Bolsa* led to the hypothesis that voters would be less likely to associate the program with a particular party. The apparent increasing strength of the *Bolsa* at the congressional level suggests that, as *Bolsa* program benefits increase in value and the program eligibility line increases, it is having a larger, partisan effect on voting behavior.

The larger value of benefits and increasing number of beneficiaries is far and away the most important reason for the increasing salience of the *Bolsa* in elections.

**Figure 5.3 Histograms of *Bolsa* municipal budget per capita, 2006-2010**



Comparing histograms of the per capita *Bolsa* budget at the municipal level shows a dramatic expansion in the value of benefits paid and the range of program spending. The change reflects a

higher threshold income for *Bolsa* eligibility, nominal increases in the value of benefits paid, and, most importantly, the municipal-level divergences in program budget that result from a budgetary expansion along the program's objective criteria. These criteria mean that as the program expands, its budget profile differs more between municipalities; as the possible values of payments increases, the possible variance in payments across cities increases. As cities diverge from one another, measuring the relationship between the program and electoral returns becomes easier.

It may simply be this fact that accounted for the stronger results in the 2010 models. That is, the fact that per capita *Bolsa* payment varied more could explain why the program mattered more in 2010. Because, however, there is a straightforward causal story that explains why changes in the program profile affect voting, that story should be given full consideration.

If the *Bolsa* is coming to play a larger role in congressional elections, the lesson for understanding social policy's role in elections is that the number of people involved and the size of the benefit matter a great deal. Larger programs that provide more money per beneficiary (and provide benefits to more people) are more likely to affect voting patterns.

### **An Alternative Measure of *Bolsa* scope**

The models presented so far use the per-capita *Bolsa* program budget to measure the program's impact on communities. This variable was chosen because it incorporates information about the program's secondary economic impacts. The causal story underlying that choice is that *Bolsa* payments, and the economic growth that resulted from the addition of *Bolsa* money to local economies, both matter a great deal. The results are consistent with this—the *Bolsa*'s larger payments in 2010 would have been more compelling to individual voters and generated larger economic growth. It also suggests that the individual vote calculus of *Bolsa* beneficiaries might be the primary driver of *Bolsa*-related voting.

One way to test this is by incorporating the average benefit paid to recipient families. For understanding broad impacts of the *Bolsa* program, this variable is problematic, because unlike *PBF Per Capita Benefit*, it changes only when the per-family benefit is changed, and thus does not provide information about changes in the number of beneficiaries. The generality of *PBF Per Capita Benefit* is its most important attribute. Still, the previous results lead to the question of whether the program's changing impact on individual households can account for the between-year change.

In 2010, the *Bolsa* program paid, on average, R\$93.62 to each beneficiary family, nearly double the R\$58.17 per-family average in 2006. The size of this change is a compelling reason to attempt to look at the average payment on its own. If average payment is a better measure of the individual voter-level effects of the *Bolsa* program (which it would be if individual effects are more important than the combination of individual and secondary effects), we would expect its relationship to PT vote share to be stronger than the relationship between *PBF Payment Per Capita* and the PT's electoral performance. The new causal story suggested by the previous result would also suggest that the difference between the *Bolsa*'s effects in 2010 and 2006 will be greater when *Bolsa* is measured by average payment.<sup>38</sup>

**Figure 4.4 PT Vote Share in 2006, with average benefit**

	1	2	3	4	5	6	7	8
Intercept	-10.54	-14.12	4.607	2.689	3.197	-0.956	1.082	-1.774
	2.034	2.188	1.598	1.726	1.796	2.369	1.861	2.471
Average benefit	0.252	0.227	0.016	0.004	0.002	-0.003	0.015	0.003
	0.027	0.027	0.021	0.022	0.022	0.022	0.022	0.023
Lula vote share		0.067		0.034	0.045	0.047	0.037	0.047
		0.015		0.012	0.013	0.013	0.012	0.013
PT vote share 2002			0.693	0.690	0.683	0.682	0.691	0.684

<sup>38</sup> Recall that in 2006, the MDS only provided numbers of households receiving benefits for about half of Brazilian cities. (Those cities were receiving benefits, as the program budget data from 2006 shows, but they were not reporting the number of households to which the benefits had been given.) This means that  $N$  in the 2006 model is about half of the  $N$  for 2010.

			0.016	0.016	0.017	0.017	0.016	0.017
Mensalão							0.703	0.369
							0.306	0.319
Median income	<i>0.021</i>	<i>0.026</i>	<i>-0.009</i>	<i>-0.006</i>	<i>-0.007</i>	<i>-0.005</i>	<i>-0.005</i>	<i>-0.004</i>
	0.002	0.002	0.002	0.002	0.002	0.002	0.001	0.002
Percent rural	<i>0.022</i>	<i>0.027</i>	<i>0.014</i>	<i>0.017</i>	<i>0.007</i>	<i>0.019</i>	<i>0.022</i>	<i>0.022</i>
	0.009	0.009	0.007	0.007	0.008	0.009	0.007	0.009
Percent illiterate					<i>0.065</i>	<i>-0.060</i>		<i>-0.053</i>
					0.030	0.030		0.031
Percent with inadequate housing					<i>0.037</i>	<i>0.036</i>		<i>0.033</i>
					0.013	0.013		0.014
Percent receiving BPC						0.805		<i>0.766</i>
						0.300		0.302
Percent aged 15-24						<i>0.164</i>		<i>0.162</i>
						0.093		0.093
Number of cities	2,639	2,638	2,638	2,637	2,631	2,629	2,636	2,628
<i>R</i> <sup>2</sup>	0.053	0.059	0.444	0.445	0.448	0.450	0.446	0.450

*Italicized* estimated coefficients significant at 5%

Standard errors appear below estimated coefficients

In the first models, average benefit has a strong, positive impact on the PT's electoral performance. That relationship weakens with the introduction of controls for the PT's past performance. Although average payment is positively related to PT vote share in all but one of the models, it has a trivial effect and fails to achieve significance once past PT performance is included. Insofar as the results are consistently non-negative, this model hews more closely than previous models to the expected relationship between the *Bolsa* program and PT voting. The small effect (and non-significance) of the average payment variable suggests that the program's impact may be negligible or that average *Bolsa* benefit at the municipal-level does not adequately capture the *Bolsa* program's effects.

Results from 2010 support the new causal story that emphasizes how increasing benefit payments have magnified the program's impact.

**Figure 4.5 PT Vote Share 2010, with average benefit**

	1	2	3	4	5
Intercept	-2.952	-8.756	2.121	-6.397	1.157
	2.336	2.047	1.865	2.445	2.594
Average <i>Bolsa</i> Benefit	<i>0.123</i>	<i>0.133</i>	0.023	<i>0.142</i>	<i>0.031</i>
	0.020	0.017	0.016	0.021	0.017
Dilma vote share		<i>0.032</i>			<i>0.044</i>
		0.012			0.012
PT vote share 2006			0.723		<i>0.711</i>
			0.013		0.013
Mensalao				<i>1.632</i>	<i>0.779</i>
				0.349	0.292
Median per capita income	<i>0.014</i>	<i>0.019</i>	<i>0.002</i>	<i>0.015</i>	-0.001
	0.002	0.002	0.001	0.002	0.002
Percent rural	<i>0.059</i>	<i>0.023</i>	<i>0.040</i>	<i>0.069</i>	<i>0.062</i>
	0.008	0.007	0.007	0.009	0.009
Percent illiterate					<i>-0.081</i>
					0.027
Percent with inadequate housing					<i>-0.047</i>
					0.012
Percent receiving BPC					0.253
					0.226
Percent aged 15-24					<i>-0.015</i>
					0.089
Number of cities	5,149	5,148	5,145	5,148	5,134
	0.018	0.02	0.376	0.022	0.381

Italicized estimated coefficients are significant at 5%

Standard errors appear below estimates

As in the models that relied on the *PBF Per Capita* measure, *Average Bolsa Benefit* is a consistently better predictor of the PT's vote share in 2010 than it had been in 2006. This result is consistent with the hypothesis that the *Bolsa's* electoral effects act primarily on beneficiaries. It is also consistent with the hypothesis that larger benefits have a greater impact on voter preferences. One important caveat in controlling for PT share in 2006 is the fact that if the *Bolsa* did matter in that year's elections, including the PT's vote share in 2006 causes the model to

attribute some *Bolsa*-inspired PT support to the effects of incumbency. If this model has captured the impact of the *Bolsa* well, it suggests that in a municipality with the median average *Bolsa* payment, the *Bolsa* program was responsible for a three percentage point increase in the PT's vote share. In a year where the party's median municipal vote share was 11.6 percent, this model predicts that the *Bolsa* accounted for about one-fifth of the PT's total.

### **Within-Region Models**

One of the ideas developed in this paper is that voters in different regions evaluated the PT in different ways. Northeastern voters, who tend to be poorer, choose to vote for the PT because of the *Bolsa* program. When they vote for the PT post-*Bolsa*, they are likely doing so for the first time. Whether they do so because of the benefits themselves, or the secondary consequences of *Bolsa* money (these motivations cover both those voters whose utility calculus is pocketbook-based or drawn from perceptions of national economic performance), measures of the *Bolsa*'s importance might explain more of the variation in PT vote share in the Northeast than elsewhere—assuming that the *Bolsa* scope variables used accurately measure the program's impact.

Because traditional PT voters are concentrated in the South and Southeast (which means that most PT deputies come from Southern and Southeastern states), and because they tend to be especially concerned with ethics, the *Mensalão* variable should have a strong, negative relationship with PT vote share in the South and Southeast, but will explain less variation in other regions. The *Mensalão* variable is left out of the 2010 model because the variable is highly correlated with the PT's good performance in a district and there is not a compelling reason to think that this blunt indicator accurately measures lasting impacts from the scandal. Where the variable has a positive relationship with PT performance, it is likely the result of having captured

the effects of the long-term PT support within a municipality that would make the presence of an implicated legislator more likely.

The model below presents the results of the *Average Bolsa Benefit* model with controls applied separately to the three regions of greatest interest. To give a sense of whether the increased average *Bolsa* benefit continued to account for the program's increased importance within regions, the 2006 and 2010 estimates appear side-by-side.

**Figure 4.6 PT Vote Share in 2006 and 2010, by region**

	Northeast		Southeast		South	
	2006	2010	2006	2010	2006	2010
Intercept	-2.435 10.963	<i>32.236</i> 9.502	-7.017 4.563	4.630 3.736	-5.686 3.894	<i>18.520</i> 4.995
Average <i>Bolsa</i> Benefit	0.119 0.106	<i>-0.138</i> 0.076	-0.018 0.034	<i>-0.062</i> 0.024	0.002 0.033	0.026 0.027
Lula or Dilma vote share	-0.040 0.029	-0.008 0.024	<i>0.123</i> 0.024	<i>0.117</i> 0.022	<i>0.148</i> 0.029	<i>0.114</i> 0.028
PT vote share previous election	<i>0.589</i> 0.055	<i>0.685</i> 0.029	<i>0.570</i> 0.029	<i>0.609</i> 0.022	<i>0.683</i> 0.025	<i>0.829</i> 0.027
Mensalão	<i>4.606</i> 0.913		3.684 1.748		-0.354 0.656	
Median per capita income	-0.015 0.014	0.004 0.011	-0.0002 0.004	0.002 0.004	-0.000 0.003	-0.002 0.004
Percent rural	-0.015 0.025	<i>0.087</i> 0.021	<i>0.021</i> 0.022	<i>0.060</i> 0.019	<i>0.032</i> 0.0128	<i>-0.048</i> 0.015
Percent illiterate	-0.007 0.068	<i>-0.157</i> 0.057	<i>0.207</i> 0.085	<i>-0.269</i> 0.065	-0.043 0.094	0.028 0.095
Percent with inadequate housing	0.033 0.027	<i>-0.038</i> 0.023	-0.062 0.037	-0.018 0.028	-0.007 0.022	0.021 0.025
Percent receiving BPC	<i>-1.770</i> 0.884	<i>0.871</i> 0.374	0.749 0.545	0.705 0.455	<i>1.470</i> 0.612	-0.529 0.721
Percent aged 15-24	0.227 0.303	<i>-0.512</i> 0.251	0.068 0.157	0.126 0.146	0.090 0.152	<i>-1.084</i> 0.171
Number of cities	565	1,650	878	1,530	802	1,077
$R^2$	0.282	0.302	0.391	0.362	0.645	0.545

*Italicized* estimated coefficients are significant at 5%  
Standard errors appear below estimates

Consistent with the finding that the *Bolsa* mattered more in 2010 because it was larger, each *Average Bolsa Benefit* predicted coefficient was of greater magnitude that year. Interestingly, in the Northeast, larger payments in 2010 were associated with lower PT performance. This unexpected result might be a sign that voters in the poorest communities (since high average benefits are a sign of very high poverty, and Northeastern communities tend to be the poorest in the country) did not believe the PT was doing enough to end poverty. It might also be consistent with the PT not being the only party connected in voters' minds to poverty eradication. *Bolsa* beneficiaries may have voted for other parties that claimed credit for the program, voted for incumbents generally (who tend not to be affiliated with the PT), or (less plausibly) not considered their *Bolsa* program status when voting.

The *Mensalão* variable had a strong positive relationship with PT share in the Northeast; this is not a sign that poor voters approve of corruption. Instead, it is one more artifact of the fact that the presence of a *Mensalão* deputy can indicate past PT success in the state. Because there are so few PT deputies in the Northeast, it is not surprising that, in states that have them, the fact of there being a PT party structure overwhelms the negative consequences of the deputy's conduct. Where *Mensalão* should matter is the party's heart, the South and Southeast. While the variable there fails to achieve significance, the estimated value is negative and quite large, a sign that the scandal did dissuade some from supporting the PT. The large standard error is a consequence of noise—the variable is a state-level measure and does not control for the things that increase the likelihood of there being both a *Mensalão* deputy *and* large support for the PT. The Southern model's high R-squared term is probably the result of past PT performance being a consistently stronger predictor of future performance in that region.



## Change in PT vote share

The previous models studied the PT's share of the municipal vote in a given year. Part of the reason they produced results contrary to expectations was that they did not isolate the *change* in PT vote share, on the assumption that the *Bolsa* program's effects were so large that they would be visible in the PT's share across regions. Because the party's performance has been consistently lower in some areas, one way to control for the PT's history is to study the change in PT vote share between elections. The following table presents the full models for 2006 and 2010 applied to the change in PT vote share from 2002 – 2006 and 2006 – 2010.

**Figure 4.7 Change in PT vote share relative to previous election**

	2006	2010
Intercept	-1.256	3.190
	1.849	2.189
Per Capita <i>Bolsa</i> budget	-0.096	<i>0.192</i>
	0.077	0.073
Dilma or Lula vote share	<i>0.041</i>	<i>0.033</i>
	0.010	0.012
PT vote share previous election	-0.304	-0.287
	0.012	0.013
Mensalão	<i>1.205</i>	
	0.236	
Median per capita income	-0.006	0.000
	0.002	0.002
Percent rural	<i>0.039</i>	<i>0.057</i>
	0.007	0.009
Percent illiterate	-0.004	-0.134
	0.025	0.030
Percent with inadequate housing	0.012	-0.039
	0.010	0.012
Percent receiving BPC	<i>0.758</i>	0.352
	0.185	0.224
Percent aged 15-24	<i>0.127</i>	0.011
	0.073	0.086
Number of cities	5,134	5,135
$R^2$	0.091	0.217

*Italicized* estimated coefficients are significant at 5%

Standard errors appear below estimates

As in the first models that studied the electoral effect of the per capita *Bolsa* budget, the program appears to have had a strong, positive impact on PT performance in 2010. Once again, the results for 2006 are inconclusive. This result is an encouraging sign that the revised hypothesis (which put the increasing value of *Bolsa* benefits at the center of the program's political consequences) is at least partially correct. There is, however, one important problem with this model. In 2006, the median municipal change in PT vote share relative to the previous election was -0.55; in 2010, the median municipal change was 1.60. Like previous models, this model only explains a small portion of the variance in *PT Change*. Given that the overall movement of this variable was in the direction of the predicted relationship between the *Bolsa* program and vote share, it is not possible to say definitively that the program was responsible for the changes measured.

A region-by-region analysis of the *PT Change* variable using the average *Bolsa* benefit produces results almost identical to those found when average *Bolsa* benefit is included as an explanation of the PT's vote share (see Table 4.6, p. 135). For that reason, the chart is not reproduced here.

### **Alternatives and Further Research**

Most of the models presented here have only limited explanatory power. Low  $R^2$  values and the non-normality of many tested variables suggest that OLS regression may not be the best approach to the data. In addition, the causal story tested is about individual behavior; municipal-level voting returns and city social security budgets may not be reliable ways of studying individual voting decisions. Especially because there are two different social class effects at work on PT support—voters' *Bolsa* status and their attachment to organized labor or the

intelligentsia—municipal measures are a poor way of getting at how each of these has affected support for the PT over time.

This paper does not test the effects of the *Bolsa* program on incumbent legislators. There are strong reasons to believe that incumbency played an important role in both elections, and incumbents, rather than PT legislators, may have benefited most from the *Bolsa* program. A model that tracked legislators' likelihood of winning reelection would be one way to test this possibility.

Given that the PT's vote share tends to be a small percentage of the total, it would be especially interesting to study *which* parties did well pre- and post-*Bolsa*. The finding that the *Bolsa* helps the PT more as it gives more money, but may not help the party in the Northeast, raises a new set of questions. Might *Bolsa* beneficiaries prefer other left-wing parties? Do they vote for governing coalition parties that participated in the *Bolsa* expansion? Do they vote for incumbents? Or do they vote for some other group? None of the analyses here study the vote share of parties other than the PT. Understanding the relationships between the program and other parties (and the reasons for those relationships) could give an indication of how voters assign partisan responsibility for social policy in fragmented party systems.

## **Conclusion**

The statistical models presented in this chapter give unexpected results. The most important of these is the finding that as the *Bolsa* increases its benefit payment and expands the beneficiary pool it has a greater positive impact on PT support. Also important is the finding that the *Bolsa* may have different impacts in different regions. A reading of this regional divide that focuses on the strongly negative relationship between the average *Bolsa*'s benefit and PT support in the Northeast in 2010 might say that the theory underlying this paper is wrong. Such a result

is, after all, inconsistent with the idea that the *Bolsa* induced people to vote for the PT. Given what we know about the PT, the tenuous relationship between voters and other parties, the regional differences in political behavior and party strength, the changing impact of the *Bolsa* program, and the strong empirical support elsewhere for money as a factor that influences voting behavior, the hypothesis that the *Bolsa* matters in Brazilian congressional elections should not be discarded simply because the municipal-level results fail to support it in one case. Instead, the hypothesis should be adjusted. The *Bolsa* matters in congressional elections, and usually, but not always, leads voters to choose the PT. The program's effects will be greater as benefits increase.

The next step will be to understand the situations in which large *Bolsa* benefits lead to support for parties other than the PT. Models that explore other parties' performance and account for incumbency will help solve the question of which parties *Bolsa* beneficiaries choose if they do not choose the PT. Such a model will account for the fact that the contours of party competition are very different in different regions. Testing incumbency more generally will help to show how much the *Bolsa* has helped (or hindered) PT candidates attempting to win seats in states traditionally less friendly towards the PT. Understanding how the program affects parties in different regions requires understanding how voters translate knowledge about social spending into partisan preferences. Such a project is not possible with municipal-level inquiry. Ultimately, survey data will be most able to show whether receiving a *Bolsa* benefit alters individual voting behavior in meaningful, specific ways.

Overall, the models presented in this chapter show that larger *Bolsa* benefits are associated with better PT performance in congressional races, a result consistent with the hypothesis that the *Bolsa* has a measureable, positive impact on beneficiaries' desire to vote for the PT.

# Conclusion

## **The Brazilian Experience**

The *Bolsa* program has shown that good policy can also be good politics. As conditional cash-transfer programs spread around the world, encouraged by the World Bank and other careful students of development, versions of the *Bolsa* are being tried across Latin America, in Sub-Saharan Africa, Indonesia, and in New York City (Alatas et al 2010).

Many of the countries interested in implementing CCT programs are young democracies. In such countries, it is easier for political parties to exploit the resources of the state to build patronage networks and dominate the political scene (Sartori 1976; Templeman 2010). An unscrupulous party might try to build a national political machine around a large CCT program.

One of the most important lessons of the *Bolsa* is that a well-run CCT program adhering to objective targeting principles and acting independently of political interference can generate large electoral gains while significantly reducing poverty. When good policy brings electoral rewards, there are fewer incentives for politicians to pursue clientelistic strategies. For political actors who attach some value to institution-building and adherence to legal norms, the rational CCT is a way to solve pressing social problems and win reelection.

## **The New Brazilian Politics**

*Bolsa's* impact on Brazilian political discourse has been dramatic, and seems likely to last a long time. In February 2010, José Serra of the PSDB, and the leading opposition party candidate for the presidency, told an interviewer that as president, he would “maintain or expand” the *Bolsa Família* program. With this gesture, he effectively ended partisan debate over whether the *Bolsa* program as administered under Lula was the right response to poverty in Brazil. Although the PSDB had been responsible for the federalization of the earliest Brazilian

CCTs, it had long criticized the Lula administration's willingness to conceptualize *Bolsa* benefits as a right, rather than as a privilege for good behavior. As the 2010 race drew to a close, the major political parties seemed to agree that *Bolsa Família* was a program to be proud of.

The idea that *Bolsa* program benefits are a right appears in a 2010 public service announcement. In the commercial, a young rapper of African descent with a strong Rio de Janeiro accent<sup>39</sup> talks about how the *Bolsa* program improves lives and provides dignity.

**Bill:** *Those of you who are mothers, fighters, you know how the Bolsa Família has improved the lives of many people. Kids in school, health in your day, and income, this is your right and [the right] of every family. Pay attention to avoid losing the benefit, and look on your [benefit] receipt to see if you need to update your registration. If it's time, find out who's responsible in your city.*

**Bill and Chorus (rapping):** *It's equality, and respect. Inclusion of your family is your right. That's the Bolsa Família. That's the Bolsa Família, yes it is.*

**Announcer:** *The federal government.*

*(The words "Ministry for Social Development and the Fight Against Hunger" appear onscreen next to the then-current logo of the federal government, which reads, "Brazil: One Country For All.")*

The non-partisan (but incumbent-positive) message is typical of a new wave of political speech that appeals to the poorest voters in overtly class-conscious ways. Although in this ad, the message is functional and not obviously partisan, its effect is to remind voters that the federal government has helped put "kids in school."

With most of *Bolsa*'s critics defanged by 2010, parties that had long avoided appeals to the poor began reaching out to marginalized groups. The DEM party,<sup>40</sup> long of the center-right, has followed a series of leadership shake-ups with an audacious attempt at renewal through appeals to poor voters (though the appeals are also directed towards somewhat wealthier conservatives who sympathize with the poor). In a series of ads, DEM party leaders attest to their

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<sup>39</sup> An accent referred to as *carioca*

<sup>40</sup> *Democratas*, "Democrats," formerly the PFL

commitment to a “more just, less unequal Brazil.” One of the ads features a young black man named Bruno Alves, who explains why he votes for the Democrats as he walks through a slum in the city of Salvador.

***Bruno:** Just because I’m young and live in the periphery,<sup>41</sup> some politicians think that I have to be of the Left. But the Left doesn’t own the youth, nor is it the owner of those who live in the periphery. I’m free to think differently. I’m in favor of quotas for the poor, independent of race. I’m in favor of the Bolsa Família, but people can’t depend on it forever. I want more opportunities, security, and peace.*

*(These last three words appear over an image of Bruno playing guitar)*

***Bruno:** My party? Democrats: the party of free society and Brazilian democracy.*

The advertisement acknowledges that the *Bolsa* works even as it critiques the program with the frequently deployed charge that it promotes idleness. That the largest right-wing party in Brazil would produce such an ad testifies to the degree with which the program has installed itself in national politics and in the national consciousness. As has happened with large social programs in many countries, the *Bolsa* seems well on its way to becoming an untouchable entitlement. In a country where just over 20 percent of people live in poverty, the kind of benefit *Bolsa* provides makes a dramatic difference in the quality of life for millions of people. It is not an expensive program when compared to what Brazil spends on other kinds of social security, and may be one of the most carefully administered sections of the country’s bureaucracy. The Right’s apparent cession of the issue may increase the program’s bureaucratic independence even more, something that should lessen fears that the program will be co-opted in the future.

President Dilma Rousseff, elected by a wide margin on the strength of Lula’s endorsement, is pursuing policies that will keep poverty near the top of the national agenda. Her “Brazil Without Misery” initiative intends to expand the *Bolsa* program, housing aid, and other

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<sup>41</sup> *Periferia*, “periphery,” refers to any neighborhood that is poor or not centrally located. “Center,” when used in this context, refers to posh districts; wealthy Brazilians live downtown.

food programs in order to end extreme poverty in Brazil. These initiatives are meant to reach people whom the *Bolsa* (as it currently functions) fails to reach. The 2010 census indicated that even in that year, 16.2 million people, or 8.7 percent of the population, lived below the extreme poverty line of R\$70 per month (BBC 2011). This effort reflects her desire to bring Brazil into modernity—by getting rid of the poverty that keeps it from being considered a developed country. The federal government’s newest official logo, which appears on websites, television, and on public documents, reflects the national aspirations tied to the goal of eradicating poverty.

Figure 6.1 Dilma-era logo of the Brazilian federal government



The slogan at bottom translates as “A rich country is a country without poverty.”

When Lula took office in 2002, he promised to make social policy a priority. When the *Mensalão* threatened to destroy his career, he reached out to the regions that had benefited most from the *Bolsa* program (Weber and Leali, Interview Aug 2011). In an interview with *Jornal da Record*, Brazil’s second most-watched nightly news program, he tearfully described his greatest moment in office being when a group of homeless people told him, “We don’t want to demand anything. We just want to say this: our greatest accomplishment is the fact that we are in the *Palácio* [the presidential palace].”

*Bolsa Família* and the aspirations it represents were the center of Lula’s vision for Brazil. Over the years of his leadership in the PT, that became the party’s vision. Now, poor voters are



rewarding the PT for reaching them. If any party in Brazil can call itself the party of the poor today, it is the PT. That is something new for the Workers' Party, a product of Lula's sincere striving as well as the tempering effects of governance. No longer a party of revolution, the PT has become a party of incremental solutions.

Just as the PT took existing social policy and expanded it until it was something else, the *Bolsa* has shaped the PT, moving it into municipal peripheries, bringing it northward, and reinforcing its commitment to fighting poverty. Large-scale policy decisions, well-executed, can have a lasting, positive effect on a party's electoral fortunes. They can also transform parties. The story of the next decade of Brazilian party politics will be that of how the PT's rivals learned to compete in the issue landscape it created with *Bolsa Família*. Excepting the scandal, political entrepreneurs in other developing countries would do well to follow the *Bolsa* model to the letter.

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