

**Brazil's Ascent
Deciphering the Impetus of its Growth
(Democracy, Political Leadership or both?)**

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Abstract-

In 2001, Goldman Sachs chief economist, John O'Neil ideated the term BRIC in his article "Building Better Global Economic BRICs", representing Brazil, Russia, India and China as a league of promising nations on an economic ascent. The announcement of BRIC has catapulted Brazil from a potential powerhouse with a sizeable population, and exhaustive resources, to that of a viable emerging world leader. For the Brazilian people, and much of the Latin America, this feat signifies a coveted legitimacy and international recognition. Domestically, citizens have rejoiced as they envision a more prosperous future. Brazil's development as a nation however has been epitomized by a fluctuation of prosperity to that of instability and turmoil. Suffering from the strongholds of autocracies to two decades controlled by military regimes, Brazil found itself as well as its Latin American counterparts, at the end of the 1980's in financial debt to international creditors. The introduction of Brazil as a rising economic power in the 21st century, some argue is a reverberation of its adoption of neoliberal and neostructural economic policies and, its re-democratization, precipitated by the election of the then sitting president Fernando Collor on March 15, 1990. Although Brazil has prospered economically from the adoption of such economic policies, the redistribution of this wealth to ameliorate social development indicators has remained stagnant, benefitting the upper, middle and elite classes, leading to continued social inequity throughout the nation.

On, January 1, 1995, it was President, Fernando Cardoso who introduced a wave of political and economic changes. Prior to his election, Brazil's economic and political trajectory transitioned from years of failed economic policies affected by bouts of inflation and debt, due to the inability of authoritarian regimes to effectively combat the issue. Cardoso's legacy has been attributed to the reformation of Brazil's current monetary system, and as Brazil reinstated democratic institutions, some have argued that Cardoso and his successor Lula Da Silva were able to facilitate eventual democratic consolidation. The question remains, as to whose leadership was most influential?

Central inquires of analysis-

1) Observing Brazil from 1995 to the present day, is Brazil's exponential development, attributed solely to its re-democratization? 2) More specifically, was Fernando Cardoso's adoption of new monetary policies under his neostructural inspired

“Plano Real”, and amendment of Brazil’s constitution, the remedy to Brazil’s economic and political woes, of debt, inflation, and political repression? 3) How did Lula Da Silva’s administration, and policy outputs differ from Cardoso’s and what affects did Lula’s administration have on the performance of the Brazilian economy? 4) What role if any did the military play during the transition period, in facilitating democratic consolidation, or in combating various economic crises?

5) Ultimately is Brazil’s current development enough for it to escape its past of economic dependency, to become a formidable world contender, and enduring global power?

LITERATURE REVIEW/DEFINING VARIABLES

The objective of this piece is threefold, first is to discern the presumable affects of democracy on the economic and social development of Brazil post-1990, when Brazil re-democratized. The second purpose is to observe the role of political leadership in influencing Brazil’s course of development, and the final intent of this piece will evaluate if either influence of democracy, or political leadership has contributed to sustainable development, presently, and prospectively. The assessment of this research will be principally qualitative in nature, analyzing the democracy-development relationship, deducting observable correlations between the two variables. In assessing the specific case of Brazil’s development inferences of a plausible relationship will be made from the most current economic, human, and social indicators of growth provided by the World Bank and the Human Development Report (HDR). As this study observes the span of merely two decades, a historical analysis of Brazil’s development trajectory and that of greater Latin America, will allow for a more comprehensive assessment in discerning the most significant impact on development, either being the dependent variable of democracy or the intervening variable of political leadership.

Throughout much of the international relations and Comparative Politics literature, there exists exhaustive studies’ observing the role of democracy and its impact on development, frequently concentrating on the aspects of economic growth, and social welfare independently. Studies within the literature generally range from approaches that are theoretical, statistical, or case based. Several studies observing the democracy-

development relationship have surmised that democracy is the catalyst of engendering a more active civil society and a more transparent and accountable political system. Citizens through this viewpoint, become more “free” (in terms of realizing their civil rights and liberties), that the social welfare of society is advanced collectively in the process. Other studies assessing the democracy-development relationship pay closer attention to a countries position in the global market, measuring its development solely by its economic wherewithal and standing. In reviewing the literature in regards to democracy and its association to growth, arguments have been related to three primary categories. Some scholars have argued that democratic institutions entail a trade off between economic costs, and social benefits, while other approaches view the democracy/growth relationship as being affected by a countries regime type serving as the determinant of economic performance. Lastly, other perspectives view democracy and its association to economic growth as solely context specific, in that various cultural, social, and political developments account for unique ungeneralizable outcomes of economic performance. Several works that have applied these perspectives will be discussed in turn.

Scholars, Jose Tavares and Romain Wacziarg in “How Democracy affects growth”, argue that prevailing studies focus solely on the direct relationship of democracy and growth while often overlooking the impact or influence of indirect variables that determine economic growth, and similar to Samuel Huntington, (Tavares and Wacziarg), assert that there must be a distinction between democracy and its outcome. Taveres and Wacziarg employ a procedural definition of democracy, as, “a body of rules and procedures that regulates the transfer of political power and the freedom of expression of disagreement at all levels of public life” (Jose Taveres 2001:1342-1342). In measuring democracy Taveres and Wacziarg purport a new empirical methodology to examine the effects of democracy into several components, which include, human capital, income inequality, political instability, distortions, trade openness, government consumption and investment rate. Taveres and Maczierg assert, that a more explicit recognition of democracy and its affects on growth can be deduced

through each of the possible channels of influence. In summarizing their results Tavares and Wacziarg contend,”

“We found evidence that democracy increases human capital accumulation and decreases physical investment rates. These effects are robust to most changes in specification, estimation method and sample coverage.

We also uncover evidence of less robust effects of democracy on growth working through income inequality (more democracy/less inequality/higher growth) and through government consumption (more democracy/more government consumption/ lower growth). Finally, we uncovered no strong evidence that democracy impacts growth through government-induced distortions, political instability, trade openness or macroeconomic instability” (Jose Taveres, 2001:1372)

Although felicitous to the improvement of social capital indicators of education, poverty and income inequality, the social benefits, proponents of the “trade-off” perspective argue, are acquired at the expense of physical capital accumulation, vice a versa.

Other scholars who view the significance of regime type as having an impact on economic performance challenge the conventional wisdom that perceives democracy and its affects on the economy as a contemporary phenomenon, occurring within a certain time period, but instead as a process of development occurring overtime. In their study entitled, “Democracy and Economic Growth, A Historical Perspective”, John Gerring, Phillip Bond, Willa Barndt, and Carola Moreno, assert that within the literature exists an assumption that a country’s economic performance is often associated to its contemporary outcome, as oppose to accounting for a country’s regime history, as influential in assessing a nations current economic status, arguing subsequently,

“Democracy is thus best considered as a *stock* rather than *level*, variable”(John Gerring 2005:324)

Gerring, Bond, Bardt, and Moreno measure economic performance by several components of capital, which include physical, human, social and political capital. From this consideration, the longer a country remains democratic the more optimal its chances are in cultivating greater capital in order to improve its growth performance. In providing a historical approach to a quantitative analysis of institutional variables 324. Gerring, Bond, Bardt, and Moreno, conclude” that the effects of regime type on growth is mediated by a country’s secular-historical experience of democracy and authoritarianism. (John Gerring 2005:355-356). Lastly other perspectives of the democracy/growth relationship, are associated to a context-specific understanding. Scholar Michael T. Rock, in “Has Democracy Slowed Growth in Asia?” challenges the hypothesis that democracy has slowed growth in many South East Asian countries. Proposing several counter arguments and suggestions as to how autocracies are often more detrimental to growth than democracy, Rock ultimately emphasizes that it is imperative to consider of contextual differences, when comparing cases, or theorizing about phenomena’s of economic or political performance cross-nationally.

Sparse attention however has been dedicated solely to the social implications of democracy aside from economic growth, and the overall improvement of the social indicator, of poverty. Scholar Michal Ross in,” Is Democracy for the poor?” challenges the conventional assumption within the literature, that claims democracy improves the welfare of the poor. Using measures of infant and child mortality rates to challenge the claim that access to public goods and services such as food, clean water, pre and postnatal care, immunization, and other medical services, to avert infant mortality are almost if not always inaccessible to the poor.”(Ross 2006:868). Ross argues,

“Governments are adept at channeling benefits to the constituencies they wish to favor. If we allow the government to distribute goods and serviced more selectively, no longer any simple median voter result. To predict who the government will target, we must consider additional variables: the specific design of democratic institutions and the class coalitions they produce (Iverson

and Soaskice 2006); the collective action capacities of the lower quintiles, or perhaps the tendency of the poor in developing states to vote along clan, ethnic or religious lines instead of class lines” (Varsheny 2000).

Prevailing cross-national studies Ross contends have a tendency to exclude nondemocracies in their analysis; leading to a rather erroneous assumption that the panacea to poverty, and the well being of a nation’s disenfranchised is democracy.

The focal point of this analysis conversely will consider both aspects of development (economic and social), examining if Brazil’s exponential growth, in the recent decade is a reverberation of its re-democratization. In addition, this study will also examine the role of political leadership as an intervening variable, exploring how two Brazilian Presidents and the policies instituted during their administrations influenced Brazil’s development trajectory.

DEFINING THE VARIABLES

DEPENDENT VARIABLE-DEVELOPMENT

Within the development literature are a host of interpretations and definitions of development deriving from both conventional and unconventional theories of development. For the purposes of this analysis development from my perspective will be defined as,

An incremental process of societal progression, encompassing both economic and human components, as indicators of growth.^{1 2}

¹ From this definition growth and development will be used interchangeably to account for any for of advancement of any of the respective social and economic components.¹

² Social aspects of development will be referred to interchangeably as human development, associated to subcategories of living standards, education, and health.

Renowned economist Amartya Sen in his seminal piece “Development As Freedom”, expresses the salience of social welfare in defining development “. Sen affirms,

“Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states.”(Sen 1999:3)

A subsequent definition of development proposed by Sen will be used in addition, throughout this analysis to conceptualize development as an all-encompassing economic and social endeavor, Sen contends,

“It is not hard to see why the concept of development is so essential in general. Economic problems do of course, involve logistics issues, and a lot of it is undoubtedly ‘engineering’ of one kind or another. On the other hand, the success of all this has to be judged ultimately in terms of what it does to the lives of human beings. The enchantment of living conditions must clearly be an essential – if not the essential –object to the entire economic exercise and that enhancement is an integral part of the concept of development”(Sen 1998).

INDEPENDENT VARIABLE-DEMOCRACY

Defining and conceptualizing democracy deserves considerable attention, as the debate within the International Relations and Comparative Politics literature has centered on understanding democracy in and of itself, the impetus for democratization, and all factors that facilitate the sustenance of democratic institutions. Throughout the literature however, conceptualizations of democracy often employ the term as understood by the outcome of democracy. Democracy is conceptualized as the product of a subset of factors that contribute to the existence of a functioning democratic institution. Implicit in such definitions is a dichotomous understanding in which any nation that does not correlate to such normative conceptualizations are consequently characterized as “undemocratic”, ignoring completely any gradations of democracy, viewing democracy as a process portrayed by a continuum from low to high quality

democracies. (Juan J. Linz, 1996:6). This analysis will conceptualize democracy to account for all of the components along the continuum, which include the consideration of four components; the classification of political and economic preconditions, liberalization (incorporating Robert Dahl's two dimensions of *contestation and participation*), transition, and consolidation. Conceptualizing democracy through the understanding of these characteristics, (as a process as oppose to an outcome) will allow for an observation into the distinctive contextual, temporal, and historical differences any democratic nation has experienced, or continues to endure as it seeks to democratize or sustain its democratic institutions. The four components of democracy will be discussed in turn,

A. Political and Economic Preconditions.

In defining these terms further, political and economic preconditions within a democracy have been highlighted for it is the foundering of these institutions that have led in many instances throughout time, to political and economic transformations. The term preconditions will refer to a distinct period of any democratic nation, which characterizes the political and economic climate/arrangements prior to the emergence of the democratic component of liberalization (discussed subsequently).

In recounting the historical trajectory of a more established democracy such as the United States, the nations colonial past depicted clearly a volatile political and economic climate, epitomized by a British colony that was on the verge of dissolution. The desire for a relinquishment from the strangleholds of a politically oppressive, and economically exploitative monarchy, led to the call of political liberalization (inspired by the awakening of political consciousness). Essentially it is the consideration of these economic and political preconditions that made the process towards liberalization more felicitous, and led to the eventual drafting of the Declaration of Independence (a clear modicum of political liberalization). As the nation achieved its independence as a democracy, it was the precise fear of reverting to the former political and economic

conditions before the Revolution that united the nation during its early years of development.

The ranking of democracies often utilized by indices overlooks these critical factors including that of a nation's political culture, when assessing a nation's democratic performance through a one-dimensional lens. Differing Economic and political preconditions have consequently; led to divergent trajectories of any nation along the continuum of democracy.

B.Liberalization-

The stage of Liberalization defined and conceptualized for the purposes of this analysis will refer to,

“ The awakening of political consciousness, through the realization of both civil and political rights, followed by purposive legal measures for the protection of such rights”.

This definition of liberalization is conceptualized in consideration of both procedural and liberal components of democracy. Two dimensions of procedural democracy (as minimum requirements of upholding participatory competitive politics) were introduced by Robert Dahl in his seminal work entitled *Polyarchy*, the two dimensions of contestation, and participation. These two concepts are further defined in turn,

“ Contestation captures the uncertain peaceful competition necessary for democratic rule, a principle which presumes the legitimacy of some opposition, the right to challenge incumbents, protection of the twin freedoms of expression and association, the existence of free and fair elections, and a consolidated political party system”(Landman 2007:2).

In defining Participation,

“Participation captures the idea of popular sovereignty, which presumes the protection of the right to vote as well as the existence of universal suffrage”(Landman 2007: 2).

To fully conceptualize liberalization as a stage along the process of democratization, Liberal definitions encapsulates several key characteristics,

“Liberal definitions include the full protection of civil, political property, and minority rights, which are meant to curb the possible negative consequences of democratic governance based on majority rule only” (Landman 2007: 2).

Emphasizing the significance of Dahl’s procedural dimensions of contestation, and participation, allows for an understanding of the liberalization stage as the fundamental establishment and inception of democracy as an institution.

C.Transition-

Both definitions and conceptualizations of the following phases, democratic transition, and democratic consolidation, will reference the work, *Problems of Democratic Transition and Consolidation* by Juan J. Linz, and Alfred Stepan. Transition depicts a period of political uncertainty. It is a period in which the authority of the former regime has been compromised and although the regime has become vulnerable, the absence of an opposing party/leader/ or entity permits it to remain influential, in the governing processes. In the context of Latin America, in which a majority of the nations experienced years of authoritarian rule, this led to prolonged democratic transitions, as militaristic influences, and integral figures of the previous regime impeded in some cases, and slowed democratic consolidation in others.

A completed democratic transition is defined as,

“A democratic transition is complete when sufficient agreement has been reached about political procedures to produce an elected government, when a government comes to power that is the direct result of a free a popular vote, when this government de facto has the authority to generate new policies, and when the executive, legislative an judicial power generated by the new democracy does not have to share power with other bodies de jure. “(Juan J. Linz 1996:1)

D.Consolidation-

Following the phase of completed democratic transitions comes the phase of democratization in which democratic institutions become consolidated. In understanding this phase several behavioral, attitudinal, and constitutional factors must be considered,

CHARACTERISTICS DEFINING DEMOCRATIC CONSOLIDATION

“Behaviorally, a democratic regime in a territory is consolidated when no significant national, social, economic, political or institutional actors spend significant resources attempting to achieve their objectives by creating a nondemocratic regime or turning to violence or foreign intervention to secede from the state”

Attitudinally, a democratic regime is consolidated when a strong majority of public opinion holds the belief that democratic procedures and institutions are the most appropriate way to govern collective life in a society such as theirs and the support for antisystem alternatives is quite small or more or less isolated from the pro-democratic forces.

Constitutionally, a democratic regime is consolidated when governmental and nongovernmental forces alike, throughout the territory of the state, become subjected to and habituated to the resolution of conflict within the specific laws, procedures, and institutions sanctioned by the new democratic process”(Juan J. Linz 1996:6).

The following chart depicts the five arenas that exist in order for a sustainable democratic consolidation, which include the arenas of civil society, political society, rule of law, state apparatus and economic society. Figure 1.1 depicts “The Five Major Arenas of Modern Consolidated Democracy” which further enhances the conceptualization of this variable”(Juan J. Linz 1996:14).

Table 1.1. The Five Major Arenas of a Modern Consolidated Democracy: Inter-related Principles and Mediating Fields

Arena	Primary Organizing Principle	Necessary Support from other Arenas	Primary Mediation upon other Arenas
Civil society	Freedom of association and communication	Rule of law which establishes legal guarantees State apparatus to enforce rights of civil society to organize if these rights are violated Economic society with sufficient pluralism to support the necessary degree of autonomy and liveliness of civil society	Interests and values of civil society are the major generators of political society Civil society generates ideas and helps monitor the state apparatus and economic society
Political society	Free and inclusive electoral contestation	Needs legitimacy in eyes of civil society Needs legal guarantees anchored in rule of law and maintained by impartial state apparatus	Crafts constitution and major laws Manages state apparatus Produces overall regulatory framework for economic society
Rule of law	Constitutionalism	A legal culture with strong roots in civil society and respected by political society and the state apparatus	Establishes a hierarchy of norms that make actions by, and upon, other arenas legitimate and predictable
State apparatus	Rational-legal bureaucratic norms	Normative support from civil society for rational-legal authority and its attendant monopoly of legitimate force Monetary support levied by political society and produced and rendered to the state by a functioning economic society, which has produced a sufficient taxable surplus	Imperative enforcement on civil, political, and economic societies of democratically sanctioned laws and procedures established by political society
Economic society	Institutionalized market	Legal and regulatory framework produced by political society, respected by civil society, and enforced by the state apparatus	Produces the indispensable surplus to allow the state to carry out its collective good functions and provides a material base for the pluralism and autonomy of civil and political societies

Intervening Variable- Political leadership

This analysis will also consider political leadership into the equation, as a potential factor shaping the course of development in the presence of various institutional (internal), and environmental (external) contexts. The article *Political Leadership in Context*, by scholars Joseph Masciulli, Mikahil Molchanov, and W.Andy Knight, observes exhaustive definitions, and typologies of political leadership, from the works of classic political theorists such as Aristotle to the modern selections of Karl Marx, and Vladimir Lenin.

Within the political science literature, attaining a consensus as to what defines a leader, effective leadership, and the characteristics of a paradigmatic ruler, have been as difficult a task, and equally mystifying, as it is to reach adequate definitions and conceptualizations of democracy. However (Masciulli, Mikahil, Molchanov, and Knight), argue that in deducing an adequate conceptualization of leadership, (although the type of study may vary considerably), several key elements stand at the basis of most conceptualizations of political leadership. These include,

- “the personality and traits of a leader or leaders, including her or his ethical and cultural character;

- the traits and ethical-cultural character of the followers with whom the leader interacts (keeping in mind that leaders of different followers and followers of different leaders interact as well, cooperatively or competitively);

- the societal or organizational context in which the leader–follower interaction occurs – general culture, political culture, political climate, norms, and institutions;

- the agenda of collective problems or tasks which confront the leaders and followers in particular historical situations;
- the nature of the leader's interpretive judgment, since situations do not define themselves, but have to be defined by leaders' insights accepted by the followers.
- the means – material and intangible – that the leaders use to attain their ends and/or their followers' goals; these are 'the techniques which the leader uses to mobilize support on behalf of her or his agenda and/or to maintain support or position'" (Peele 2005:192);

In providing enumerative explications as to definitions of political leadership, Masciulli, Mikhail, Molchanov and Knight compose each discussion, around the distinction between several dimensions.

- The distinctions between:
- A. Military leadership and Political leadership
 - B. Social leadership and Political leadership
 - C. Social structure and political agency

A. "Conventional connotations of leadership employed across disciplines refer to a type of militaristic form of rule, eliciting depictions of a sergeant commanding others who passively follow, prohibited to debate or contest any given orders. Political leadership conversely is constituted of a leadership-followership exchange in which each entity has mutual influence on the others ability to act" (Blondel1987, 17; Hay 2002; Tucker 1977a; Tucker 1981; Wildavsky 2006; Rousseau 1987, TheSocial Contract, II, 7).

B. "In drawing the distinction between social and political leadership, Masciulli, Mikhail, Molchanov and Knight, assert that the two are often conflated. Social leadership constitutes," parental, business, educational, scientific, technological, athletic, medical, cultural, artistic, religious, and other forms of leadership", while political leadership connotes a form of power or coercive and inducing hard power. A conflation of the terms often abounds because although political leadership denotes an ability to

express hard, monopolistic power, it can also be used to express soft power characteristics based on ideology, symbolism, ethical/non-ethical character, and perceptions of followers about leaders” (Peele 2005:.6)

C. “The final distinction between social structures, and creative agents, is associate to the leader-follower exchange, in that social structures as oppose to natural structures, constitute, “collections of people, organized perhaps in some system or multiple systems, but still people, and thus malleable, susceptible to the ultimate agency of human learning and leadership” Masciulli, Mikhail, Molchanov and Knight add, “that unlike natural structures, social structures are only relatively enduring and do not exist independently of the activities they regulate or constitute”. As people these social structures are shaped in response to the agents who’s acceptance of norms, shared conceptions, and identities in their activities maintain these social structures, so as long as their leadership is viable” **(Hay 1995, 192; Hay 2002).**

The sustenance of these social structures as extensions of a leaders agency, leads to the concern of what constitutes effective leadership, and perhaps an ability to distinguish between good and bad leadership.

“In ‘effective’ leadership, the leader successfully chooses the means that bring about the desired ends. If the means chosen are devised anew – rather than simply taken from the arsenal of time-tested, routine responses to typical problems effective leadership corresponds to the pattern of innovative adaptation. Complex leadership can be both ‘effective’ and ‘ethical’; that is, the leader successfully chooses the means that are most likely to attain the ends sought, but also seeks to embody end-values (equality, freedom, justice, human rights, environmental

The effectiveness of leadership is determined by he actual short- and long-term consequences of leaders’ actions. Judgement of a leader’s effectiveness may be revised in historiographies, in view of long-term consequences” (Peele 2005:.9-10).

From these references, the working definition of political leadership will be ,

A process in which leaders, as agents, govern influenced by the felt desires of the people, acting and consequently leading in response to both popular sentiment, and adapting perspicuously with innovative solutions to challenges faced by a nation, both domestic and international. In the event of such circumstances leaders possess the capacity to address various challenges while taking heed to the political currents in place before their incumbency, during their administration, and the implications of their actions after their time.

METHODOLOGY

In accounting for both human and economic indicators of growth, this analysis will utilize measurements provided by the World Economic Outlook, the World Bank, and the Human Development Report. All measurements will represent Brazil's development trajectory from the year 1995 until present day. Economic and political measurements, as well as the social developments that occurred during each period, will allow for a much more lucid understanding of the role political leadership or the influence of the regime in power played in the process of development.

Measuring Development

Human Development

The Human Development report identifies three components of development, including, well being (expanding peoples real freedoms), Empowerment and agency (enabling people and groups to act) and third (expanding equity and sustaining outcomes overtime) (UNDP).

The HDR framework utilizes the Human Development Index (HDI), to assess the progress of a nation along its trajectory of development in terms of life expectancy, educational attainment, and income. The United Nations Development Programme explains further, "the breakthrough for the HDI was the creation of a single statistic which was to serve as a frame of reference for both social and economic development.

The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1” (UNDP).

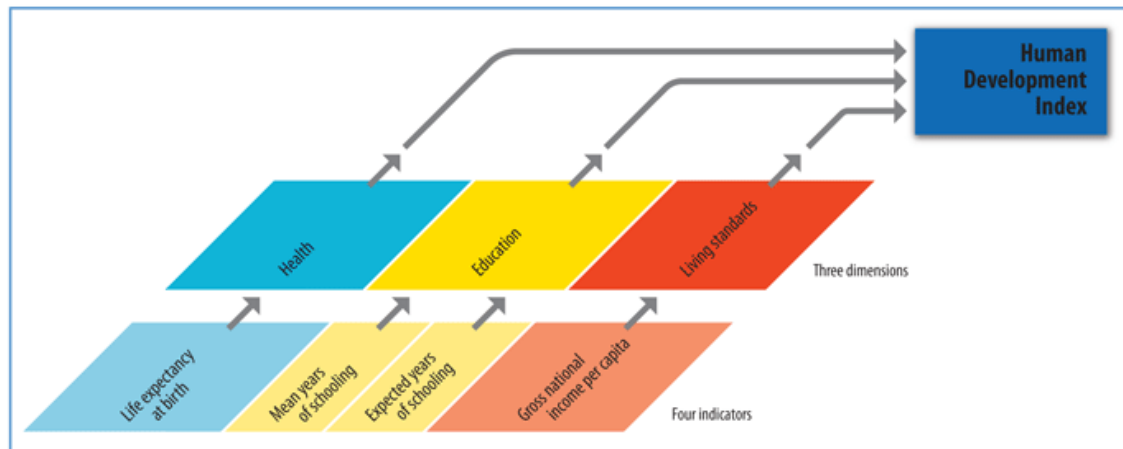
The HDR recognizes the issue of inequality and three distinct indicators associated to the matter, as an impediment to a country’s improvement in terms of human development, and overall HDI standing. A deduction consequently is made from a countries HDI based on the prevalence of inequality with *the inequality adjusted HDI*. India’s HDI decreased significantly from 0.547 to 0.392 once inequality was considered. The HDR also distinguishes gender-based inequality in terms of three dimensions, which are,

“Reproductive health, empowerment, and economic activity. Reproductive health is measured by maternal mortality and adolescent fertility rates; empowerment is measured by the share of parliamentary seats held by each gender and attainment at secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for each gender” (UNDP).

The following figure is a depiction of the components of human development under observance.

Components of the Human Development Index

The HDI—three dimensions and four indicators



Note: The indicators presented in this figure follow the new methodology, as defined in box 1.2.

Source: HDRO.

Economic Growth

In measuring economic growth this analysis will review data for Brazil in isolation, Brazil in relation to South America, and Brazil's economic performance in relation to all nations in the dataset. The economic measurements assessed will depict national accounts of gross domestic product, inflation rates, unemployment rates, fiscal indicators and commodity prices whose data will be reported by the World Economic Database and World Bank (World Bank).

Measuring Democracy

In conceptualizing democracy, as a continuum, and process in which several stages, and factors of *political and economic preconditions, liberalization, transition and consolidation*, it is necessary to measure democracy and its various stages. This analysis will employ the measurement of democratization proposed by scholars Carsten Q. Schneider, and Phillippe C. Schmitter of the European University Institute of Florence Italy (2004). Schneider and Schmitter's measurement of democracy subdivides the aforementioned components of democracy, liberalization, transition, and consolidation,

into three categories, the liberalization of autocracy, the mode of transition, and the consolidation of democracy. All of which will be described in turn,

The Liberalization of Autocracy items

Schneider and Schmitter itemize a list of liberalization indicators constituted by the Liberalization of Autocracy Scale, (LoA scale). Figure 1, lists all of the indicators that encompass this category. Schneider and Schmitter also note that although a nation may liberalize and acquire several of the indicators of liberalization to varying degrees, censorship, and a violations of human rights may still exists, thus drawing a distinction between liberal autocracies, and liberal democracies.

FIGURE 1
THE SEVEN ITEMS OF THE LOA SCALE

L-1	The regime makes significant public concessions at the level of human rights
L-2	The regime has no (or almost no) political prisoners
L-3	The regime demonstrates increased tolerance for dissidence/public opposition by social groups or formal/informal organizations (e.g., parties, associations or movements)
L-4	There exists more than one legally recognized independent political party
L-5	There exists at least one recognized opposition party in parliament or constituent assembly
L-6	There exist trade unions or professional associations that are not controlled by state agencies or governing parties
L-7	There is an independent press and access to alternative means of information that are tolerated by the government

The Mode of Transition Items

The mode of transition is characterized by a period of political uncertainty. It is also the policies that are adopted during this period that influence the outcome of either producing a democracy or the type of democracy it will be. From these understanding different modes of transition contribute to different quantitative measures of the consolidation of democracy. Figure 2 lists eight items on the mode of transitions scale, (MoT scale).

FIGURE 2
 THE EIGHT ITEMS OF THE MOT SCALE

M-1	Social/political movements opposing the existing regime enter into public negotiations with it
M-2	There exist open conflicts within the administrative apparatus of the state over public policies and these are acknowledged by the government
M-3	Formal legal changes are introduced that are intended to limit arbitrary use of powers by regime
M-4	Constitutional or legal changes are introduced that eliminate the role of non-accountable powers of veto-groups
M-5	A constitution has been drafted and ratified that guarantees equal political rights and civil freedoms to all citizens
M-6	Founding elections have been held
M-7	The founding elections have been free and fair
M-8	The results of the founding elections have been widely accepted

The Consolidation of Democracy Items

The determination of a transition's end, is when a polity has reach a point where regression to the *status quo ante* of any other form of autocracy is highly improbable (9). It is also emphasized that although a completed transition may occur, it does not guarantee that a nation will acquire an appropriate type of democracy conducive to consolidation.

FIGURE 3
 THE TWELVE ITEMS OF THE COD SCALE

C-1	No significant political party advocates major changes in the existing constitution
C-2	Regular elections are held and their outcomes are respected by those in positions of public authority and major opposition parties
C-3	Elections have been free and fair
C-4	No significant parties or groups reject previous electoral conditions
C-5	Electoral volatility has diminished significantly
C-6	Elected officials and representatives are not constrained in their behaviour by non-elected veto groups within the country
C-7	A first rotation-in-power or significant shift in alliances of parties in power has occurred within the rules already established
C-8	A second rotation-in-power or significant shift in alliances of parties in power has occurred within the rules already established
C-9	Agreement, formal and informal, has been reached on the rules governing the association formation and behaviour
C-10	Agreement, formal and informal, has been reached on the rules governing the executive format
C-11	Agreement, formal and informal, has been reached on the rules governing the territorial division of competencies
C-12	Agreement, formal and informal, has been reached on the rules governing the rules of ownership and access to mass media

Schneider and Schmitter argue that when aggregating different measures to a bounded whole,” one runs the risk of committing a reification error (combing items that bear no empirical relation to each other). Reification errors typically result as an issue when measuring democracy or the multidimensionality of theoretical concepts and their empirical indicators. To test the unidimensionality of their data Schneider and Schmitter ran a reliability analysis. Utilizing the coefficient Cronbach’s alpha varying from 0 to 1, signifying that a value above 0.7 validated the assumption of unidimensionality, to ensure that all aggregated measures could be compiled into a single scalar indicator, without committing the reification error (Carsten Q.Schneider, 2004:12).

The following table displays the results of various reliability tests. Regarding the LoA, and CoD items, measured over the time period 1974 to 19999. From these empirical findings Schneider and Schmitter assume that the data on LoA and CoD has a single underlying dimensional structure. Thus reliable comparisons across regions and between time periods can be drawn to measure each nation’s acquirement of progress and regress in the key dimensions of democratization. (Carsten Q.Schneider, 2004:12).

TABLE 1
 CRONBACH’S ALPHA (1974–2000)

	N	LoA	CoD
All countries	772	0.9807	0.9571
Southern Europe	81	0.9317	0.8882
South America	162	0.9725	0.9361
Central America	81	0.9719	0.9476
Central & eastern Europe	183	0.9906	0.9689
Former Soviet republic	108	0.9759	0.9117
Middle East & northern Africa	157	0.9344	0.8777

Item Difficulty

In analyzing each “Item of difficulty”, Schneider and Schmitter, were able to assess when each region acquired and/or sustained the aspects of political liberalization, democratic consolidation. For example in reviewing the difficulty of acquiring salient elements under the “liberalization of autocracy”, for the five South American regions (Argentina, Chile, Brazil, Peru, and Bolivia), differ considerably in comparison to Southern Europe, mainly because the items L1 (Significant public concession at the level of human rights), and L2 (almost no political prisoners), were acquired to much difficulty because the liberalization process in the region arose following military dictatorships. (Carsten Q.Schneider,2004:14).

Measuring Political Leadership:

As the effort of conceptualizing and measuring democracy requires much consideration, conceptualizing and measuring political leadership is much more difficult. Studies that have addressed the significance of political leadership utilize either normative typologies based on ethical measures of good, and effective leadership, or empirical typologies focusing more on attributes and qualities of leadership. To measure political leadership this analysis will employ the latter. In describing the empirical typology as a measurement, (Masciulli, Molcahanov, and Knight) state,

“Empirical typologies as an approach refocus the researcher’s attention on the observable functions of leadership, the personal qualities of a leader or the sources of a leader’s authority.

Adding,

Rather than assessing leadership from the sublime perspective of terminal values, empirical typologies seek to situate the problem within a context of individual and social psychology, group interactions and intergroup processes, as determined by historically concrete configurations of social structures and institutions “(Joseph Masciulli:17).

The Figure below is the empirical typology which will measure political leadership based on characteristics of Max Weber’s tripartite ideal-type analytical typology of traditional,

rational-legal, and charismatic leaders and Oran Young's inclusion of structural entrepreneurial, intellectual leadership.

Table 1.5 Synthesis of the Leadership Typologies of Weber and Young

Source of power	Position and official roles predominate	Personal qualities predominate
Tradition	X	
Organization (rational-legal authority)	X	
Public entrepreneurship		X
Intellectual policy and strategic vision		X
Charisma		X

Sources: Adapted from Weber 1946/1958, 232-3, and Young 1991.

SIGNIFICANCE OF MEASURES.

From these results, the conceptualization of democracy as a process can be accurately assessed and effectively measured. It is unequivocal from the various items within each stage that every region and a nation's ability within it to acquire any items with ease or difficulty depends on various temporal, contextual, and historical factors. Prevailing measurements that conceptualize democracy as its outcome, fail to consider that even democracy's final stage of consolidation can be acquired to varying degrees. With this understanding, it is also apparent as to why conventional measures ignore if not entirely overlook these critical factors as they assess a nation, subsequently characterizing and classifying based on dichotomous or simplistic indicators along a democracy scale. In assessing the role of political leadership and its impact on development, this analysis will utilize the empirical typology of leadership to gauge the policy outputs of the two Brazilian leaders under study, Fernando Cardoso, and Lula Da Silva. From this evaluation determining the effects of leadership, and Brazil's acquirement of several consolidation of democracy items, will allow for a more lucid comprehension as to the impetus for Brazil's continued growth.

COMPARING THE OUTPUTS: CARDOSO AND LULA: TWO ASPIRATIONS AND TWO DIVERGENT OUTCOMES.

Cardoso's and Lula; Two Aspirations and Two Divergent Outcomes

Fernando Cardoso, took office following the suspension of President Fernando Collor, and the short lived presidency of Itamar Franco. Before assuming the presidency as the financial minister to Itamar Franco, Cardoso introduced the Plano Real, which sought to, and eventually achieved the reduction of high inflation rates in Brazil. This accomplishment would later become the defining factor of the Cardoso administration, as scholar Wilfer Chaffee asserts,

“Cardoso came to office as the man who defeated inflation, and his continuing legitimacy largely depended on the continuing success at holding inflation down” (Franko :2007:378).

Serving as member of *Assembléia Nacional Constituinte*, the National Constituent Assembly, and Cardoso was an integral member in the drafting and ratification of Brazil's democratic Constitution after twenty one year under military rule. As President Cardoso adopted what some would consider neostructural policies, advocating extensively for the promotion of human rights, and the incorporation of constitutional measures, and amendments to protect the rights of the civil society, particularly that of the indigenous population. Cardoso also pursued policies that underscored the role of the state in the economic sector. Although Cardoso encouraged state involvement, in economic affairs, he also supported privatization and the denationalization of key industries. Some critics have deplored these actions of Cardoso, charging him as a Neoliberal driven by right wing ideologies. On the opposing end of the debate, some have argued that Cardoso was not a neoliberal, and that his views of globalization and his former beliefs of dependency led him to accept the forces of the market, and adapted accordingly. Brazilian analysts stated,

“it becomes abundantly clear that policy developments in Brazil during Cardoso's administration are home-grown, the

product of the country's unique situation and modus operandi, having little in common with neoliberalism per se or its ideology" (Cunningham 1999: 82).

Cardoso himself supported his views stating,

"The timing and motivation of the politician are essentially different from those of the social scientists. The politician cannot wait for the sedimentation of knowledge in order to act. Should he do so he will be overcome by events"(Gwyne and Kay,pg. 261).

Thus any adoption of neostuctural policies for Cardoso was an adaption to the nature of the economic environment, and consequently the inclusion of the state was encouraged to prevent the adverse social effects neoliberalism often produced.

Lula Da Silva, after several attempts of running, for office won the election in 2002, succeeding the Cardoso administration. Driven by a political leftist ideology, while hailing from a working class upbringing, Da Silva was a staunch advocate for the rights of laborers, later becoming the president of the Steel Workers Union. Lula later became one of the founders of the Workers Party, and served as a key figure in the reformation of the electoral system, for the implementation of the direct popular vote in presidential elections. Economically Lula's policies were successful, and the Washington Post even attributed Brazil's prosperity solely to the Da Silva administration stating.

"Under Lula, Brazil became the world's eighth-largest economy, more than 20 million people rose out of acute poverty and Rio de Janeiro was awarded the 2016 Summer Olympics, the first time the Games will be held in South America."

— *The Washington Post*, October 2010

Notable economic and social initiatives pursued by Da Silva, were either an extension of Cardoso's, by either renewing the structure of preceding programs, or adding additional objectives to former developments in place. Chafee notes,

"Lula da Silva single handily won the 2002 presidential election despite fears that he would abandon the reforms of

the previous government. The new administration exhibited strong continuity in terms of inflation control and fiscal austerity while launching the program *Fome Zero* (No Hunger), to guarantee sufficient food to the nations poorest sectors”(Franko:2007:380).

Economically, under Lula’s administration was a renewal of all IMF agreements, and by 2005 Brazil managed to repay all of its debt, several years earlier than projected, becoming a net creditor in 2008. Lula also continued Cardoso’s efforts of establishing Brazil’s role in Mercusor, an initiative to eventually include all of South America in a common market. Similarly to Cardoso, was an amalgamation of neostructural policies that focused on the internal development of key economic and social sectors of society. In a similar vein Lula, also responded to the circumstances of the international arena, both economically and politically fostering the influential role of Brazil in international affairs, while ensuring its own domestic stability in spite of the unpredictable currents of the market.

FINDINGS/EXPECTATIONS-

Prior evaluating the variable with the most significant effect on development, several considerations are necessary, as the Brazilian case is emphatically unique. Brazil’s difficulty in the attainment of key liberalization of autocracy items has led many scholars to characterize Brazil as a country affected by a “constrained transition”. During two decades of authoritarian rule (1964-1985), Brazil remained an active international actor, as an ally to the United States against a common soviet adversary, and through the adoption of a combination of neoliberal and neostructural economic policies it was able to prosper economically. This period of exponential growth has been referred to as Brazil’s golden age, and officially as the “Brazilian Miracle”, accomplishments that challenge the “regime type theory” of democracy (John Gerring, 2005). It was Brazil’s Achilles’ heel, of inflation that led to the demise of a military regime, unable to address effectively the domestic economic pressures. As the discontent within Brazilian society grew after two decades of oppression, censorship, and violence, a call for change was

most necessary as the transitions towards re-democratizing or “abertura” Portuguese for opening began to surface. In Samuel Huntington’s, *Third Wave of Democratization*, Brazil’s transition period is categorized under the “transformations” typology, in which the government constituted a preponderance of liberal reformers to antidemocratic standpatters within the state apparatus (Huntington 1991:124-141). However, the liberalization process, commenced in the absence of substantial political opposition and prior to the emergence of economic crises. The liberalization process initiated by the reformist, Ernesto Geisel, and Joao Figueiredo, contributed to the eventual demise of Brazil’s bureaucratic authoritarian regime. As economic crises surmounted in the late 1980’s, the regime further disintegrated internally, over conflicting ambitions, between those who wanted to retain disproportionate power, and economic influence, from those who accepted the regimes weakened legitimacy and anticipated demand for change.

It seems as though Brazil’s constrained transition in which the authoritarian regime had become so embedded in the process, contributed to its steady pace towards full democratic consolidation. After decades of authoritarianism, where the political, economic, and social demobilization of society stood paramount to the regimes agenda, the outcome led to a political culture of weak party identities, and prolonged politics of austerity. Today many citizens, particularly the poor, remain ambivalent towards democracy, in which they feel has not made any positive impact on their well being. In reference to studies that have associated growth with democracy, Brazils’ consolidation has not been fully cultivated for Brazil to experience the benefits many other established democracies have obtained. Brazil’s development and present economic growth seems to have been precipitated by the ingenuity of political leadership, with Presidents Ernesto Geisel and Joao Figueiredo who initiated democratic liberalization, making further democratization feasible, with the election of the first civilian leader Tancredo Neves in 1985. A decade later it was also the political ingenuity of Fernando Cardoso, who affectively addressed Brazil’s economic burdens by establishing a new course of development with the remarkable “Plano Real”, and the perpetuation of Cardoso’s economic strategies by his successor Lula Da Silva. Although a mixture of

neostructural/neoliberal policies has fostered economic growth, social inequality, and a racially divided civil society, separated along disproportionate economic lines, continues to pervade. The question now remains as proponents of the “trade off theory assert” (Jose Tavares, 2001), if there can be a reconciliation between maintaining economic growth while improving and sustaining the social benefits, a consolidated democracy as to offer.

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