

CARDOSO'S POLITICAL PROJECT IN BRAZIL: THE LIMITS OF SOCIAL DEMOCRACY

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It seems to me that this is a crucial question for the 1970s: how to link the economic objectives of development to political practices which are neither authoritarian nor totalitarian.

An identical form of state – capitalist and dependent, in the case of Latin America – can coexist with a variety of political regimes: authoritarian, fascist, corporatist, and even **democratic**. . . It is simplistic to imagine that a dependent capitalist process of industrialization can take place only through authoritarianism.

It is difficult – if not wrong – to imagine that without substantive or social democratization, political democratization is a deception. Sometimes 'pure' liberal democracy (or, better, the actual practice of democratic liberties) constitutes a favourable condition for the advance of social democratization.

But I was never a neo-liberal.

If these statements, made at various times between 1971 and 1996, make an appropriate starting point for a consideration of political alternatives in Brazil, it is because they were all made by Fernando Henrique Cardoso, the sociologist turned politician who is now its President.'

Cardoso's work as a sociologist and political scientist from the early 1970s reflects a coherent political project with which his political practice over the last two decades has been consistent. It centres upon the democratization of the state and society in Brazil, and has consistently been social democratic rather than socialist in character. My argument is that thinking about an alternative socialist political project in Brazil entails understanding and engaging critically with this project. In doing so, we should avoid the easy but false impression that it represents a capitulation from a former radical to neo-liberalism. But at the same time we should consider its limitations, and explore the possibility that its role and significance today, in a very different conjuncture from that in which it was first proposed, are necessarily no longer what they were at the outset.

Cardoso's social democratic project was articulated at the height of

Brazil's military dictatorship, when the fortunes of representative institutions (although these were never entirely discarded by the military) were at their lowest ebb. In the context of the general mood of disenchantment with democratic values, and the endorsement of authoritarianism by the United States as a sound basis for accelerated development and a defence against subversion, the social-democratic project was radical, oppositional and counter-hegemonic in character. It was realistic in its assessment of the deficiencies of the liberal democratic tradition in Brazil and Latin America, and the limited potential of the 'privileged agent' of democratic revolution – the industrial bourgeoisie. Above all, it was clear on the need for a long and patient effort of independent self-organization by social democratic forces outside the ambit of either traditional political elites or the state. If we are to judge by the frequent pronouncements **Cardoso** has made on the subject since he became president, it remains progressive in intent. However, time has moved on. The international and domestic forces against which Cardoso's initial project was aimed have themselves become fervent advocates of the adoption of liberal democratic political institutions, which now seem an appropriate vehicle for furthering their own interests. Significant sectors of the Brazilian bourgeoisie have opted to support **Cardoso**, but neither they nor their allies abroad attach great priority either to the democratization of state and society, or to the pursuit of social reform. At the same time, the logic of Cardoso's own position has led him to adopt a range of neoliberal economic policies – to become, in fact, the most successful Brazilian architect by far of the 'normalization' of the economy which **O'Donnell** once saw as the privileged task of the bureaucratic-authoritarian state. This is not surprising, as his project aims to democratize what he himself has termed 'associated-dependent development', not to go beyond it.

Although the rhetorical commitment to the democratization of Brazil's state, political regime and society remains, the narrow neo-liberal agenda has contained it, and converted it into a more limited project for bourgeois hegemony. At the same time, Cardoso's growing conviction that the continuity of his economic policies can only be guaranteed by his own re-election to the presidency (which in turn requires a major constitutional reform) has persuaded him to look to support from the politicians of the right and centre-right whose backing brought him to the presidency. The politics of official clientelism to which this has given rise run directly counter to his previous insistence that democratic reform could be a prelude to social reform. In these circumstances, the part played by the social-democratic project over the last two decades can be played today only by an explicitly socialist project. In the context of the global ascendancy of neo-liberalism and the limits it places on social democracy, only an uncompromising socialist project can provide the basis for the radical,

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oppositional and counter-hegemonic alternative which the social democratic project represented during the dictatorship.

At the same time, socialists can draw valuable lessons from the trajectory of Cardoso's social democratic project. Today, in the context of internal debate and pervasive loss of faith in socialist ideals, socialists can learn from the commitment demonstrated by **Cardoso** and others in equally unpromising circumstances to the ideals of social and democratic reform. We can also be guided by two central principles of Cardoso's own analysis – commitment to the democratization of the state and society, and recognition of the need to assign priority to a long and patient effort of self-organization. On the present evidence Cardoso's insistence on placing neo-liberal economic reform before political democratization has led him to abandon these two principles. There is all the more reason, therefore, for the left to take them up.

Finally, the conjunctural circumstances in Brazil are such that substantial tactical space exists within which a socialist project can be advanced. As noted above, Cardoso's distinctive social democratic project is currently threatened with assimilation to a narrower neo-liberal project. The obliteration of the distance between the social democratic project and the alternative project of the bourgeoisie and its international allies can be avoided only through a tactical alliance with the left to advance the project of democratization of the state and the regime. Indeed, should **Cardoso** secure the change needed in the constitution which will allow his re-election, there may be no other basis on which such a project might proceed. And to the extent that the process of democratization of the state and the political regime does go forward, the conditions for the left to advance an alternative socialist project will improve.

It follows that socialists should unreservedly support the democratization of the state and the political regime. At the same time, we should argue uncompromisingly that a project that began with the assertion (itself virtually a heresy at the time) that dependent capitalist development could proceed under a political regime of representative democracy is always likely to find that its limits are reached at a point when 'political democracy' is achieved, while dependent capitalism still remains intact. In these circumstances, the task of the alternative socialist project is not only to identify these limits, but also to insist that it is essential to go beyond them. In other words, where **Cardoso** has proved willing to compromise on political democratization in order to safeguard neo-liberal reform, and hence blocked a possible passage from neo-liberal reform to social democratic reform, the left should insist upon political democratization, thus re-opening the possibility that democratic pressure may bring about pressure not only for much-needed social democratic reform, but also for more radical departures which do not respect the limits imposed by

capitalism. With these thoughts in mind, I first analyse the origins and development of Cardoso's social democratic project, then examine its fortune during his presidential period.

Cardoso's Social Democratic Political Project

The presentation from which the first quotation at the head of this article is taken was made in New York in the spring of 1971.² It was delivered at the height of the military dictatorship in Brazil, with **Médici** in power, when the economic boom which had begun in 1967 was in full swing, Congress purged and sidelined, and the prospects for the restoration of democracy as remote as they would ever be. It was a public statement which articulated a political position and made a political intervention, as the reference in the titles to 'political alternatives' makes clear. It therefore offers an appropriate point of departure for an account of Cardoso's academic and theoretical work as a political intervention.

Speaking, then, at the height of the dictatorship, **Cardoso** chose to address the issue of representative democracy in Latin America, noting first the virtual absence in the region of the political conditions associated with it (representative parties, institutional mechanisms to allow the interplay of interests and the resolution of conflict, the separation and harmony of powers, basic individual guarantees, and legitimacy arising from the legal and rational basis of power); and second the absence of appropriate social conditions (given massive urban and rural poverty, small middle classes, and a small dominant sector remote from the rest of society). In these circumstances, he argued,

the novelty of the present situation is not in the 'end of liberal democracy' (or, as some would have it, of the regime of bourgeois liberalism) as an effective form of political organization, as this has only ever had a brief existence in virtually the whole of the region; it is rather in the fact – and this is new – that the ideology of democracy is losing force."

What was more, he argued, in official circles in the United States the rejection of liberal democracy as a guiding ideology was cynically welcomed as evidence of pluralism, and the legitimacy of alternative paths to development. The critique of liberal democracy slid over, therefore, into a justification of authoritarian and even totalitarian ideologies of development.

In the 'autocratic-bureaucratic' states committed to associated development, and generally among elites around the region, **Cardoso** noted the generalization of the belief that 'it is not possible to have accelerated economic growth with popular participation in the political process and with liberty.'⁴ Against this, he argued that under capitalism and socialism alike the protection of individual liberties was essential:

Recent historical experience reveals two processes which are only apparently contradictory: that substantive democracy does not depend upon the formal organization of a liberal-bourgeois regime but that, on the other hand, neither the capitalist nor the socialist pattern of development, or their intermediate formulations, are sufficient by themselves to guarantee that same substantive democracy."

This commitment to individual rights and civil liberties prompted a critique of the 'autocratic-bureaucratic' model of development – not only on moral grounds but also on the grounds that it would lead to the isolation of the political elite, the replacement of debate by manipulation, and the collapse of any capacity to govern effectively. It also prompted a call for political organization: the prospects for democracy depended upon the capacity of political leaders to defend basic ideas of liberty with intransigence, but also upon the capacity of social groups to define their own interests and to organize themselves:

The elitist vision linked to the state, among Latin American intellectuals and politicians alike, has made it difficult to strike the right balance with regard to the political problems of society. We think more easily of solutions at the top than of the arduous, patient and lengthy tasks of organizing and preparing the popular sectors, the professional groups, the masses, for the construction of freer and more equal societies?

At the same time, **Cardoso** recognized that liberal democracy was simultaneously a regime of representation founded upon the idea of civil liberties and individual guarantees, and a means through which the interests of the bourgeoisie were imposed upon other classes:

The great political issues in Latin America are not exhausted with the problem of liberty and individual guarantees. The problem remains of viable models of organization of the state and its relationship with society and with economic life. It is in this more concrete context that the previous issue of fundamental liberties should be placed, because we fall otherwise into the error which the critique of liberal democracy correctly identifies: that of supposing an abstract and absolute political order which does not take into consideration the real conditions of the relation of forces prevailing in society and their contradictions.'

A month earlier, participating in a workshop at the University of Yale, **Cardoso** had offered an analysis of the theoretical and *practical* implications of associated-dependent development in Brazil which complemented the general analysis reviewed above." This important text identified the specific features of Brazilian society and politics which would dictate the nature of the political project with which the military regime was to be opposed. Here too the presentation was a political intervention, intended 'to suggest the range of possible futures for the Brazilian development model, and to offer some useful insights both for people actively involved in politics and for analysts'?

According to **Cardoso**, the populist developmental model rested upon an alliance in the first place between the Brazilian state and domestic

capital, and assigned a secondary role to foreign capital. But the pursuit of industrialization and the concentration of policy on expanding the market for manufactured goods among the middle classes meant that the social bases of the regime (largely 'popular' in character) had begun 'to correspond less and less to the class sectors controlling the productive forces'.¹⁰ At the same time, changes in the international capitalist economy meant that international corporations were seeking to base manufacturing production in the periphery. This had the double consequence that the limits of 'dependent development' were extended, and power shifted towards 'groups expressing the interests and modes of organization of international capitalism.' As a result, the 'antipopulist sectors of the military and technocracy... gained in influence,' while 'the older ruling sectors. . . lost their relative power position in the total structure.' The most decisive change, however, was the direct repression of the popular sectors, which was a response to the fact that 'the accumulation process required that the instruments of pressure and defense available to the popular classes be dismantled.'"

We should remind ourselves just how categorical **Cardoso** was, in the context of analysis firmly grounded in principles of political economy, that in this new phase of international capitalism the limits of 'dependent development' were extended:

Assuming as it does the immersion of industrial capital into peripheral economies, the new international division of labor puts a dynamic element into operation in the internal market. Thus, to some extent, the interests of the foreign corporations become compatible with the internal prosperity of the dependent countries. In this sense, they help promote development. Because of this factor, the growth of multinational corporations necessitates a reformulation of the traditional view of economic imperialism which holds that the basic relationship between a developed capitalist country and an underdeveloped country is one of extractive exploitation that perpetuates stagnation. Today, the massive investment of foreign capital aimed at manufacturing and selling consumer goods to the growing urban middle and upper classes is consistent with, and indeed dependent upon, fairly rapid economic growth in at least some crucial sectors of the dependent **country**.¹²

One of the implications of this situation was that 'as long as the economy maintains its present growth rate, it is even possible that some sectors of the lower strata (workers in the more modern sectors, and so on) will share in the prosperity.' But at the same time, and in direct contrast to other analyses at the time which stressed the economic limitations and the political efficacy of the regime, **Cardoso** questioned the political efficacy of the 'bureaucratic-authoritarian' state, arguing that 'it is true that the regime has been able to generate effective policies and to keep order. It has not, however, solved its fundamental problems, particularly those of a distinctly political nature. It has not devised means to broaden and firmly establish its legitimacy in the society at large.'" In casting doubt upon the political solidity of the regime, however, he simultaneously denied that 'the

outside opposition, armed or verbal, **ha[d]** any ability to cause the regime's breakdown,' and argued that the 'reconstitution of popular representative organizations' seemed only 'a remote possibility in the present horizon of political **choices**'.¹⁴

At the same time, this analysis developed further a line of argument familiar in Cardoso's previous work, concerning the nature of Brazilian society and politics prior to the implantation of the bureaucratic-authoritarian regime after 1964. The central theme of this analysis was the relative backwardness of social classes and political institutions, reflected in the lack of autonomy of both the bourgeoisie and the working class, and the general reliance upon the state and upon anachronistic institutional arrangements in political organization on all sides and at all levels. **Cardoso** had argued earlier that in the populist period 'in not assuming the political responsibilities of an economically dominant class, the [Brazilian] industrial bourgeoisie [became] in part an instrument of the political domination of traditional **groups**'.¹⁵ On this basis he had concluded, on the eve of the 1964 coup, that faith in a developmentalist alliance which would unite a progressive bourgeoisie with the **working** class was illusory. He now repeated his previously expressed view that 'the bourgeoisie never had effective political organization and pressure instruments,' and added that with the support it had given to the coup, it had 'lost all leverage to shape its more immediate political **interests**'.¹⁶ However, this was only one aspect of a broader analysis of the political system before 1964, in which the potential of the **working** class for independent political activity was equally problematic:

The populist alliance through which some sort of attempt was made to bring together the masses, middle-class groups, and the national entrepreneurs was itself dependent on the state. It was caught up in a web of interests and relationships ultimately based upon an economic foundation that was not only intrinsically **nonrevolutionary**, but also backward. Furthermore, one of the structural anchorages of that alliance was the nonincorporation of the **rural** population, leaving it politically unorganized and economically overexploited. This made it possible to count on the support of the conservative clientelistic parties, particularly the Social Democratic Party (PSD).¹⁷

It followed that the masses, selectively organized from above by the state and tied into various clientelistic political systems orchestrated either by the state itself or by the rural elites, were as little prepared for autonomous political activity as the bourgeoisie:

Economic and urban development has mobilized the 'masses,' but it has not filled the historical vacuum of a society and culture in which they have never been organized, never politically educated, never enabled to claim their fundamental rights on an equal footing: bread as well as **freedom**.¹⁸

Some further considerations pertinent to the social democratic project are found in a discussion of the new authoritarianism in Latin America in which **Cardoso** condemned the tendency to generalize the model of

'bureaucratic authoritarianism' to include such cases as Mexico, and to abstract away from the institutional form of a *militarized* political regime.¹⁹ At the same time, he insisted upon the need to distinguish between the *state* and the *political regime*. The state was defined as 'the basic alliance, the basic "pact of domination," that exists among social classes or fractions of dominant classes and the norms which guarantee their dominance over the subordinate strata.' It included state institutions as the organizational reflection of the political practice of the dominant classes as they sought continually 'to articulate their diverse and occasionally contradictory objectives through state agencies and bureaucracies.' In contrast, the political regime was defined as 'the formal rules that link the main political institutions (legislature to the executive, executive to the judiciary, and party system to them all), as well as the issue of the political nature of the ties between citizens and rulers (democratic, oligarchic, totalitarian, or whatever).' All Latin American states were capitalist; it made no sense to speak of a bureaucratic-authoritarian *state*; and only a few Latin American capitalist states had bureaucratic-authoritarian *regimes*.²⁰ On the basis of this distinction Cardoso argued – strikingly in retrospect – that the principal characteristic of the bureaucratic-authoritarian *political regime* was not that it represented a particular "pact of domination," as this was not a characteristic exclusive to it, but that it was 'politically profitable for the civilian and military bureaucrats that hold state office'.²¹ It was in this context that Cardoso made the argument highlighted at the head of this paper that 'an identical form of state – capitalist and dependent, in the case of Latin America – can coexist with a variety of political regimes: authoritarian, fascist, corporatist, and even *democratic*'.²² We should pause again here, remembering the conjunctural context in which these remarks were made, and note the significance of the conjunction in Cardoso's position of the two ideas that dependent development could produce both prosperity (albeit of a limited kind) and political democracy.

The possibility and the conjunctural significance of democracy varied from case to case, in accordance with local historical and institutional circumstances. In Brazil, there were few available resources in the historical legacy of a tradition of 'a strong state plus elitist political control'.²³ Despite this, the goals of the military had not been achieved. Tensions existed between the military as an institution and the executive, and the state apparatus was heavily factionalized, and penetrated by private interests whose access nevertheless remained precarious. In these circumstances, there was in civil society 'an awareness of the illegitimacy of the regime and a conviction that sooner or later the political organization of society [would] have to be *reconstituted*'.²⁴ Even in the unpropitious circumstance in which politics was 'the exclusive preserve of an elitist bureaucracy,' a party created by the military regime to fill a purely formal

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role of opposition – the MDB – had ironically become an effective opposition party. In sum, **Cardoso** continued to argue that the Brazilian regime was not solidly established, and that a social democratic alternative remained viable, reasserting arguments he had advanced at the beginning of the decade. 'It is simplistic,' he asserted, 'to imagine that a dependent capitalist process of industrialization can take place only through authoritarianism.' The functioning of authoritarian regimes and the achievement of proposed economic goals created new challenges and new forms of opposition which they could not overcome. The likelihood of change might depend, therefore, on 'the political capacity of opposition groups to propose creative alternatives of power that address these same challenges by offering different, and better solutions'.²⁵

It seems clear, in the light of the evidence provided by these related presentations, that the political project advocated by **Cardoso** for Brazil called from the early 1970s for an explicit commitment to liberal democratic values and a democratic ideology, and argued that even within the prevailing economic model of associated-dependent development the potential existed for such a democratic political regime. It also recognized that a liberal democratic political system was at the same time a system of class domination, and called for a sustained effort to organize a cross-class coalition under democratic leadership to pursue the democratization of state and society. The project rested upon the following seven propositions: that *political democracy and civil rights had always been lacking in Brazil*; that *they were worth having for themselves and for what they made possible in social terms*; that *they were in principle compatible with "associated-dependent development"*; that *the Brazilian bourgeoisie was neither willing nor able to launch its own democratic project*; that *the low level of organization of the masses precluded a popular or socialist alternative*; that *armed opposition did not offer a credible option*; and that *the only realistic alternative which progressive intellectuals could espouse was independent activity within the institutions of the existing system to promote, through slow and patient organization, the democratization of the state, the political regime, and society*.

This was, then, essentially a project aimed at producing substantial *organizational and institutional* change as a necessary precondition for future social reform within the limits (assumed to be somewhat flexible) of associated-dependent development. In other words, it was a project for the *social, institutional and political democratization of the associated-dependent model of capitalist development*, inspired, as noted at the head of this paper, by the view that priority should be attached to finding ways of pursuing the existing pattern of economic development within a democratic framework. As such, it can be distinguished from four alternative projects. The first, the *consolidation of military authoritarianism* through

the achievement of durable political legitimacy, was not only unwelcome but was ruled out by the failure of the military to develop effective political institutions. The second, the *return to national developmentalism* through a regime based on 'the assumption of an active, entrepreneurial sector bound up with a state structure that serves as a bridge to the popular masses', was ruled out by the contradictions which had bedevilled it in its first incarnation, and by subsequent changes in the domestic and international political economy. The third, the *installation of a popular regime based directly on the masses*, was ruled out by the economic potential of associated-dependent development and the strength of the social forces behind it, the failure of armed revolution, and the lack of preparation of the masses themselves. The fourth, whose identification is crucial if the progressive character as well as the limits of Cardoso's project are to be correctly assessed, was the *introduction of a narrowly defined liberal democratic regime* which excluded the prospect of social and economic reform. This alternative was rejected.

Cardoso and O'Donnell

One mistake we should not make, therefore, is to identify Cardoso's social democratic project with the more conservative model of 'political democracy' espoused by Guillermo O'Donnell and others since the mid-1980s. The essential difference between them was apparent as early as 1979, in O'Donnell's contribution to the collection on the new authoritarianism in Latin America already cited above. In direct contrast to Cardoso, O'Donnell denied that any social democratic project could emerge within the political economy of dependent development. Maintaining this perspective, he later endorsed precisely the narrowly defined liberal democratic regime without social mobilization or reform which Cardoso rejected, and which he himself had condemned in 1979.

O'Donnell's discussion of the new authoritarianism addressed the political process in the capitalist state, which 'maintains and structures class domination, in the sense that this domination is rooted principally in a class structure that in turn has its foundation in the operation and reproduction of capitalist relations of production'. Here the state is 'first and foremost, a relation of domination that articulates in unequal fashion the components of civil society, supporting and organizing the existing system of social domination.' At the same time, in order to secure this purpose, the institutions of the state are required to pose as 'the agents of a general interest of a community – the nation – that transcends the reproduction of daily life in civil society'.²⁴ Within this framework O'Donnell identified two other fundamental political mediations, these being citizenship (in the double sense of the abstract equality implied by universal suffrage and the

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right to recourse to the law), and lopopular (which involves concrete rights which apply equally to all those who belong to the nation without respect to their position in society, and is hence 'a carrier of demands for substantive justice which form the basis for the obligations of the state toward the less favored segments of the **population**'.²⁷ The partial recognition of these substantive rights in 'normal times' was an important source of consensus in capitalist society.

In this context the implantation of the bureaucratic-authoritarian state was described as 'an attempt to salvage a society whose continuity as a capitalist system was **perceived** as threatened?' O'Donnell argued that the 'BA state' was unable to legitimize itself as it was narrowly based and founded upon coercion. It suppressed both citizenship and lopopular, and because of these exclusions it could only appeal to the 'nation' as a project to be created, rather than an existing reality. The alliance of the forces of repression and the technocrats who ran the economy made the connection between coercion and economic domination transparent. As a result it could not achieve hegemony, and was bound to **depend** upon instilling fear in the great majority of the population. O'Donnell clearly saw no prospect at this time, then, that the economic model pursued by the BA state could prove compatible with a social democratic political regime. It is equally significant that he ruled out at the same time the possibility that a purely capitalist state – in other words one which rejected the call for substantive social justice embodied in the concept of lopopular – could ever achieve sufficient legitimacy to restore the rights embodied in the concept of citizenship. Seemingly, it never occurred to him that the project of a **truly** internationalized capitalism could actually succeed sufficiently on its own terms to introduce and maintain a narrowly liberal democratic political regime. He appeared to believe that orthodox (anti-statist) economic policies were only required and could only be sustained in the short term, and that a return to statist national development at some point was both desirable and inevitable. And he seemed to reject the possibility that liberal capitalist development open to the international economy could redefine the nation, achieve hegemony, and win the consensual support of citizens through liberal democratic institutions. Concluding the essay, O'Donnell ruled-out both a PRI-style dominant party and an inclusive corporatist solution, and proclaimed democracy as the only option. With the restoration of political democracy 'at the very least the mediation of citizenship would reappear,' the problem of executive succession would be resolved, and the upper bourgeoisie would be freed from direct reliance upon the armed forces. However, one insoluble problem remained:

But what kind of democracy? It would have to be one that achieves the miracle of being all this and that at the same time maintains the exclusion of the popular sector. In particular, it would have to be one that sustains the suppression of invocations in terms of

pueblo and class. Such suppression presupposes that strict controls of the organizations and political movements of the popular sector are maintained, as well as controls over the forms of permissible discourse and rhetoric on the part of those who occupy the institutional positions which democracy would reopen. The search for this philosopher's stone is expressed in the various qualifying adjectives that customarily accompany the term 'democracy.' ... The philosopher's stone would be a form of democracy which is carefully limited, in the sense that invocations in terms of pueblo or class are prohibited, but which at the same time is not such a farce that it cannot provide the mediations and, ultimately, a legitimacy that could transform itself into hegemony. The question of how this form of democracy will be achieved poses an enigma that severely tests the ingenuity of the 'social engineers' who offer their expertise to accomplish a task which amounts to squaring the circle. Yet the goal which the most enlightened actors in this system of domination seek to achieve is clearly this kind of **democracy**.²⁹

Reality, one might say, is compelling. The O'Donnell of 1978 saw this option as a 'distorted and limited **democracy**,'³⁰ but he has since become one of the 'social engineers' who propose political democracy with no promise of social justice?' The exceptional and transitional phase of economic 'normalization' has become the norm, and the **thrust** of the ideological effort behind attempts to reformulate Latin American democracy these days is precisely to impose this limit, promoting citizenship and excluding lo popular.

There is a vital and fundamental contrast between the approaches of O'Donnell and **Cardoso**. O'Donnell failed to distinguish between state and political regime, and as a result came to a mechanistic and **over-deterministic** understanding of the available political alternatives. From this point of departure he at first identified a narrowly liberal democratic political regime as the only solution compatible with the interests of the dominant elites, but declared it unwelcome and scarcely realizable in practice. In short order, however, he endorsed it himself. In contrast, **Cardoso** identified himself with a distinctively social democratic political project from the start, declared it to be realizable in practice, and set about contributing to its realization. It remains now to be seen what has become of the project in the 1990s.

The Social Democratic Project in the 1990s

More recently **Cardoso** has defended the social democratic project in the context of the ascendancy of neo-liberalism and the transformation of the Soviet Union and Eastern Europe. Social democracy, he argues, should follow the Austrian social democrats of the beginning of this century, criticizing both liberalism and Bolshevik socialism. He certainly cannot be accused of underestimating the extent of this challenge as it presents itself in contemporary Latin America:

Apart from the challenges of that ideological battle, social democracy struggles in Latin America with a political tradition that is unfavorable to it, and it confronts the emergence

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of a new democratic practice that is frequently confused with the success of liberalism. This all happens in a context of economic stagnation (the decade of the 1980s is considered, from this point of view, a lost decade) and increasing social *inequality*.¹²

The unfavourable political tradition to which **Cardoso** refers is once again populism, or national developmentalism. 'In Latin America,' he argues, 'the demand for social rights – through populism – and the search for greater opportunities for economic development – through anti-imperialism – emerged before serious democratization and, up to a certain point, with disdain for it.' On the left, the formal aspects of democracy were given little importance in comparison to hostility to poverty and imperialist exploitation, while across the political spectrum developmentalists gave less attention to the rule of law than to the need for industrialization and economic development:

The so-called progressive bourgeoisie was more statist and nationalist than **liberal-democratic**. Therefore, the forces that could have been expected to criticize clientelism and patrimonialism in the name of democracy and the extension of human and political rights, until the **mid-1970s**, emphasized the 'efficiency of the state.' A strong state, in their view, would serve the accumulation process and eventually, better the living conditions of the **masses**. Direct social action by the state, even for more critical progressives, had precedence over questions of democracy, autonomy of class movements and direct political representation. In this way, the idea of social well-being was intimately tied to the defense of state action."

In sum, Latin American progressivism practised selective redistribution to favoured groups (often through the perverse method of inflation) rather than the reorientation of state policies and public expenditures through fiscal and income policies, and neglected the question of the democratic control of the state. The according of privileges to select corporate groups, a minority of wage earners among them, constituted an impediment to the universalisation of social conquests, and therefore a direct contrast with the European welfare state. The original sin of Latin American progressivism was that it was 'more statist than democratic.'

The subsequent installation of repressive bureaucratic-authoritarian regimes, the emphasis on accumulation and investment over redistribution, and the debt crisis, led to an anti-statist reaction which was reinforced by the resurgence of liberalism on a global scale. As **Cardoso** argues it, this had the problematic effect that 'the criticism of statism got mixed up with the criticism of populism,' threatening to sweep away the argument that structural reform carried out by and through the state is a necessary precondition for development along with the necessary critique of the deficiencies of populist national-developmentalism. In these circumstances, **social democracy** in Latin **America today** must offer a critique both of **neo-liberalism** and of the distorted progressivism of the past. In addition **Cardoso** remains explicit, as argued above, in recognizing the limits imposed by acceptance of a capitalist model of development: '*while defending the*

workers' and salaried employees' points of view, one needs to recognize the necessity to restrict corporatism and respect the requirements of production in terms of efficiency, productivity and necessary link between distribution and production.¹⁸ Hence social democracy 'needs to oppose, in the name of economic growth and medium-term rationality, demands that, as just as they may be, will interrupt the continuity in the provision of desired benefits in the future.' Nevertheless, it will have failed unless it can combine prosperity with income redistribution. In sum

It is a critical posture toward the present type of development – combined with responsible positions concerning the necessity of accumulation and economic growth, added to its qualities as a moral and concrete political force in favor of income redistribution and social welfare policies – that will distinguish Latin American social democracy from populism, national-statism and renovated liberalism.”

Thus

the real question for contemporary social democracy concerns knowing how to increase economic competitiveness – leading to increases in productivity and the rationalization of the economy – and how to **make** the vital decisions **concerning** investment and consumption increasingly public ones, that is, how to make them transparent and controllable in society by consumers, producers, managers, workers and public opinion in general, not only by impersonal bureaucracies of the state or the private sector.”

In sum, therefore, social democracy in Latin America

should insist on democracy as an objective in itself (in the past, something done only by liberals) and, at the same time, dedicate itself to the institutionalization of practices of liberty, creating the arenas where reforms can be decided and implemented.”

On the eve of Cardoso's accession to the presidency, then, the project which he sought to carry forward was clear. It recognized and accepted the limits imposed by the need to accept the imperatives of global capitalism, but it argued that within those broad limits a process of political democratization would allow a degree of redistribution and social reform. The 'national project' advocated by **Cardoso** as president of Brazil has been largely consistent with the project outlined above. At the same time, engagement with concrete issues in national and international politics has led to a closer definition of the implications of the project at the close of the twentieth century. In particular, **Cardoso** has taken every opportunity to spell out the character and potential of social democracy in the context of 'globalization' – the increasingly compelling character of capitalist competition throughout the global economy. Extended statements made by **Cardoso** as president during **1996** confirm that the project remains the same, and identify both the progressive intent behind it, and the limits placed upon it by its acceptance of the current character and dynamics of global capitalism.¹⁹ So much is this so, in fact, that **Cardoso** may be seen, and seems increasingly keen to project himself at an international level, as

the architect of a modernized social democratic project which has come to terms with 'globalization.' Four main elements dominate his current discourse: a 'porous' state which is accountable and democratic, and which cooperates with civil society and non-governmental or 'neo-governmental' organizations to create an enlarged public space; an economic policy which accepts the context and discipline of globalization but gives the state an active role in regulating the market; a social commitment reflected in a domestic priority accorded to spending on education and health, and an international commitment to socially progressive global regimes; and an insistence that any project developed by the left must be universal rather than sectional, and therefore cannot focus on a single class or a privileged minority. Each point can be briefly illustrated from recent public statements.

The Porous State

Cardoso accepts that the state operates on behalf of the most advanced capitalist interests, but argues at the same time that it will only serve the interests of the bourgeoisie if it succeeds in integrating excluded sectors into society. He argues the need to replace the old clientelistic state created to serve the interests of the elites and the political class with a 'porous' state, a state in partnership with civil society, by-passing regional and local politicians to deal directly with voluntary bodies and independent citizens:

The state has to be open. A porous state, so that the organizations of civil society have a presence – the so-called non-governmental organizations, which were looked on with great suspicion by the bureaucracy"

The national project which this proposal represents, and which **Cardoso** seeks to crystallize,

is a democratic project, participatory, distributive, in which you have a growing public space. To reduce the size of the state means to increase the public space, it's not a question of reducing the size of the state in order to enlarge the market. It's reducing the size of the state to increase the public space"

An Active Economic Policy

At the same time, **Cardoso** argues that the hallmark of globalization is that capital is much more profitable in the periphery than at the centre. Not all areas of the periphery will benefit, but Brazil has a chance of doing so, and if it succeeds the consequence will be an increase in the forces of production, leading to development. In these circumstances, the Brazilian regime is not at the service of monopoly capital or state capital, but necessarily of 'that capital which is competitive in the new conditions of production.'" Within this broad context, however, it seeks to regulate the market, and to channel resources to small and medium enterprises, as we;; as to underdeveloped regions of the country. It does not simply accept the

discipline of the market, as a neo-liberal strategy would, but seeks to regulate it in order to overcome its deficiencies, and to create the social harmony without which the system would be threatened.

Social Commitment

In essence, then, Cardoso's project is aimed at achieving reform within a given system of production:

Today, without changing the mode of production, we are trying to increase welfare. We have not found another mode of production capable of offering greater welfare. The failure of socialism led to the conclusion that changing the mode of production does not resolve the problem. The option is to try to increase welfare without altering the mode of production. To increase welfare it is necessary to make programmes universal. It is necessary to be willing to put order at risk in order to promote universalization.⁴³

This is not simply a moral or normative commitment, but a real need which is as pressing for the bourgeoisie as it is for the excluded sectors themselves. In other words, the integration of the excluded is in the interests of all. In the long run, exclusion will be reduced by investment in education, and secondarily in health. It will also be mitigated by such projects as land reform, which are to be carried out specifically because they redress exclusion, despite the fact that the productivity they allow cannot hope to match that of the most advanced capitalist sectors in agriculture.

At an international level, this perspective leads **Cardoso** to call for new 'rules of governance' of the global order, characterized by greater democracy, the participation of a larger number of countries, and the development of new (and as yet unspecified) instruments to control the process of globalization. This is accompanied by a specific commitment to the inclusion of 'social clauses' in international agreements and regimes, from which Brazil will benefit because it will promote the development of a better-protected, better-educated and more productive workforce.⁴⁴

A Universal Project for the Left

On this logic, the only feasible project for the left today is precisely a social democratic project which accepts the broad contours of capitalist production and competition on a global scale, but seeks to advance within it universal access to the advances in welfare which growing development and prosperity can bring. Hence **Cardoso** claims that 'I am against inequality and against injustice, so I consider myself of the **left**',⁴⁵ and argues that with the abandonment of faith in the alternative proposed by revolutionary socialism, 'The left today is the trend towards growing equality, which makes programmes **universal**'.⁴⁶

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Cardoso as President

On any assessment, the progress made by **Cardoso** as president towards the realization of his social democratic project by the end of 1996 was disappointing. This is so, I would argue, not only because priority has been given to economic stabilization and broadly neo-liberal readjustment (it is after all the stated logic of Cardoso's position that these changes have to be given priority in order to make subsequent social reform possible), but also because **Cardoso** has gone backwards on the parallel reforms that might have made social reform a reality. At the same time, the prospects for political reform have been dealt a mortal blow by Cardoso's reliance on the right and centre-right PFL and PMDB in preference to his own Social Democratic Party, the PSDB.

At the end of 1996 the **Plano Real**, the stabilization programme in place since mid-1994, which had secured the lowest inflation Brazil had known for four decades and proved the bedrock of Cardoso's continuing popularity, remained firmly in place, with inflation looking set to drop to single figures in 1997. At the same time, the privatization programme which had been pursued with stops and starts from the **Collor** presidency onwards was nearing completion, with **Cardoso** insisting that the sale of the giant mining complex Companhia do Vale do Rio **Doce** (CVRD) remained a top priority for the coming year. In addition, the opening up of Brazil's economy to foreign competition continued, notably with legislation in July to open up the market for cellular telephones, initially with a three-year period in which foreign companies would be limited to 49 per cent holdings. Even so, this last measure represented only a small step to the opening up of the telecommunications industry, and the petroleum sector remained off limits. On the whole, these major economic reforms could be said to be on course, albeit progress against the background of apparently lasting stabilization was slow. In themselves, however, they simply made up the neo-liberal package deemed essential to success in the global capitalist economy. Self-evidently, they did not in themselves either promise or advance a social democratic agenda.

Three further reforms, themselves **the** centre of Cardoso's frequently proclaimed package of administrative reform, remained stalled or subject to slow and piecemeal progress. These were the reforms of the tax system, the social security system, and the civil service. The first of these, fundamental to any redistribution of wealth and income in notoriously inegalitarian Brazil, was virtually abandoned despite the high priority it had initially been given at the start of Cardoso's term of office. Failure to secure **progress on a** fundamental overhaul of the tax system allowed the public deficit to swell, and prompted hand-to-mouth measures such as the tax on financial transactions, with the proceeds earmarked for spending on

the health service. In the meantime, little progress was made on social security reform, a measure that in any case was largely an attack on rights acquired by workers in the 1988 constitution. Plans introduced early in 1996 were eventually severely scaled down after unsuccessful negotiations with workers' leaders, with key proposals held over for 1997. Legislation to remove the employment rights of civil servants, many of them employed through the wide-ranging patronage powers of state and local governments, fared no better, and towards the end of the year, Cardoso's government brought in stop-gap measures by provisional decree which again failed to address the bulk of public employees with lifetime tenure and generous pension rights.

None of these three reforms, it should be noted, were straightforwardly social democratic in character. A fundamental tax reform had the most obvious claim to be central to a social democratic project, depending on the extent to which it might be progressive, and the use to which increased revenue might be put. But the social security and civil service reforms were at best indirect steps towards universal provision, on the logic of Cardoso's analysis, as they would remove islands of privilege which created obstacles to universal provision aimed at the most needy. Only the introduction of a somewhat strengthened land tax towards the end of the year, following upon successive peasant massacres, increasingly widespread land invasions, and heightened tension throughout the countryside, suggested limited and belated progress on the long-delayed commitment to land reform.

Not only was progress slow on these measures, but such limited advances as were achieved were purchased at substantial cost, with Cardoso's government, despite his long history of opposition to the abuse of state resources to purchase support, resorting to trading financial favours for votes on the floor of Congress as very limited social security reforms were voted through in March. This characteristic of Cardoso's government, stemming from his initial election with right and centre-right support and his subsequent reliance on the PFL and the PMDB, has been significantly reinforced as the project of constitutional amendment to allow for Cardoso's re-election to the presidency has taken shape. It runs quite contrary to the logic of the social democratic project sustained from the 1970s onwards, and therefore demands particular attention. To the extent that the project espoused by **Cardoso** has been progressive, after all, it has been because it links a 'realistic' assessment of the imperatives of capitalism in an age of global competition to genuine democratic political reform which offers the hope of empowerment and limited redistribution to the majority. This was to be achieved, according to the formulation in Cardoso's original project, by the democratic reform of the unaccountable clientelistic state, and the self-organization of the majority. Cardoso's past

political trajectory faithfully reflected this project. He attached himself to the opposition MDB, then chose to stay with its initially social democratic successor, the PMDB, at the time of party reform in 1979, rather than enter the newly-formed working class-based socialist PT (the Workers' Party).¹⁰ At the same time, though, he left the PMDB to found his present party, the PSDB, when the PMDB was invaded by successive waves of former supporters of the pro-military PSD in 1982 and 1986, and the ability of the party to follow a principled line was destroyed by the systematic use of patronage by Sarney after his accession to the presidency. One of the most significant consequences of Sarney's lavish use of patronage in order to pursue his own aggrandizement, it will be recalled, was the hijacking of constitutional debate as Sarney sacrificed all other objectives in pursuit of a vote in favour of a five-year presidential term.

Cardoso has shown himself to be well enough aware of the contradiction involved in his own resort to the traditional practices of pork-barrel politics in order to achieve his ends. 'We have to create the new on the basis of the old,' he remarked in an interview given at mid-year, adding that 'of the allies that we have, some don't accept the market, while others accept it but continue to take a clientelistic attitude towards the state.' In sum, he concluded, 'There are few who accept the market but don't want anything to do with **clientelism**.'¹¹ The change of position with regard to the original reformist project is striking. In the original project, the democratization of the unaccountable authoritarian state was to be the mechanism by which the modernization of the capitalist class would be achieved, along with such redistribution as was possible within the confines of respect for the principles of capitalist accumulation. On that basis it was legitimate to argue, as **Cardoso** did, that 'sometimes "pure" liberal democracy (or, better, the actual practice of democratic liberties) constitutes a favourable condition for the advance of social democratization.' **Cardoso's** revised position, reflecting as it does the embrace of clientelistic politics in order to achieve even the very limited progress in promoting reform during his presidency, rests upon the opposite logic. As the surreptitious campaign to promote a constitutional reform to allow his re-election has proceeded, it has further strengthened the reliance of the government on the utterly **clientelistic** PFL and PMDB, divided, weakened and demoralised the PSDB, and recreated precisely the situation which prompted **Cardoso's** departure from the PMDB to found the PSDB.

Conclusion

Cardoso's social democratic project, as developed from the early 1970s onwards, deserves to be taken seriously. It is a fundamental mistake to assume that **Cardoso** came to power as a convinced neo-liberal.

Nevertheless, on the evidence assembled here, **Cardoso** the sociologist remains the most acute critic of **Cardoso** the president. **Cardoso** came to power with the popular legitimacy derived from the success of the **Plano Real**, and the ascendancy it gave him over elites and the capitalist class in Brazil. In power, he has accommodated himself to the archaic state which his earlier analysis had consistently condemned, and it is that capitulation, more than anything else, which has stripped the social democratic promise from his project, and reduced it to a recipe for the consolidation of **neo-liberalism** in practice. What is more, the resort to personalism and the repeated spectacle of the destruction of a new party which briefly represented a vehicle for social democratic reform has set back the prospects of long overdue institutional reform. In these circumstances, Cardoso's repeated and pained insistence that he is not a neo-liberal are bound to ring increasingly hollow. Quite possibly he gambled on his ability to escape once in office the implications of the initial alliance with the retrograde forces on the Brazilian right which brought him to power. Perhaps he still believes that once re-election is secured it will be possible to re-launch a social democratic project on a new basis. The danger, however, is that he will replicate the past he has condemned. Just as the populist state extended limited social rights and a modest degree of economic redistribution without achieving significant political democratization, **Cardoso** seems set on course, at best, to achieve a neo-liberal reform of the populist state without achieving significant political democratization.

NOTES

1. The quotations come from 'Alternativas Políticas na **América** Latina', in *O Modelo Político Brasileiro e Outros Ensaios* (Sao Paulo, DIFEL, 1973), p. 20; 'On the Characterization of Authoritarian Regimes in Latin America', in D. Collier, (ed.), *The New Authoritarianism in Latin America* (Princeton, Princeton University Press, 1979), pp. 39, 55; 'Régimen Político y Cambio Social', in N. Lechner, (ed.), *Estado y Política en América Latina* (Mexico City, Siglo XXI, 1981), p. 290; and 'Entrevista: Presidente Fernando Henrique Cardoso', *Esquerda* 21, January-February 1996, p. 42.
2. 'Alternativas Políticas na **América** Latina' was the opening presentation at a seminar held at the Centre for Inter-American Affairs in New York in May 1971.
3. 'Alternativas Políticas', *op. cit.*, p. 6.
4. *Ibid.*, p. 28.
5. *Ibid.*, p. 20.
6. *Ibid.*, p. 28.
7. *Ibid.*, p. 9.
8. 'Associated-Dependent Development: Theoretical and Practical Implications', published in A. Stepan, (ed.), *Authoritarian Brazil: Origins, Policies, Future* (New Haven and London: Yale University Press, 1973), first presented at the Yale workshop organised by Stepan in April 1971.
9. *Ibid.*, p. 143.
10. *Ibid.*, p. 144.
11. *Ibid.*, pp. 146-7.
12. *Ibid.*, p. 149.

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13. *Ibid.*, p. 171.
14. *Ibid.*, p. 175.
15. *Empresario Industrial e Desenvolvimento Economico no Brasil* (Sao Paulo, DIFEL, 1964), p. 180.
16. 'Associated-Dependent Development,' *op. cit.*, p. 148.
17. *Ibid.*, pp. 160-161.
18. *Ibid.*, p. 175.
19. 'On the Characterization of Authoritarian Regimes in Latin America', in D. Collier, (ed.), *The New Authoritarianism in Latin America*, *op. cit.*, pp.33-57.
20. *Ibid.*, pp. 38-9.
21. *Ibid.*, p. 51.
22. *Ibid.*, p. 39.
23. *Ibid.*, p. 46.
24. *Ibid.*, pp. 46-7.
25. *Ibid.* pp. 55, 57.
26. 'Tensions in the Bureaucratic-Authoritarian State and the Question of Democracy', in D. Collier (ed.), *The New Authoritarianism in Latin America* (Princeton, Princeton University Press, 1979), pp. 287-8.
27. *Ibid.*, p. 289.
28. *Ibid.*, pp. 299-300.
29. *Ibid.*, pp. 314-5.
30. *Ibid.*, p. 317.
31. See in particular G. O'Donnell and P. Schmitter, *Tentative Conclusions About Uncertain Democracies* (Vol. 4 of G. O'Donnell, P. Schmitter and L. Whitehead, (eds), *Transitions from Authoritarian Rule*, *op. cit.*), especially pp. 11-14.
32. 'The Challenges of Social Democracy in Latin America', in M. Vellinga (ed.), *Social Democracy in Latin America: Prospects for Change* (Boulder, Westview Press, 1993), p. 275.
33. *Ibid.*, p. 278.
34. *Ibid.*, pp. 278-9.
35. *Ibid.*, p. 284, emphasis mine.
36. *Ibid.*, p. 286.
37. *Ibid.*, p. 287.
38. *Ibid.*, p. 293.
39. 'Entrevista: Presidente Fernando Henrique Cardoso', *Esquerda* 21, January-February 1996, and 'Para lembrar o que ele escreveu', Interview, *Folha de Sao Paulo*, 13 October 1996.
40. 'Entrevista', *op. cit.*, p. 42.
41. *Ibid.*, p. 52.
42. 'Para lembrar o que ele escreveu', *op. cit.*, p. 6.
43. *Ibid.*, p. 6.
44. 'Entrevista', *op. cit.*, p. 39.
45. *Ibid.*, p. 36.
46. 'Para lembrar o que ele escreveu', *op. cit.*, p. 5.
47. M. Keck, *The Workers' Party and Democratization in Brazil* (New Haven and London: Yale University Press, 1992), pp. 54, 57-8.
48. *Exame*, 3 July 1996, p. 23.