What Is Left of the Brazilian Left?

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Abstract

Lula emerged in the past decade as the icon of Latin America’s “responsible left.” After three consecutive defeats, he won the 2002 presidential race in Brazil promising policies strikingly different from the Workers’ Party’s (PT) traditional agenda, and barely distinguishable from those promoted by his center-right opponent. This article challenges the conventional wisdom that the PT’s discursive shift to the right occurred gradually, driven by the desire to appeal to a broader audience and win majoritarian elections. I analyze electoral programs broadcast on TV during presidential campaigns to argue that, despite the organizational and strategic changes the party had undergone throughout the 1990s, it was only in 2002 that it broke with its traditional leftist discourse. I argue that this rupture was a response to a confidence crisis triggered in financial markets by the anticipation of Lula’s victory, and show that this move was consolidated in subsequent elections.
After three frustrated attempts at the Brazilian presidency, Lula da Silva, the candidate of the Workers’ Party (PT), finally won the 2002 election by a landslide. Surprising analysts and voters alike, this victory occurred after a notable change in Lula’s electoral agenda (Amaral 2010, Baiocchi & Checa 2008, Hunter 2011, Kingstone & Ponce 2010, Samuels 2004, Singer 2009); the same candidate who campaigned on far-reaching land reform and default on the Brazilian foreign debt in 1989, and promised protectionism and capital controls in 1998, ran on a platform of economic orthodoxy and respect to contracts in 2002.

The PT’s ideological shift has implications that extend beyond Brazilian politics. In contrast to the “radical left” epitomized by Hugo Chávez in Venezuela, Lula’s conservative economic policies turned him into the icon of a “responsible” Latin American left (Castañeda 2006, Weyland, Madrid & Hunter 2010, Roberts & Levitsky 2011), one that seeks the “twin goals of growth and equality within the confines of a responsible economic policy.”

Since 2002, this dichotomy has framed political analysis in Latin America; observers have debated whether leftist presidential candidates such as Tabaré Vazquez in Uruguay, Rafael Correa in Ecuador, Manuel Lopez Obrador in Mexico and Alan Garcia in Peru belonged “to Lula’s or to Chávez’s type.” Almost a decade after Lula was elected in Brazil, the Peruvian leftist candidate Ollanta Humala reacted to a confidence crisis during the 2011 presidential election by publishing a “Letter to the Peruvian People,” explicitly drawn from the Lula’s “Letter to the Brazilian People,” released in 2002, in which the PT leadership unveiled the party’s abandonment of its original agenda.

The conventional wisdom among students of Brazilian politics is that Lula’s 2002 campaign was the culmination of a gradual move toward the right that started in the mid-1990s, motivated by the PT’s desire to win elections by appealing to a broader audience (Hunter 2008, Hunter 2011, Palermo 2005, Samuels 2004, Singer 2009). The move has been frequently interpreted as a recognition of the electoral success of the Brazilian neoliberal agenda initiated in previous governments (Hunter 2007).

This article offers a different perspective on this phenomenon. I present quantitative and qualitative evidence that, although the PT went through major electoral and organizational changes over its twenty years of existence, and particularly during the
1990s, most of its programmatic shift only occurred on the eve of the 2002 presidential election. I argue that this shift cannot be understood without reference to a confidence crisis prompted by the realization by financial markets that Lula was set to win the race. The crisis changed the relative power of more conservatives members vis-à-vis the left within the party, and favored the consolidation of leaders who were able to understand and communicate with market players, and whose economic views barely differed from those of Cardoso’s team.

The increasing relevance of financial market behavior in explaining economic policymaking has not gone unnoticed in recent research on Latin American political economy (Campello 2013, Kaplan 2013, Murillo, Oliveros & Vaishnav 2011, Hunter 2011, Samuels 2008, Baiocchi & Checa 2008, Palermo 2005). Authors have pointed to the “continuing influence of macroeconomic constraints” (Hunter 2011, p. 307), the need to maintain market credibility (Samuels 2008), and the “constant threat of capital flight or a fall in investors’ confidence” (Baiocchi & Checa 2008, p. 117) as barriers to governments’ adoption of a leftist agenda in Latin America. Palermo (2005, p.5), for example, attributes the differences between the PT’s 2002 program and its historical positions to the “complications inherent to a government transition led by a party that scares the financial markets.” Along these lines, Campello (2013) has shown that leftist presidents in Latin America are more likely to advance neoliberal programs when they are inaugurated in the midst of severe capital flight.

Yet it is reasonable to expect that sudden ideological moves are less likely to occur for parties which are constrained by their need to maintain a faithful following (Mainwaring & Scully 1995). By revealing how financial market discipline was imposed in the extreme case of a highly institutionalized party, with strong ideological roots in civil society and a long history of defending a leftist agenda, this article contributes to the literature by shedding light on existing limits on the left’s willingness and ability to pursue a radical strategy in the region. It suggests that, under severe confidence crises, even strong institutionalized parties might not be willing to bear the costs imposed by a loss of investors’ confidence.

The article is organized as follows. The first section reviews the literature on the determinants of the PT’s ideological shift and presents my argument for the key role the
2002 confidence crisis played in this process. Sections 2 and 3 offer qualitative evidence in support of this argument, and section 4 tests its through a computer-based content analysis of the electoral discourses of the PT and its main opponents in the six presidential elections held since re-democratization in Brazil.

1 The “Normalization” of the Brazilian Workers’ Party

For more than two decades, the PT was considered an anomaly in the Brazilian party system (Samuels 1999). It was distinctive for being highly ideological; for having deep roots in organized civil society; and for presenting levels of cohesion, internal democracy, and discipline far superior to its counterparts (Amaral 2010). All these characteristics point to a party with little motivation, or flexibility, to change.

It is striking, thus, to observe the remarkable transformations the PT has undergone since its founding in 1980. The party, which in its origins questioned the value of participating in elections, consolidated its commitment to representative democracy (Amaral 2012). Historically reactive to celebrating electoral alliances, the PT not only accepted them, but went as far as to ally with right-wing parties in the past decade (Meneguello 2012).

Along with institutional changes, a comparison of Lula’s electoral discourse in the first time he ran for presidency in 1989, and when he finally won in his fourth attempt in 2002, reveals dramatic differences. Yet, even though there is broad agreement on the nature of the change—a move toward the right of the ideological spectrum—its motivations are still a matter of scholarly debate.

Some authors suggest that the weakening of the PT’s popular base, occurred as the party demoted its efforts to build “popular power” by strengthening the labor unions and social movements, was the major driver of the change. As the PT loosened its “organic linkages” with more ideological constituents, it lost much of the social energy that had driven its progressive agenda.

The bureaucratization and divisions within the PT’s labor union base—along with the new financial investments managed by the top union brass— contributed to further dilute labor’s more radical impetus and influence.

Other authors emphasize the importance of electoral and institutional incentives;
Samuels (2004), for example, argues that key to the change was the increased weight of rank-and-file pragmatists after 1995, resulting from the party’s electoral success at the subnational level. Not only were more moderate members more likely to win, but, once in office, mayors were confronted with the need to conclude alliances in order to govern and deliver results. This process led to an alignment of the rank-and-file with the centrist preferences of the party’s national leadership, which favored the ideological shift. The increased ideological diversity of labor unions further contributed to releasing the party from the trade-off between moving to the center and maintaining its original constituency.

Although very influential among students of the PT, Samuels’s (2004) reasoning falls short of explaining why the party’s leadership moderated its positions in first place. Hunter (2008) attributes this moderation to popular support for market reforms advanced under Cardoso, which imposed a major barrier on the PT’s capacity to win office with proposals of radical change. Successive losses made the party’s leadership realize the need to move to the center in order to appeal to a broader (and more conservative than originally expected) constituency; as a result, PT’s proposals became less radical with each presidential bid (Hunter 2011). Along the same lines, Singer (2009) contends that in Brazil poor voters want redistribution but reject threats to the established order. This would account for why the PT had no choice but to abandon a discourse of rupture if it were to become electorally viable.

In this article I argue that, different from the case of PT’s organizational and electoral changes, which have received most of scholarly attention, the literature provides scarce evidence of a gradual change in the PT’s electoral discourse, much less that this change was driven by the party’s desire to win the presidency in a centripetal electoral system.

In the next sections, I rely on transcriptions of Lula’s discourse in TV electoral programs broadcast during presidential elections, and use qualitative and quantitative analyses to argue that his move toward the right was not gradual, most of it having happened only during the 2002 campaign.\(^3\)

In addition, I rely on financial reports from major news agencies and investment banks, and on interviews held with members of the party and the PT administration, to argue that the radical change in PT’s political discourse in 2002 was a response to the confidence crisis triggered as financial markets realized that Lula was set to win the presidency. The
crisis worked to change the relative power of more conservatives members within the party, who were able to understand and communicate with market players during the campaign. Most importantly, it consolidated the leadership of Antonio Pallocci, whose economic policies barely differed from those of Cardoso’s team, and who was perceived as someone that “hardly looked like a petista, and spoke markets’ language.”


Lula first ran for the presidency in 1989, in the first democratic presidential election held after twenty-one years of authoritarian rule, and which occurred in the context of a decade-long debt crisis triggered by the Mexican default of 1982.

Creditors’ pressures for the repayment of foreign debt, met by the incapacity of Latin American presidents to negotiate as a block, forced governments into promoting harsh macroeconomic adjustments at the same time that the International Monetary Fund (IMF) imposed painful structural reforms. Yet, even though Brazil paid US$ 32 billion to foreign bankers between 1980 and 1988, the principal owed doubled in the period. After growing an average of 5.4 percent in the 1960s and 8.7 percent in the 1970s, the Brazilian economy had slowed to a 3 percent growth rate in the 1980s, whereas inflation hit 1,430 percent in 1989. It is not surprising, thus, that the presidential campaign revolved around candidates’ diagnosis for the crisis and their solutions for ending inflation and resuming economic growth.

Three candidates received most of the votes in the first round of the election. Fernando Collor de Mello, the former governor of the small state of Alagoas, ran with the support of Brazilian right-wing parties. Leonel Brizola, a left-wing politician who had played a central role in the democratic government deposed by the military coup of 1964, split the leftist vote with Lula, formerly an important labor leader in the steel industry and founder of the still electorally marginal Workers’ Party. After edging Brizola for a spot in the second round, Lula received support against Collor de Mello from most of the defeated parties.

The PT’s 1989 campaign framed the presidential race as a struggle in which “the people” confronted the “dominant class.” Politics was portrayed as a zero-sum game in which peasants and landowners, workers and employers, citizens and bankers were on
opposite sides. In this struggle, Lula was presented as the representative of the working
class, peasants and small businesses, and Collor as the candidate of the Brazilian century-
old elites and big business. Lula affirmed, in a spot broadcast on television in November
3, 1989:

We can change this, the majority of the oppressed can change this [social
injustice]. It is just necessary that the peasant not believe that the landowner
will pursue an agrarian reform. It is necessary that the banking employee
not believe that the banker will pursue a banking reform, that the worker not
believe that his employer will write the law that favors him.

Also,

The only possibility of feeding the Brazilian worker is to end the privileges of
those who eat in excess. We will only have a fair society when there aren’t
those who eat five times a day, at the expense of others that spend five days
without eating.... Our hands should not be used solely to produce the bread
they eat, but they should be used by all of us to vote on ourselves, that is
why you should vote for the Popular Front.

Along these lines, Lula sustained that although the poor suffered, the wealthy benefitted
from high inflation. In order to bring inflation to an end, it was necessary to confront
the interests of big business, by suspending the payment of foreign debt, renegotiating the
domestic debt, curbing financial speculation, promoting agrarian reform and moralizing
the state. The “zero-sum” tone of the campaign is evident in references to inflation, debt
and agrarian reform:

The banker is responsible for inflation, the large landowner is responsible for inflation, big businessmen are responsible for inflation, loan sharks are responsible for inflation. The Brazilian worker is not responsible for inflation, because he makes such little money that if it caused inflation we would have negative rates.(...) Inflation results from the struggle of the rich against the poor.

We favor the suspension of the foreign debt, and we will audit this debt in
order to tell Brazilians how it was created, where the money was used, and
whether there was or not corruption. We will use these funds to create jobs,
to promote technological research and other initiatives deemed essential to
our people.
For us in the PT the agrarian reform is as necessary as the air we breathe, because it is not only a matter of fixing people in the countryside, but also of solving the problems of unemployment, life quality of urban population, of one of our major problems which is infant mortality. (...) Independently from the will of the largest land owners [latifundiários], we want to clearly state that we will implement an agrarian reform in Brazil.8

Collor de Mello promoted a very distinct agenda. Even though he vaguely promised to “impose limits to foreign debt service,”9 and to pursue agrarian reform, his development strategy relied on opening the Brazilian economy to trade and investment and promoting the private sector.

Lula lost the 1989 election by six percentage points, and Collor de Mello launched the market-friendly program announced during his campaign. On the domestic front, he enacted the deregulation of several sectors of the economy and the privatization of public companies, at the same time that he astonished the country with a freezing of banks assets. At the international level, he backed down on the promise to limit debt payments, and instead oriented his agenda towards building confidence in the international financial community and attracting foreign capital. After being impeached on corruption charges, Collor de Mello was replaced by vice-president Itamar Franco, who maintained economic liberalization and the control of inflation as his main priorities.

It was during the Franco government that Brazil finally overcame hyperinflation, with the adoption of the Plano Real.10 The leading figure in this process was Franco’s minister of the economy, Fernando Henrique Cardoso, from the Brazilian Social Democratic Party (Partido Social Democrata Brasileiro, PSDB), which had joined Franco’s grand-coalition cabinet. In 1994, when Lula ran for the second time for the presidency, Cardoso was the “incumbent” candidate and his major opponent. With the stabilization of the new currency, unemployment replaced inflation as the leading economic theme.

PT’s 1994 campaign was less overtly confrontational and more centered on Lula’s competence to tackle the problems of employment and development. Yet, the party’s policy agenda maintained the general lines of 1989; while it is true that Lula refrained from mentioning default,11 land reform and income redistribution remained his main goals, and economic groups such as bankers and landowners were still depicted as “the enemy.” As observed in the quote below, extracted from the PT’s electoral program
broadcast on television in August 24, Lula still clearly contrasted “the people”—that he represented—and “the powerful.” This is so much so, that the campaign was often considered outdated by the media and political analysts exactly for maintaining a radical discourse that overlooked the initial success achieved by the neoliberal agenda in Brazil.

Our people need opportunity. They need land on which to work, they need jobs, they need an agrarian reform. Our people need credit to small and medium agriculturalists. They need a tax policy that favors the micro and small enterprises. We can give them these opportunities because we are committed to our nation, our country. Those who are associated with bankers and large economic groups can offer you that, but once they win...many candidates won the elections as representatives of the poor, but governed for the rich.\textsuperscript{12}

Here is an example of what it is to govern for the rich: the economy ministry spent 22 billion dollars in the first quarter; from this total, 4.8 billion paid public service wages, 3 billion went to states and municipalities another 3 billion to general expenditures. Half of these expenses, 11 billion dollars, were used to pay nine banks and international financial speculators. The minister was Fernando Henrique.\textsuperscript{13}

Fernando Henrique Cardoso, dubbed the “father of the Real,” won the 1994 election in the first round, in a campaign that avoided confrontation and vaguely promised to prioritize employment, health, education, safety and agriculture. His government furthered the neoliberal agenda initiated under Collor, promoting economic de-regulation, and privatization, as well as trade and financial liberalization.

After a period of exuberance, the euphoria that followed price stabilization started to fade with the severe consequences imposed by the Mexican, Asian, and Russian financial crises of the mid-1990s on the Brazilian economy. Economic crisis, unemployment, and the future of the neoliberal agenda in Brazil were the main themes around which the presidential race revolved. The campaign was waged against the backdrop of mounting financial pressures, and amidst speculation over the collapse of the Brazilian currency anchor.

Cardoso attributed the deterioration of the economy to international factors, and claimed to be the only one capable of leading Brazil through tough times. The PT, conversely, blamed the crisis on the incumbent government’s neoliberal policies.
Lula resumed the confrontational discourse observed in the 1989 campaign, arguing that the economic policies advanced under Cardoso protected bankers and international loan sharks at the expense of the real economy, and promising to reestablish Brazil’s economic sovereignty. In the PT’s view, the solution for the crisis depended on imposing exchange controls aimed to protect the value of the Real, drastically reducing what they called *predatory imports*, subsidizing interest rates for production, and launching an emergency job creation plan. The differences between both candidates were emphasized in the PT’s campaign on television:

The Brazilian government secretly negotiates a monstrous package with the IMF to be advanced immediately after the elections. Cuts in social expenditures and inhuman taxes. If you allow it, Brazil will sink into recession and unemployment. Betrayal. Lie. Those who threw us into the crisis can not save us from it. Those who caused unemployment can not overcome unemployment. The incumbent government, in order to pay interest to international loan-sharks took money away even from retired workers. People that gave their life to see the country grow and now receive a starving-wage.\(^{14}\)

The programs insisted on the impossibility of governing for creditors and citizens, and the need to choose between servicing the country’s debt or promoting policies oriented towards development and social justice. Lula affirmed:

The president has not the courage to say the truth because he is on his knees in front of the bankers. He has already committed with the IMF. The IMF, which has run Thailand, Indonesia and Russia into the ground. This recipe can also do it with Brazil. Only this year, this government will pay R$65 billion of interests. This would be enough to build more than four billion popular houses. This would be enough to place all landless peasants in Brazil. This is more than we spend with social security, more than total wages paid in Brazil this year. If the president does not have the courage to say where these policies lead, I will do it. Industrial and agricultural collapses, higher unemployment. What we have to do is to lower interest rates, invest in production and limit imports. The president does not do that because his commitment is not with the people. His commitment is with international loan-sharks. On October 4 you can change that. I need your vote.\(^{15}\)

As in previous races, Lula defended the priority of land reform, whereby a million peasant families would gain access to their own property in the Brazilian countryside. The problem of massive foreign and domestic debt re-entered the PT’s agenda.
As the financial crisis escalated, the IMF, the Worldbank and the Inter-American Development Bank offered support packages to the Brazilian government, in an effort to avoid a devaluation of the Real and to reassure investors of the country’s financial stability. This backing was enough to prop the economy and secure Cardoso’s relatively easy reelection. Yet almost immediately after winning the government abandoned the dollar anchor, which was followed by a fifty percent devaluation of the Real.

Cardoso hung on to advance his liberalizing agenda for four more years, but his popularity plummeted on a lackluster track-record of 2.2 percent average GDP growth during the eight years of his presidency and fading memories of his success against inflation.

3 Confidence Crisis and Lula’s Orthodox Shift in 2002

At the beginning of 2002, despite concerns over high indebtedness and persistent current account deficits, Brazil’s long-term prospects seemed promising to analysts and investors alike; optimism was reinforced by the absence of spillover effects after Argentina declared a default on its foreign debt in December 2001. Brazil was regarded as an example of a successful emerging economy, and its sound economic conditions were praised in the international financial community.

Economic agents downplayed Cardoso’s decreasing popularity, and broadly expected the PSDB to win the presidential election and to maintain a neoliberal agenda for four more years. In late April, however, markets began acting nervously after the first electoral surveys were released indicating lower-than-expected support to the incumbent candidate José Serra. According to a report from the investment bank UBS Warburg, investors feared “all the candidates except Serra.”16

In May, BCP Securities issued a report entitled Da Lula Monster, describing the sense of panic spreading among economic agents as they realized that Lula could be the next Brazilian president (Santiso & Martínez 2003). Investors feared that the leftist candidate would discontinue Cardoso’s economic policies, increasing government’s social expenditures and accepting higher levels of inflation. In the worst-case scenario, Lula was expected to re-nationalize privatized companies and to default on the country’s massive foreign debt. Goldman Sachs even developed a Lulameter—a mathematical model designed to quantify the likelihood of Lula’s victory through the behavior of prices in
currency markets.\textsuperscript{17}

The fears were not unjustified. At the conclusion of its 2001 annual meeting, the PT released a document titled “Another Brazil Is Possible,”\textsuperscript{18} which established the guidelines of its 2002 electoral program; in a section titled “The Necessary Rupture,” the party called for a rupture with the IMF and promised to reconsider privatizations, democratize property, and promote land reform, an agenda by any means to the right of previous presidential campaigns. The PT explicitly affirmed that a democratic and popular government would need to \textit{effectively break} with the current model:

The centrality of social justice demands the democratization of property, with a profound urban reform that guarantees property and access to public services, an encompassing agrarian reform, and policies that support family agriculture. In the countryside, our government is committed to ending violence and to redistributing large unproductive properties.

Privatizations will be suspended and reconsidered; all the privatizations already in place will be audited, specially those where there is evidence of misuse of public funds or negligence in preserving national strategic interests.

Regarding the foreign debt, now predominantly private, it will be necessary to denounce the agreement with the IMF, in order to free the economic policy from the restrictions imposed on growth and on the defense of Brazilian commercial interests. We will establish transparent mechanisms to control inflows and outflows of capital, stimulate the reinvestment of foreign direct investment through taxation of profit remittances, and block any initiative to renationalize the foreign debt, reducing the issuance of dollar-denominated domestic debt. Brazil needs to have an active international position on topics related to foreign debt, articulating allies in the process of auditing and renegotiating the foreign public debt.

It is important to note that party documents are not necessarily binding, and are often more “radical” than the message parties transmit to wider audiences and, ultimately, voters. Yet it is significant that this document was cited in interviews both by a former PT member who left the party after 2002, and by a member of the Cardoso government who remained in the first year of the PT administration, as evidence of the policies both the party and markets expected to be advanced under Lula.\textsuperscript{19}

By June, optimism had fully deteriorated. The Brazilian stock market had dropped sharply, and interest rate futures had risen. The Real depreciated by more than 12 percent in that month, accumulating a depreciation of 23 percent in the first half of the year. The
risk premium on Brazilian sovereign bonds rose to Nigerian levels, among the highest in the world.

PT’s initial reaction was to downplay the crisis, insisting that markets were fueled by exaggerations. As the situation aggravated, however, the party was publicly called upon by Cardoso’s economic team to clarify its commitment to market-friendly policies and fiscal discipline. Lula responded with a “Letter to the Brazilian People,” in which this commitment was explicitly made:

The PT and its allies are clear that overcoming the current model, which has been emphatically claimed by society, will not happen as magic, in a few days. There are no miracles in the life of a people and a country. We need a careful transition between what we have now and what society demands. Naturally, underlying this transition will be the respect of contracts and obligations of the country.\(^{20}\)

The letter addressed financial market fears, blaming the confidence crisis on the fragility of the economic model advanced under Cardoso, and promised to bring stability. Lula boldly guaranteed he would maintain fiscal discipline and make low inflation a priority, an that a PT government would not make unilateral or voluntaristic decisions. It would, first and foremost, “respect contracts,” an euphemism for paying the country’s massive public debt. The agrarian reform was reframed as a means to bringing peace to the countryside.

Some party members ironically dubbed the document “Letter to Calm Investors,” and interpreted it as a necessary evil to prevent panic in the financial markets. They expected that, after the election, Lula would pursue the PT’s original agenda.\(^{21}\) Investors seemed to agree, since the letter was met with plain indifference; the party’s ideological consistency over the years established a very strong prior, not only among voters but in the business and financial communities, about what a Lula presidency would entail. Skepticism about his conversion to a market-friendly agenda was widespread.

Markets’ fears turned into outright panic as Lula’s leadership in the presidential race consolidated. This panic was reflected in stock and bond markets alike, and brought foreign capital flows to a halt, causing a sharp cut in credit lines for the Brazilian government and private companies. Figure\(^{1}\) contrasts stock markets’ pessimism with respect
Lula’s victory, with the optimism that prevailed in 1994 when Cardoso was expected to win.

In July, the risk-rating agency Standard and Poor’s (S&P) downgraded Brazilian sovereign bonds, alleging concerns about political uncertainties, and outflows reached US$ 1.1 billion, twice as much as in the previous month. The devaluation of the Brazilian Real led to a significant rise in the country’s foreign debt service of US$ 335 billion, 80 percent of which was denominated in dollars or accumulated interest at floating exchange rates. Inflation reached 1.7 percent, compared to 0.4 percent in June, spreading the belief that the economic stabilization was in jeopardy.

![Figure 1](image1.png)

(a) Cardoso in 1994  
(b) Lula in 2002

**Figure 1: Stock Market Behavior in Two Brazilian Elections**

*Note:* Standard and Poor’s (S&P) stock market indices for Brazil and emerging markets in the period that surrounds Brazilian elections (denoted by the vertical line in the graphs). Source: Datastream.

When the PT started its television campaign in August, the contrast with previous races was evident; opposite to the confrontational tone of the 1989, 1994 and 1998 campaigns, Lula appeared promising to “unite, instead of divide” the country. Previously portrayed as representing workers and small business and confronting loan sharks, landowners, and big business, Lula turned into the president of *all Brazilians*, as exemplified in the quotes below:
This is a good example that when businessmen and workers collaborate, the result is better for all;

This is why my proposal of a social pact between government, business and workers has been increasingly accepted by all;

We have to foster development in all areas, all sectors and all social groups;

In the end, they are all Brazilian brothers and sisters, and represent the future of our nation;

[The] Brazil that all of us wants to build.

All of a sudden, policies historically defended by the PT and that were still present in the 2001 resolutions were simply removed from the party’s electoral agenda. Even though high indebtedness remained a major problem in the Brazilian economy, no reference was made to debt renegotiation or default, or even to the unfairness of prioritizing debt payments over social expenditures.

The agrarian reform was no longer justified as a means to social justice but was presented as just one developmental policy among many others. All references to agrarian reform in 2002 were accompanied by terms like “peaceful, organized, well planned,” downplaying its potentially redistributive (and therefore conflictive) nature. Lula’s tone changed substantially from previous races; in his words, “It is a question of honor to bring peace to the countryside, with an organized and pacific land reform, perpetrated in unused land, as regulated by the Constitution. If you have your own land and produce, the government will provide you with incentives to produce even more because, of course, Brazil needs that.”\textsuperscript{22}

A program broadcast in September 2002 illustrates the change; in the video, an important Brazilian cattle rancher explains that when a PT governor was elected in his state, cattle ranchers were all very concerned. Four years later, he added, “they find themselves having the governor as an ally, always attentive to the problems of the industry.” Knowing him then, he was “sure that Lula as president will represent a significant advance to the Brazilian cattle industry and will bring peace to the countryside.”\textsuperscript{23}

As the confidence crisis persisted, the IMF offered a rescue package that was aimed at “calming down markets” but had a clear political agenda—to bind the new administration into maintaining the status quo in economic policies. In return for the loan, the incoming government should target a fiscal surplus of at least 3.75% of the GDP until 2005, accept
the IMF’s quarterly surveillance of budget data, and keep the “set of current free market
policies.”\textsuperscript{24} All potential winners of the presidential race were publicly asked to commit
to the IMF’s terms, and so they did. Yet, not even the agreement was enough to revert
financial markets’ behavior, which provides an additional measure of investors’ priors
with respect to the PT’s agenda:

Of course, it remains to be seen whether or not a party (or leader, for that mat-
ter) that has functioned as the opposition can change its ideology so quickly. The current market turbulence reflects that concern.\textsuperscript{25}

As victory became inevitable, investors started to speculate about the agenda of the new
government, their focus turning to appointments to key positions in the Finance Ministry
and the central bank that could reveal government’s resolve to “change”:

While it isn’t over until it’s over, [the new president] is quite likely to be Luis
Inácio Lula da Silva. But knowing the name of the new President is very dif-
ferent from knowing who the incoming government will be, much less what the
government will do. This is because, broad-brush political positioning aside,
Lula has yet to define himself and his government’s policies, and investors
will not receive meaningful clues here until the new government announces
its economic cabinet, political partners, and policy agenda. What this means
is that there is no magic incantation that the new government can utter to
transform market skepticism into trust.\textsuperscript{26}

Markets demanded information on the team that would lead the government:

We think that, in the event that Lula wins the election, in whatever round,
he will be called upon to present a market-friendly economic team, and in a
relatively short period of time. This would help reassure investors that his
move to the center is sincere, and that he is committed to the orthodox fiscal
principles that guided the country through crises over the past few years.\textsuperscript{27}

Reports from financial institutions listed the measures deemed necessary to win mar-
kets’ confidence: a strong economic cabinet, with the “correct” policy orientation and
experience, and with a strong voice within the government; the early announcement of
a restrained policy toward minimum wages and public-sector wages, and guarantees that
the primary fiscal surplus would be adjusted upward to ensure debt sustainability; and the
early establishment of constructive working relations with the IMF. The PT government
should also implement a coherent institutional framework that included an independent central bank, inflation targets, and a floating exchange rate.

Despite the crisis, and Serra’s strategy to blame it on the “PT threat,” Lula was elected by a landslide in the second round of the presidential race. The new government immediately rushed to meet markets’ demands; rather than a leading PT economist Lula appointed Antonio Pallocci, the party’s main interlocutor with the investment community, as finance minister. The presidency of the Central Bank was assigned to Henrique Meirelles, a former president of Bank Boston and recently elected PSDB congressman, who received full independence to choose his team and maintained the current leadership of orthodox economists with close ties to the financial industry.

The first legislative initiatives launched by the government were reforms investors deemed as priorities: pension reform, tax reform, and the independence of the central bank. As reported by the Economist Intelligence Unit:

Three important economic reforms are before Congress: pension reform, tax reform and the granting of autonomy to the Banco Central do Brasil [BCB, the Central Bank]. Progress in these areas will strengthen confidence in the government’s ability to ensure macroeconomic stability.28

Table 1 illustrates the other end of the “confidence-building” process—the way the new government managed to improve its stand with investors by implementing the demanded reforms immediately after taking office. The table displays “reform scorecards” for the Brazilian economy, created by Merrill Lynch, in which the country was assigned a score based on the progress and quality of reforms analysts considered a priority (i.e., how close the current state of a particular reform is from its “ideal” form). The improvement of Brazil’s scores between April 2003 (Table 1(a)) and December 2003 (Table 1(b)) helps explain markets’ quick recovery during Lula’s first months in office.

Also in line with investors’ demands, Lula’s conserved the main pillars of PSDB’s macroeconomic policy: floating exchange rates, inflation targets and fiscal discipline. Despite the systematic critique of Cardoso’s orthodoxy, the PT administration maintained Brazilian interest rates among the highest in the world, in order to keep inflation within the targets set in the IMF agreement.

Surprising markets and party members alike, the government established a fiscal sur-
Table 1: Brazil Reform Scorecard—Merrill Lynch

(a) April 2003

<table>
<thead>
<tr>
<th>Reform</th>
<th>Change</th>
<th>Recent Development</th>
<th>Quality</th>
<th>Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>Neutral</td>
<td>Presented 16–17 April</td>
<td>2.5</td>
<td>2.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Tax Reform</td>
<td>Neutral</td>
<td>Presented 16–17 April</td>
<td>2.5</td>
<td>2.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Central Bank Autonomy</td>
<td>Positive</td>
<td>Final vote in mid-April</td>
<td>4.0</td>
<td>1.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Banking Law</td>
<td>Neutral</td>
<td>Already in Congress</td>
<td>3.0</td>
<td>3.0</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Composite Score</strong></td>
<td></td>
<td></td>
<td>2.5</td>
<td>2.5</td>
<td><strong>5.2</strong></td>
</tr>
</tbody>
</table>

(b) December 2003

<table>
<thead>
<tr>
<th>Reform</th>
<th>Change</th>
<th>Recent Development</th>
<th>Quality</th>
<th>Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>Positive</td>
<td>Approved in Senate 2nd round</td>
<td>3.5</td>
<td>5.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Tax Reform</td>
<td>Positive</td>
<td>Approved in Senate 1st round</td>
<td>2.0</td>
<td>4.8</td>
<td>6.8</td>
</tr>
<tr>
<td>C.Bank Autonomy</td>
<td>Neutral</td>
<td>Complementary Law exp. 2004</td>
<td>4.0</td>
<td>2.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Banking Law</td>
<td>Neutral</td>
<td>Approved in Lower House</td>
<td>3.0</td>
<td>4.0</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Composite Score</strong></td>
<td></td>
<td></td>
<td>3.1</td>
<td>4.5</td>
<td><strong>7.6</strong></td>
</tr>
</tbody>
</table>

Note: The scorecard summarizes the progress score, which ranges from 0–5, 5 being the closer a reform is to being approved. The quality score, also ranging from 0–5, measures the closer a reform’s “current form” is to its considered “best form.” The composite score gives the weighted score of the reforms as per the following weights: social security 50 percent, tax 25 percent, banking 15 percent, and central bank autonomy 10 percent. Source: Merrill Lynch, referred to in Santiso (2006).

plus of 4.25 percent of the GDP until 2006. The target, substantially higher than the IMF’s goal of 3.75, was justified as a strategy to promote a “confidence shock” in financial markets, and to signal the PT’s commitment with fiscal conservatism.

Among all the initiatives of the new administration, the social security reform was considered indisputable evidence of the government’s new trajectory; Cardoso had tried to pass this reform for eight years with no success, thanks to the systematic opposition led by the Workers’ Party. Making this the first initiative of his government, Lula sent a costly signal to markets, which not surprisingly triggered a major crisis within the PT.

In the process of approving the reform, which among other measures taxed retired employees, created stricter rules for retirement and reduced the amount received by widows, PT congressmen decided to express their discontent by voting against the government. After harsh negotiations, the leadership finally opted for expelling dissidents, leading to a schism in the PT that originated the Party of Socialism and Liberty (Partido Socialismo e Liberdade, PSOL), and further bending the party’s control towards its most conservative members.
3.1 The Consolidation of the Convergence

After four years of a presidency that in large part continued Cardoso’s agenda, the presidential campaigns of 2006 and 2010 consolidated the PT’s move rightwards. Topics central to the party’s discourse prior to 2002 such as the debt problem, agrarian reform, capital controls, or limitations on imports were completely abandoned by Lula in his bid for reelection, as well as by his political heir Dilma Roussef in 2010.

The agenda of the PT candidates and their main opponents diverged only marginally in the two elections—the “quality” of fiscal discipline, levels of investment or interest rates in the economy. For the most part, Lula and Dilma defended macroeconomic orthodoxy and social compensation, as did Geraldo Alckmin and José Serra from the PSDB, who promised to maintain and even further the conditional cash transfer program (Bolsa Família) successfully expanded under Lula. Convergence was evident, as noted by the Economist Intelligence Unit in the Brazilian Country Report of March 2006:

Election uncertainties entail few risks to the overall policy stance. Mr. da Silva’s shift of the ruling PT to the political centre underpins broad consensus around the need for prudent policies.

In 2010, Bloomberg reported:

Brazilian companies are selling a record $8.7 billion of international bonds this month in a sign investors are confident President Luiz Inacio Lula da Silva’s successor will continue his economic policies.”

Investors did not overlook the convergence; evidence of that is markets’ complete indifference during both races, as Figure 2 shows.

Summary In this section I used qualitative evidence—analyses of TV programs broadcast by the PT during presidential campaigns, financial market reports and interviews—to argue that, despite having undergone organizational and electoral changes throughout the 1990s, it was only in 2002 that the party effectively renounced its historical agenda, in response to a confidence crisis launched as markets realized that Lula’s victory was inevitable.
Figure 2: Brazilian Country-Risk in 2006 and 2010

Note: Standard and Poor’s emerging markets bond indices (EMBI) for Brazil and Emerging Markets (from Datastream), in the period that surrounded Brazil’s 2006 and 2010 presidential elections (denoted by the vertical line in the graphs).

Now I turn to a quantitative analysis of this process. The following section presents the results of a computer-based content analysis of electoral programs on TV, which further investigates the trajectory of the PT political discourse relative to the party’s main competitors over six presidential elections.

4 Estimating Ideological Positions: Electoral Campaigns on Television

Political scientists have used a variety of methods to estimate ideological positions of political actors, including surveys, studies of roll-call voting and analyses of political texts like party manifestos. Compared with surveys, which have limited comparability over time, or roll-call analyses in which data can be a product of political processes rather than prior to them, analyses of political texts have the advantage of being replicable, modifiable and improvable (Laver, Benoit & Garry 2003).

A traditional method used to estimate ideological positions from textual documents consists in hand coding party manifestos, whereby analysts create reference dictionaries
that establish the terms or expressions associated with left and right categories and code manifestos based on the frequency with which these expressions are observed. The Comparative Manifestos Project (Budge, Robertson & Hearl 1987, Budge & Pennings 2006, Budge, Klingemann, Volkens, Bara & Tanenbaum 2001) is a widely regarded project that adopts this method. The main disadvantage of this technique is the effort required by hand coding; the establishment of reference dictionaries is also problematic, since it relies on substantive knowledge of cases that is not always attainable in large comparative projects.

Only recently have scholars started to adopt computer-based analyses of texts as a tool to identify and compare ideological positions, and to treat texts as collections of word data containing information about the position of the authors on predefined policy dimensions, rather than as discourse to be read and interpreted.31 Yet, many of these analyses rely on the same logic of the Comparative Manifestos Project, comparing (now automatically, rather than manually) party manifestos and political discourses with handmade dictionaries of terms designed to identify left and right orientations.

In an attempt to reduce the human input necessary to create and test coding dictionaries, Laver, Benoit & Garry (2003) propose replacing handmade dictionaries with “reference texts,” documents assigned as ideological references for left and right. They developed a program—Wordscores—that estimates ideological positions of documents comparing word frequencies between them and reference texts in which ideological positions are known; in principle, this technique should apply even when documents are written in languages unknown to the analyst.

The authors also show that Wordscores can be used to estimate policy positions from political speeches, which is the strategy I adopt in this section. I analyze transcriptions of electoral programs broadcast in Brazilian prime time TV as a means of verifying (1) how PT’s electoral discourse changed over time and (2) how it compares with the party’s main right-leaning competitors in the six presidential elections held in the country since re-democratization.
4.1 Sample: Brazil’s “Free Electoral Time”

In Brazil, presidential candidates have the opportunity to present their electoral platform in prime-time open TV and radio, free of charge. The free electoral time on TV, or “horário eleitoral gratuito,” runs in the morning and at night, three times a week, starting three months prior to the election. A third of the total time allocated to these programs is divided equally among presidential candidates, and two-thirds are allocated in proportion to each party’s share of seats in Congress.

Electoral programs broadcast on TV can include music, professional actors, and images of candidate’s rallies, in addition to speeches. Even though airtime is free, these programs are the most expensive item in presidential campaigns. They reach a broad audience; for example, in the second round of the Brazilian 2006 presidential elections, programs broadcast at night reached 63.2 percent of viewers, a rate comparable to that of Jornal Nacional, the most important news program in the country.32

Electoral programs on TV mark the beginning of the presidential campaign in Brazil, and are the main source of information about candidates for the majority of the Brazilian population. Research has shown that they can effectively influence voting intentions, particularly in the case of undecided voters (Figueiredo 2007).

For all these reasons, electoral programs broadcast on TV during presidential campaigns offer an excellent opportunity for quantitative studies of candidate’s political discourse, since they provide them with a channel to communicate directly and simultaneously with a large political constituency, and narrow their ability to tailor the discourse to fit a specific public. In that sense, these programs offer are a far better measure of party’s ideological stances than manifestos, which in Brazil reach a very limited audience.

The sample studied here includes the electoral programs of the PT candidate, as well as of his/her main opponent, in the six presidential elections held in the country since re-democratization: Lula da Silva against Fernando Collor de Mello (PRN) in 1989, Fernando Henrique Cardoso (PSDB) in 1994 and 1998, José Serra (PSDB) in 2002, and Geraldo Alckmin (PSDB) in 2006, as well as Dilma Rousseff (PT) against José Serra (PSDB) in 2010.

Programs broadcast during the 1994 campaign were established as “reference texts”,

Cardoso’s as right and Lula’s as left. One reason is that the 1994 campaign was the first out of five elections in which the PT ran against the PSDB; holding it as reference allows us to observe the trajectory of these party’s ideological positions. Moreover, Cardoso and Lula represented substantially different political platforms in 1994, not only in terms of their policy proposals, but also in the way they framed politics and represented themselves as candidates.

Table 2 summarizes information regarding each presidential campaign analyzed. Reference campaigns were assigned reference scores -1 (Lula, left) and 1 (Cardoso, right). The table also shows the number of unique words and the mean frequency of these words, which are similar across parties and over time.

<table>
<thead>
<tr>
<th></th>
<th>Text</th>
<th>Ref Score</th>
<th>Total words</th>
<th>Unique words</th>
<th>Mean freq.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lula 89</td>
<td>.</td>
<td>28,640</td>
<td>3,828</td>
<td>7.48</td>
<td></td>
</tr>
<tr>
<td>Collor 89</td>
<td>.</td>
<td>27,727</td>
<td>3,756</td>
<td>7.38</td>
<td></td>
</tr>
<tr>
<td>Lula 94</td>
<td>-1</td>
<td>12,588</td>
<td>2,249</td>
<td>5.60</td>
<td></td>
</tr>
<tr>
<td>FHC 94</td>
<td>1</td>
<td>39,777</td>
<td>4,160</td>
<td>9.56</td>
<td></td>
</tr>
<tr>
<td>Lula 98</td>
<td>.</td>
<td>14,653</td>
<td>2,561</td>
<td>5.72</td>
<td></td>
</tr>
<tr>
<td>FHC 98</td>
<td>.</td>
<td>22,525</td>
<td>3,164</td>
<td>7.12</td>
<td></td>
</tr>
<tr>
<td>Lula 02</td>
<td>.</td>
<td>14,719</td>
<td>2,528</td>
<td>5.82</td>
<td></td>
</tr>
<tr>
<td>Serra 02</td>
<td>.</td>
<td>33,058</td>
<td>3,191</td>
<td>10.36</td>
<td></td>
</tr>
<tr>
<td>Lula 06</td>
<td>.</td>
<td>18,748</td>
<td>2,961</td>
<td>6.33</td>
<td></td>
</tr>
<tr>
<td>Alckmin 06</td>
<td>.</td>
<td>33,492</td>
<td>3,753</td>
<td>8.92</td>
<td></td>
</tr>
<tr>
<td>Dilma 10</td>
<td>.</td>
<td>31,090</td>
<td>3,482</td>
<td>8.93</td>
<td></td>
</tr>
<tr>
<td>Serra 10</td>
<td>.</td>
<td>24,398</td>
<td>3,405</td>
<td>7.17</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Summary statistics for TV campaigns for the major candidates running for presidency in Brazil, in 1989 and 2002.

4.2 Results

Figure 3 summarizes the results of the computer-based content analysis of electoral discourses in six presidential campaigns held in Brazil. It presents the estimated ideological positions of the main candidates who ran for presidency in 1989, 1998, 2002, 2006 and 2010, based on the similarity of their electoral discourse with those of Lula and Cardoso in 1994.
Figure 3: Ideological Positions of the PT and Its Main Opponent in Presidential Elections


The figure reinforces the narrative of previous sections; whereas we observe a moderation of Lula’s discourse in 1994 relative to 1989, in 1998 his rhetoric reverts once again towards the left. It was only in 2002 that the party performed a substantial discursive shift towards the right; this move was met by the PSDB’s slight move to the left and, as a result, Lula and José Serra converged almost completely in that year. In 2006, the PSDB moved to the right with Geraldo Alckmin, a trend that was reversed once again by José Serra in 2010. This trajectory, in parallel with the PT’s consistent move to the right in both elections, made the rhetorics of Dilma Rousseff and José Serra indistinguishable in 2010.

Overall, these results reveal an ideological convergence between the PT and the PSDB not at the center of the ideological spectrum (as it was arbitrarily established in 1994), but in a position very close to the one occupied by the PSDB in the 1994 and 1998 races. This evidence is consistent with other recent assessments of ideological positions in Brazil; Power & Zucco (forthcoming in 2013), for example, observed a decrease in ideological polarization in the Brazilian congress that was mostly driven by the leftist parties’ move toward the right.

Finally, it is important to reinstate the incompatibility of these results with the thesis...
that the PT moved gradually to the center in response to incentives produced by the Brazilian electoral system. Not only the party’s discursive change was not gradual, with most characteristics of Lula’s discourse present until 1998, but because the PT did not move to the center, but to a position very close to its main center-right competitor PSDB—allegedly the rightward limit among viable presidential candidates.

It could be argued that electoral incentives tell at least part of the story, since the fact that the PSDB was more popular in 1994 than in 1998 could explain PT’s positioning relative to their opponents in these elections—closer in 1994 and farther in 1998. Nevertheless, this same reasoning can not explain the party’s shift to the right in 2002, when Cardoso’s levels of support were low enough to force even the PSDB candidate to distance himself from the party’s 1994 and 1998 agendas. In fact, the very low levels of support in the end of Cardoso’s second term could have easily justified the leftist tone of the PT’s 2001 resolution.

5 Conclusion

This article challenged the conventional wisdom that the PT’s 2002 presidential campaign was the culmination of a move to the right started after Lula’s defeat in 1989, driven by the party’s desire to win elections by appealing to a broader audience.

Rather, I used the PT’s electoral TV programs and financial reports released in 2002 to contend that most of the party’s discursive move to the right occurred precisely during this campaign, and in response to a confidence crisis prompted by financial investors’ fears of Lula’s victory.

After tracing the main changes in the PT’s electoral discourse and how they evolved over time, I presented the results of a computer-based content analysis comparing the TV programs of the PT with those of the party’s main opponents in all six presidential elections held in Brazil since 1989. They provide further evidence in support of the claim that the PT’s discursive move to the right occurred in 2002. They also suggest that this movement persisted in the 2006 and 2010 presidential campaigns, consolidating a convergence of the main Brazilian leftist party towards the right since then. Not surprisingly, investors who panicked in 2002 reacted with indifference to the PT’s victory in the subsequent elections.
This analysis has important implications for the study of the Workers’ Party. The article examines a largely overlooked determinant of the PT’s move to the right. It argues that even though the party had undergone organizational and electoral changes that departed from its original practices and beliefs, its discourse retained a significant portion of its traditional elements until 2001. It was only in 2002, when a confidence crisis of severe proportions, elicited by financial markets’ fears that Lula reversed Cardoso’s economic program, boosted the power of conservative vis-à-vis leftist party members.

This process culminated in the appointment of economically conservative finance minister and central banker, and the maintenance of a large share of economic technocrats from Cardoso’s team, along with the exodus of a dissatisfied leftist leadership who founded the PSOL, and later from some that remained connected with the party but refused to be part of the government. The economic rebound after market confidence was regained and the weakening of ideological opposition consolidated PT’s so-called “moderation.” This, along with the benefits those who stayed received from being in office and governing during an economic boom led by unprecedented rises in commodity prices, explains why the PT did not completely revert policies once market constraints were released.

Policy switches are by no means an exceptional behavior in Latin American policies (Stokes 2001), or a phenomenon exclusive of less developed countries, as examples from France and the UK (Helleiner 1994), Australia and New Zealand (Quiggin 1998), among others, attest. By showing how a confidence crisis influenced the agenda of a highly institutionalized party, with deep ideological roots in society and that had long defended a consistent leftist agenda, the analysis presented here points to the existing limits on the left’s ability to pursue a radical strategy in a scenario of increased financial integration.
References


Castañeda, Jorge G. 2006. “Latin America’s Left Turn.” *Foreign Affairs*.


Notes

1“Contentment and complacency: Lula is coasting towards a second term,” The Economist, 08/31/2006.

2Through the Fundo de Amparo ao Trabalhador, FAT.

3Observing the timing of the change is the first step towards understanding its determinants. It is hard to make the case that centrist incentives of the Brazilian electoral system are the key drivers of PT’s move rightwards if these incentives were present since at least 1989 and nevertheless the move only happened in 2002. If the PT actually believed that voters wanted the continuation of Cardoso policies, why did Lula so frequently emphasize the differences between what the PT and the PSDB stood for in the 1998 campaign?

4Interview with a former director of the Brazilian Central Bank, who participated in the transition between the Cardoso and Lula’s administrations, Rio de Janeiro, August 2011.)

5Quotes in this section were extracted from candidates’ TV programs, released in prime time months before the presidential elections. Source: DOXA—Laboratório de Pesquisa em Opinião Publica, IESP.

6Campaign program broadcast on 10/01/1989.

7Campaign program broadcast on 09/23/1989.

8Campaign program broadcast on 09/21/1989.

9Campaign program broadcast on 10/26/1989

10Named after the new Brazilian currency.

11It is important to note that after what was considered Collor’s default on the domestic debt, the sensitivity to the topic raised considerably

12Campaign program broadcast on 08/24/1994.
13 Ibid.

14 Campaign program broadcast on 09/17/1998.

15 Campaign program broadcast on 09/24/1998.


18 The document “Another Brazil Is Possible” (Um Outro Brazil é Possível), written by the coordinator-to-be of the 2002 presidential campaign Celso Daniel, was approved at the XII National Meeting of the PT, in December 2001.

19 The former party member even emphasized that these policies were part of a document signed by Celso Daniel, who was considered a “moderate” in the PT.

20 “Letter to the Brazilian People” (Carta ao Povo Brasileiro), Lula da Silva, 06/22/2002.

21 As it became clear that this would not happen, some of these frustrated party members abandoned the PT to found the leftist PSOL (Partido Socialismo e Liberdade).

22 Campaign program broadcast on 09/21/2002.

23 Ibid.

24 Global News Wire, 10/02/02.


26 *Brazil Scenarios*, UBS Warburg LLC, 10/05/2002.


29 Interview with a financial market executive, Rio de Janeiro, September 2011.

30 Gabrielle Coppola and Tatiana Bautzer, “Roussef Confidence Spurs Record Sales:
More recently, other strategies have been developed to dispense with the need of reference texts. Slapin & Proksch (2006), for example, adopt a scaling technique to estimate positions modeling word frequencies in political texts as a Poisson process.


Note that the focus here is on economic policy agenda.