

**A Bitter Pill to Swallow:
The Experience of the Partido dos Trabalhadores
in Espirito Santo, 1995-98**

By Guy Burton

The past year has shed some interesting light on the Brazilian Partido dos Trabalhadores. Last October they were celebrating some big municipal victories in Sao Paulo and Belo Horizonte, but more recently, PT governors in both Rio Grande do Sul and Mato Grosso do Sul have been questioned by some in the party whether they are governing in a way deemed correct. It is in the context of these two very different experiences that this paper considers the role the PT played in Espirito Santo between 1995 and 1998. Given the importance granted to both sets of experiences, it is surprising that very little appears to have been written on the subject.

Indeed, it would appear that most scholarly literature on the PT to date has tended to focus on its experience in municipal government. This is justifiable when one considers the fact that the PT had only experienced this level of sub-national government up to 1994. In that year the PT took its next step, entering into the state level governments of Espirito Santo and Brasilia. But while the Brasilia model has been studied with varying degrees of attention, in particular Governor Christovam Buarque's innovation in education through the bolsa escola¹, very little attention has been paid to the experience of Vitor Buaiz and the PT in Espirito Santo.

To a certain extent this silence may be due in part to most of the documentary material relating to that period has yet to be catalogued. The PT has set up a foundation called the Projeto Memoria (Memory Project) to organise and assemble the various documents and sources relating to the PT's origins and activities, but the period in question, 1995-98, will not see the light of day until late 2002. This material is based in the PT's national headquarters in Sao Paulo and cannot be considered comprehensive. Most of it is centred around the contentious years 1996 and 1997, with limited material from the years either side. Furthermore, the PT in Espirito Santo does not appear to maintain any archives of its own and if any correspondence or literature does exist, they remain in the hands of the actors themselves.

But why should the politics student want to study the PT? At its most basic is the need to learn from the past. Although much literature on the PT has tended to concentrate on its municipal experiences, if the party wishes to make a convincing challenge for the presidency in 2002, it will have to show how it can apply its policy proposals on a wider level. And that will mean specifically at the state level. At present the PT governs three states, Rio Grande do Sul, Mato Grosso do Sul and Acre. Having won these three states in 1998, it lost both Brasilia and Espirito Santo in the same year. A case study of Espirito Santo would show how internal party conflict can weaken the opportunity to govern effectively.

But besides these practical applications, there remain other, more academic reasons why students of politics should seek to study the experience of the PT in Espirito Santo. This can range from how political parties both build themselves up before self-destructing, to the ideological challenges left-wing parties face at the end of the twentieth century; both factors have implications for the future development of democratisation in Brazil.

¹ Azevedo 1998.

In order to approach better the situation which unfolded in Espírito Santo between the years 1995 and 1998, this paper will be organised as follows: first, I will briefly consider the nature of political parties in Brazil and the development of the PT in the Brazilian political context.

Second, I will look at the situation the PT faced in 1994, before the gubernatorial elections in Espírito Santo. By looking at the previous experience of the PT in Espírito Santo, with reference to the municipal administrations of Vitória and Vila Velha, I will be able to show how local politics played out onto the regional stage. Furthermore, I will look at the internal structure of the PT and the tensions this brought about between different personalities. By studying these factors I will be able to place the 1994 electoral campaign and results and the differences between governor and party in context.

Third, I will look at the first stage of Governor Vitor Buaiz's administration, between 1994 and 1995. I will study both the intra-party differences between governor and party as well as the problems both sides faced with the Legislative Assembly and business interests. In both cases this may be attributed to the financial condition of the state.

The fourth section will deal with the second stage of PT governance in Espírito Santo, during 1996. I will stress the financial problems faced by the government and the measures it chose. This led to a split between governor and party, with members of the party in the Assembly and Regional Directorate proposing alternatives. The division was further exacerbated by divisions between the governor and party over support for the PT's candidates in the municipal elections of that year, as a result of Vitor Buaiz's efforts to endorse other parties' candidates in exchange for governmental support in the Assembly. Fifth, I will consider the period 1996-97. During this period the differences between governor and party became wider, resulting in intervention by the national PT organisation and ultimately, Vitor Buaiz's resignation in August 1997.

With Vitor Buaiz no longer a member of the PT, I will briefly consider the aftermath of his resignation. I will look at how the PT attempted to organise for the 1998 gubernatorial elections; this will emphasise both the party and the left's stunning fall from grace in capixaba politics. I will then look beyond the 1998 elections to the most recent municipal elections held in October 2000 to see whether the party has regained its composure. Finally, I will conclude by stressing what the experience of the PT in Espírito Santo shows us about Brazilian state-level governance and how this has hampered efforts to both build a national party and enhance democracy in that country.

Before going further, four further points need to be raised. First, in investigating the nature of PT government in Espírito Santo I was presented with the option of either looking at the experience from a wide perspective encompassing a great many different views from *petistas* (as members of the PT are called) and non-*petistas* alike, or a smaller, more introspective one focussed on *petistas* and their perceptions alone. I elected to choose this latter approach and therefore concentrated my research on a series of open-ended interviews with prominent *petistas* from the period in question as well as documentary evidence in the PT's archives and newspaper articles from the day.

In part my decision to concentrate on the internal dynamics of the PT was due to my desire to learn from *petistas* themselves what had gone wrong and to find out how they hoped to rebuild their party. I believed that other voices, while welcome, might distort the direction of this study. As a result I have tried to concentrate on primarily giving voice to members of the PT. On occasion I have had to include the views and opinions of other actors, usually in the form of newspaper interviews as they were the only source available. While I recognise that much of what is said is designed to show the PT in a less than positive light, politics is very much an activity in which practitioners seek to influence not only each other but the public as well; any public comments they make are to be interpreted as such. Consequently, rather than

filter out the partisan nature of such quotes, I have chosen to keep them in, if only to show how these politicians were playing to a wider gallery.

Second, in most of the media, party and interview material, the different actors tended to refer to each other by first name or by their nickname. It is not uncommon to hear people in the street or in the newspaper or on TV news broadcasts refer to the PT's perennial presidential candidate, Luis Ignacio da Silva by his nickname, 'Lula'. Indeed, so widespread did this practice become that Lula eventually changed his name to officially include his moniker. This is relatively common in Brazilian political life. Consequently, for consistency and in keeping with the individuals themselves, I intend to refer to the various people mentioned in this story by the names most commonly used by each other. In other words, Vitor Buaziz simply becomes Vitor and Brice Bragato becomes Brice, for example.

The third issue to consider when reading this paper is that of translation. I have tried as far as possible to make my translations of quotes from different interviewees or published written material as close as possible to the original. However, it is important to note that of occasion a strict translation from Portuguese to English can result in language that is not only verbose, but also obscure. I have therefore taken the liberty of being relatively liberal in my translation, altering words when they are repetitive or do not adequately explain the subject under discussion. This has also resulted in adding words here and there, in order to maintain the flow. While I realise this has altered the exact phrases and terms used by different speakers and writers on occasion, I have tried as far as possible to capture the spirit of the individual concerned and hope that this will be recognised by both reader and subject. Consequently, if I have failed to adequately convey the message of these people and their thoughts, then I accept responsibility for that.

The final factor to keep in mind is the underlying assumption I received from those *petistas* I spoke to and the literature that I consulted. In all these sources there was a perception that an established political party system was necessary for a stable and consolidated democracy. Frequently in the course of my interviews I was encouraged to consider Brazilian democracy as a fragile object, whose health was treated with a certain degree of scepticism. European and North American models of democracy were constantly held up as examples for Brazil to follow. Given this unspoken sense of self-deprecation, I occasionally wondered whether it is us in Britain, rather than the *petistas*, that have much to learn.

The Brazilian party system and the emergence of the PT

Brazil does not have an established political party system. Ever since the Imperial period (1822-89), Brazilian politics has been dominated by wealthy and socially connected individuals². Despite the separation of individuals into Liberal and Conservative groupings during this period, this division did not evolve into the political parties similar to those emerging in Europe and North America at the time.

The overthrow of the monarchy and establishment of a republic after 1889 did little to further the development of political parties. Although the Republican Party was to be at the forefront of the anti-monarchist movement, the party was not organised nationally and found itself dominated by the elite. The only national, masses-oriented party during this period was the Communist Party, but even this party never attracted much support.

The military dictatorship between 1964 and 1985 saw the creation of two parties to compete in Congress. However, they were seen as *ersatz* and commanded little public respect and support. It was during this period that the PT was founded. Deriving its support from the new unionism of the 1970s, in which workers found themselves protesting with other social

² Pousada-Carbo, Fausto.

actors, including church activists and underground guerrillas, this broad-based movement established itself as a political party in 1979, with the aim of implementing socialism in Brazil.

The PT was different to other political parties in Brazil for two key reasons: first, because it sought to establish itself as a nation-wide party; second, because its ideology was considerably different to that of other left-wing parties.

Although the PT can place its origins in the industrial cities in Sao Paulo state during the 1970s, it aimed to expand its influence across Brazil. Emphasis was given to building a national party from the bottom up, by encouraging the development of cells wherever party members found themselves:

‘The nuclei are the base organs of the party structure. It is through the nuclei that the Party, within the working class, seeks to construct the general politics of the workers, through the diversity of their social conditions, their place of work, living and studies, as well as in the social and popular movements.’³

National congresses were called, the intention being to provide some sense of unity of goals and aims between party members throughout the country. Efforts were made to make the party instantly recognisable, with the star being adopted as the party symbol⁴. Indeed, to this day, the PT is more recognisable than most other political parties in Brazil.

Ideologically, the PT claimed to be a socialist party. But while it had adopted the cell structure common of communist parties in Eastern Europe and China, the PT sought to differentiate itself from these models as well as other left-wing parties in Brazil. Its founders saw the socialist parties in the USSR and China as ‘bureaucratic socialist’ parties and claimed to be different. Indeed, having been one of the focal points of dissent against a centralising and repressive military regime, the PT advocated a high degree of internal party democracy, by allowing free discussion as to the best ways to achieve socialism.

Nevertheless, what the PT means by ‘socialism’ has been confused by a variety of factors, both ideological and organisational – factors which were to have severe repercussions on the way the PT conducted itself in Espirito Santo. The PT officially opposes privatisation of all industries⁵, but the end of the Cold War in 1989 and the apparent hegemony of neo-liberal thought in the West have led to considerable discussion within the PT as to how best to deal with the public sector – a debate that is still ongoing.

In contrast to other leftist Brazilian political parties, the PT has sought to make itself more democratic and open to debate from its grassroots. On a basic level, Brazilian parties function as little more than vehicles for a particular politician or group of politicians (e.g. Fernando Henrique and the PSDB, Lionel Brizola and the PDT); the PT, in contrast, sought to make itself more accessible. Indeed, it has sought to institutionalise intra-party discussion and debate – a reaction to the democratic façade offered between 1964 and 1985. This has been achieved by allowing *petistas* to form *tendências* – tendencies in English. These *tendências* the PT has described as

‘...naturally forming within itself groupings to defend political positions, whose meetings, debates and work are transparent to the [rest of the] party, and whose activities are exclusively

³ Chapter 1, Article 2, ‘Regimento Interno do Partido dos Trabalhadores’, 1984; p. 157, Resolucoes de Encontros e Congressos 1979-98.

⁴ Interview with Cipriano 2000.

⁵ See for example, ‘Carta de Brasilia’ (1993), p. 545 and ‘Resolucoes Politicas’ (1997), p. 656; Resolucoes e Congressos.

concerned with the internal life of the party and seek to increase the party structure's strength.'⁶

But while these intra-party groups were to offer ideological discussion, more often than not it could result in bitter personal disputes between members. This was to be the case in Espirito Santo.

This, then, is the PT's focus: to build a nationally based political party which can further socialism and democracy. To a certain extent the latter has been achieved, most notably in its enthusiastic application of participatory budget-making in Porto Alegre and other PT-run municipal administrations. But despite this, the ability to build an effective national party committed to socialism has proved a challenge. I have already commented on the ideological shifts facing the left since 1989 and the problems that internal organisation can have on socialism; but other factors too, restrict the establishment of a nationally based, socialist party.

Institutionally, the Brazilian political system is presidential, thereby bringing about all the problems that such a model presents; in particular, individuals, rather than parties, will tend to dominate the system⁷. This has a considerable impact on the input of political parties. Indeed, if we consider where strong and effective national political parties have reigned supreme, it has tended to be in parliamentary or semi-presidential regimes. Presidential systems, including the American model, have been notoriously weak at aiding the development of national parties.

Politically, too, there have been limitations on the PT. Its rhetoric against cronyism, corruption, political favours, neo-liberalism and democratisation does not make itself endear to many in the Brazilian political establishment. Indeed, given the benefits that many of these non-PT politicians have received through the existing structure's patronage system, to support the PT means to be opposed to all this. Hence it is common for opposition politicians to club together to constrain or limit the PT as much as possible, as David Samuels has suggested:

'The PT does not easily attract other parties outside the left to its coalition once it enters government. So it ends up "between a rock and a hard place". That is, its governors HAVE to compromise on some positions in order to form a coalition in the Assembleia. But, the party faithful don't like it much, and lose faith. Even more, the coalitions are weak – the non-leftist coalition members do not see themselves as long-term allies of the PT; its just a temporary marriage of convenience.... When the next election comes around, the PT governors have pleased nobody: they've somewhat alienated their base, and they haven't convinced the voters that the "modo petista de governar" is all that great, because the other party elites have been working overtime to tell their voters how the petistas have screwed things up even more than they already have.'⁸

Financially, the nature of the Brazilian state challenges the socialist tenants of the PT. Despite the PT's support among many public sector workers, civil servants' pay roll in Brazil has increased from between 6.2% and 7.3% of GDP during the period 1975-85 to 7.6% in 1986 and 11.3% in 1990, before dropping and settling at 10.7% in 1995⁹. This increase in salary payments therefore limits government spending in other areas, including investments in social services. In addition, demands for the re-nationalisation of state industries are undermined when one considers the efforts of the right-wing military regime's enthusiasm for national import substitution policies during the 1970s; an economic policy whose failure

⁶ 5, 'Resolucoes sobre tendencias' (1987), p. 356-357, Resolucoes e Congressos.

⁷ Linz and Stepan, *Failure of Presidency?*

⁸ Email to the author, 19 March 2000.

⁹ p. 119, Beltrao et al. 'Reforma da burocracia publica e federalismo no Brasil', RAP 1998.

galvanised many discontented workers and helped precipitate the democracy movement in the 1980s.

These factors, albeit national ones, can also be seen at the sub-national level too. In the case of Espirito Santo we will see how the presidential system is similar in many ways to the gubernatorial model used there; that political actors act to destabilise the PT in the Legislative Assembly; and economically, *petistas* faced similar problems with state-level bureaucracy.

An overview of Espirito Santo and the *capixaba* PT before 1994

The previous section served to raise some of the issues surrounding the PT's rise to national prominence and the challenges it faces. I have also suggested that some of those factors can also be seen at work at the sub-national level too, in Espirito Santo. But why should I have chosen Espirito Santo to study rather than the other PT-run administration in Brasilia in the same period?

Brasilia is the federal capital of Brazil and as such constitutes a small, artificially formed administrative unit. Furthermore, while challenges do face Brasilia – most notably the socio-economic differences between its inhabitants in the periphery and the centre, in Espirito Santo the scene is rather different. One is presented with a state that has an established history, experiences of domination and subordination, between employer and tenant farmer in the coffee industry and between the same coffee producers and buyers from the more economically powerful states to the south. Espirito Santo is also geographically larger than Brasilia and has a wider variety of experiences, through both financial disparities between peoples, a multicultural history and different challenges faced by an industrialised centre and a relatively economically backward interior. The government of a state such as Espirito Santo faces a wider number of challenges, including transport links and economic development of the state's interior that a city-state like Brasilia does not face. Finally, as we shall see, Espirito Santo acts as a microcosm of Brazil, enabling the student to consider the PT at a level higher than a municipality, which is what is necessary if one wants to consider what a national PT government might be like.

But before it is possible to consider the nature of Vitor Buaiz's PT administration in Espirito Santo between 1995 and 1998, one needs to place the origins of the PT's election victory in context. In particular, it is necessary to understand something about the nature of the *capixaba*¹⁰ PT, its origins and experience before 1994. This will also require an outline of the state as well.

Espirito Santo is a small state on the Atlantic coastline. With Bahia to the north, Minas Gerais to the west and Rio de Janeiro to the south, the state is included in the geographic South-East of the country, which includes Rio de Janeiro, Minas Gerais and Sao Paulo states. Compared to these three states, Espirito Santo is an economic and political pygmy and as such has tended to be overlooked for much of its history.

One of the original vice-royalties created by the Portuguese crown in the sixteenth century, Espirito Santo became more important as Minas Gerais's route to the sea, especially when gold was discovered in the latter during the seventeenth and eighteenth century. Vitoria, the capital city of Espirito Santo, was founded partly in order to provide a safe route through which the gold could pass on its way back to Portugal.

Following the decline in Brazil's sugar trade Espirito Santo's economy came to be dominated by coffee. Espirito Santo's coffee production mirrored that of much of the rest of Brazil, with

¹⁰ A descriptive term for somebody or something from Espirito Santo

masses of slaves working on great estates¹¹. Following the abolition of slavery in 1889 coffee production became the preserve of the small holders. An influx of European immigrants came in and replaced the previous slave labour force, including Pomeranians, Poles, Italians, Germans, Tirolese, Swiss and Dutch flooded into the state, bringing their own distinct cultures and identities which have lasted until today¹².

The increasing dependence on coffee in Espirito Santo produced a number of problems. First, the small nature of coffee production after 1889 meant that rate of economic expansion and capital accumulation in the state remained low¹³. Second, the increased dependence on coffee meant that the state's economy was heavily dependent on demand in the emergent economic power of Sao Paulo state to the south. If there were a fall in price, there would be serious economic crisis in Espirito Santo¹⁴. Third, Espirito Santo's economic dependence contributed to the creation of an economic patronage system between those farming the land and their landlords that transferred itself well to the political sphere as well. With this economy and policy of dominance by the landowners and dependency culture of those working the land, Espirito Santo became both a political and economic backwater, as there was little incentive for the political and economic elite to change the structure.

This situation was to last until the 1950s when the fall in coffee prices encouraged the federal government to seek alternative means of alleviating the problems that such falls produced; it was given further impetus by the centralising military regime that came to power in 1964¹⁵.

During the 1960s and 1970s Espirito Santo received considerable capital investment towards the development of its non-coffee economy – in particular in the creation of its ports. This activity was aided by the establishment of a federal law for a Port Activities Development Fund, or FUNDAP. Designed to stimulate investment in what were seen as structurally deficient ports in Espirito Santo, FUNDAP could be seen as a tax subsidy to companies willing to invest in the state¹⁶. Since this change in policy, Espirito Santo's industrial sector has centred around its ports in the capital, Vitoria. But the rest of the state's economy has not changed by any considerable degree.

If Espirito Santo is a microcosm of Brazil, the PT established itself in Espirito Santo in much the same fashion as it did in other parts of Brazil¹⁷. Given its depth of its support in urban areas, such as Sao Paulo and Porto Alegre, it seems unsurprising that its strongest support in Espirito Santo was to be amongst industrial and public sector workers in the capital city of Vitoria and the surrounding environs, including Vila Velha, Cariacica and Serra – otherwise known as Grande Vitoria. Indeed, the PT's prospects were aided by Grande Vitoria holding nearly half of the state's population – 1.06 million out of the total 2.6 million who lived in the state in 1991¹⁸. Over 250,000 in each of these four urban municipalities alone. Of these 2.6 million, 1.45 million were entitled to vote.

However, although the PT attracted support in Vitoria and Vila Velha, it could never be considered a large party. I was informed that figures for party membership are apparently unavailable, but anecdotal evidence of the party leadership between the party's foundation in the late 1970s and the present day shows little change. Claudio Vereza, Vitor Buaiz and Perly Cipriano were among those to have helped found the party; two of them still remain

¹¹ p. 22; Correa Rocha and Morandi, *Cafeicultura e Grande Industria*, 1991.

¹² p. 7; Medeiros, *Espirito Santo: Encontro das Racas*, 1997.

¹³ p. 22, Correa Rocha and Morandi.

¹⁴ p. 22, Correa Rocha and Morandi; Zorzal e Silva 1995.

¹⁵ LSE thesis – what's his name? Found his book in the FGV.

¹⁶ 'Notas sobre o FUNDAP', Dossier 1, Box 32, Arquivos Mortes, PT National Directorate, Sao Paulo.

¹⁷ Interview with Claudio Vereza, 2000; Gualberto, 'Vitor e a crise do PT', *A Gazeta*, 12 April 1997.

¹⁸ SEPLAE/DEE, *Informações Municipais do Espirito Santo* 1992. Vitoria: Governo do Estado 1992.

prominent within the Espírito Santo PT to date. Further evidence of the party's position was the response to Magno Pires da Silva's stunning victory of the mayoral contest in Vila Velha in 1987; it was 'a surprise to the party. The possibility of success was [considered to be] low.'¹⁹

Magno Pires only served for a year, on account of a new national constitution being implemented during the course of 1988 and fresh elections taking place that spring (October 1988). During his year in office Magno Pires governed with the Brazilian Socialist Party (PSB), but:

'...if trying to govern Vila Velha for four years was a difficult task, imagine the challenge of governing for one year and applying political principles while being inexperienced in governing, [coping with] repressed social demands... and [high] national expectations (principally because the administration was a PT one).'²⁰

Written at a time when the PT was new to the experience of governing municipalities, some of Miguez's comments could apply to Vitor's term of office as governor of Espírito Santo between 1995 and 1998.

But before Vitor won the governorship, he had been mayor of Vitoria between 1989 and 1992. And as with his later experience of government, he was to court controversy, resulting in battlelines being drawn between the party's different *tendências*. These differences between different individuals were influential in forming the basis of the internal conflicts that erupted after Vitor became governor.

A doctor by training, Vitor was a native of Vitoria. Arrested in 1971, he spent much of that decade involved in unionism, where he met his friend and future Secretary of Finance, Rogerio Medeiros. In 1979 he was elected president of the doctors' union and joined the PT as a founding member the following year. In 1982 he was a candidate for federal Congress before standing for election as mayor of Vitoria in 1985. Coming second that year, he was elected to Congress in 1986 before winning the mayoralty of Vitoria in 1988²¹.

Being a member of the *Articulação tendência*, Buaiç there belonged to the majority internal grouping within the Espírito Santo PT. But although the majority of *petistas* in Vitoria came from *Articulação*, during his administration the *tendência* was to split into two, *Unidade na Luta* and *Articulação da Esquerda*. *Articulação* had been the first *tendência* to be formed²² and was supported by a majority of *petistas*; at the national level it could count the PT's regular presidential candidate, Lula and the present party president José Dirceu amongst its affiliates.

In the late 1980s, the *capixaba* *Articulação* included Vitoria's mayor Vitor, vice mayor Rogerio Medeiros, the PT's former candidate for governor Perly Cipriano, the then state party president Carlos Vereza, José Otaviano Baiôco, and Vitoria councillors Gilsa Barcellos and João Coser.

The origins of *Articulação* and its impact on the Espírito Santo PT were not hard to ignore. According to Vereza,

'*Articulação* was formed originally in all areas of the church, then the unions. It was a large block that tended to impede other *tendências* from taking control of the party.'²³

¹⁹ p. 6, Miguez, 365 Dias do Governo do PT em Vila Velha, 1988.

²⁰ p.6, Miguez 1988.

²¹ Interview with Buaiç, 2000; p. 19, Reis, Em Nome do Espírito Santo, 1994.

²² Interview with Cipriano, 2000.

²³ Interview with Vereza, 2000.

However, despite its apparent stranglehold, Articulação disguised ideological differences between its members, resulting in a division between Articulação A and Articulação B. While Vitor, Rogerio and Perly were to become members of the former, the other four members became associated with Articulação B.

Espirito Santo was the first state in Brazil to see this division within Articulação²⁴. During Vitor's mayoralty the difference was made complete when the two separated, into the aforementioned Unidade na Luta (Articulação A) and Articulação da Esquerda (Articulação B). Of the two, the more moderate, social democrat-inclined Unidade na Luta was to prove larger; Articulação da Esquerda, while larger than the smaller *tendências* that included the moderate Democracia Radical²⁵ and the Marxist-Leninist²⁶ Força Socialista (to which the former state deputy Brice Bragato belongs) therefore found itself at a disadvantage when it came to internal party elections.

The differences between these different *tendências* were to become exacerbated during Vitor's administration in Vitoria; he was accused of putting together a small nucleus which excluded non-Articulação A *petistas* from decision-making²⁷. Furthermore, he was not averse to being heavy-handed, sacking his Articulação B education secretary, Terezinha Baiôco. But what really upset his critics happened in 1992, when the party was seeking a successor to Vitor in the mayoral elections.

Until 1997 governors, mayors and the president could not stand for re-election. Vitor wanted his friend and vice-mayor, Rogerio Medeiros, to be the PT candidate for Vitoria. But in an open primary, Rogerio was defeated by the unity candidate put forward by Articulação B, Democracia Radical and Força Socialista, João Coser (Articulação B). Vitor would not accept the result and contested the decision; he failed²⁸. Vitor's opposition was due in part to his desire to form an electoral alliance with the moderate left of centre Brazilian Social Democratic Party, or PSDB; Coser's candidacy would prevent this. The result was a divided party, with Vitor and his followers endorsing the PSDB candidate, Paulo Hartung. In the resulting general election Coser lost to Hartung.

The 1994 gubernatorial campaign

Stung by the rejection of his fellow *petistas* over his choice for mayor, Vitor and his supporters in Articulação A/Unidade na Luta set about seizing control of the regional PT. In 1993, following internal party elections not only did Unidade na Luta take a majority of seats on the regional executive, but Vitor became regional president of the PT – *de facto* leader of the PT in Espirito Santo – and thereby secured his dominance within the party. As a prominent individual (according to Vitor, his father is distantly related to one of the wealthier business families in the state²⁹) and member of the party, as well as being a former mayor of Vitoria, Vitor began a process of internal party negotiation to establish himself as a front runner for the PT's nomination as candidate for governor. In this Vitor was helped by the creation of a *petista* program for government which was agreed by all *tendências*, which was co-ordinated by Articulação da Esquerda's Magno Pires³⁰.

²⁴ Interview with Cipriano, 2000.

²⁵ Robson Neves, a Vitoria councillor during Vitor's municipal administration, before becoming a state deputy and later a member of Vitor's state government, was initially a member of Força Socialista and critic of Vitor before joining Democracia Radical and becoming an ally in the process.

²⁶ According to interview with Vereza, 2000.

²⁷ p. 30, Hamecker, Triturados por el Aparato Institucional, 1993.

²⁸ Interview with Vereza, 2000.

²⁹ Interview with Buaiz, 2000

³⁰ Interview with Vereza, 2000.

Even if Vitor's candidacy during the 1994 election year did not seem to be in question, at the start his and the PT's prospects were dim. This was due to speculation about whether or not Gerson Camata, a former governor of Espirito Santo and now one of its senators, would run³¹. Gerson Camata was, and still remains, one of the most prominent politicians and political fixers in Espirito Santo.

Eventually on 11 May Gerson Camata announced that he would not stand³². Vitor surged ahead in the polls, along with another notable individual candidate, Max Mauro, both of them being unanimously endorsed at their respective party conferences at the end of that month³³. Vitor had wanted to form an electoral alliance with 'progressive elements' of the catch-all Brazilian Democracy Movement Party (PMDB), but was disallowed from doing so by his national party directorate. As a result, the PT formed an electoral coalition with its traditional allies, the Brazilian Socialist Party (PSB) and the Communist Party of Brazil (PCdoB)³⁴. The PSB's leader, José Renato Casagrande was put forward as vice-governor.

When nominations closed for the candidates at the end of May, there were three individuals besides Vitor: the PSDB's Rose de Freitas, Max Mauro and Cabo Camata (no relation to Gerson Camata). Initially, the fight seemed to be coming from Max Mauro, though Vitor's appeal stretched across party lines, gaining the endorsement of those outside his party, including that of Vitoria's PSDB mayor, Paulo Hartung³⁵. In part this was due to Vitor's image as a moderate and the public perception that his administration in Vitoria between 1989 and 1992 had been relatively well handled; criticisms about his governing style at the time had tended to come from within the PT³⁶. However, in the run-in to the 1994 election, Cabo Camata began polling high levels, eventually coming second with 290,677 votes or 27.33% of the valid votes to Vitor's total of 495,948 (46.63%) in early October³⁷.

Cabo Camata was an unknown before the 1994 elections. A former police officer, he was a state deputy when he put his hat in the ring. A populist, his support was derived from the state's poor and dispossessed. In this he was aided by a number of factors, including the national economic recession of the 1980s that had impacted considerably on the worst off. These people inhabited the peripheries of the state's main urban centres which gave rise to a certain set of problems. Economic hardship put pressure on the government to provide more effective social services, a cost that it was unable to achieve. Along with a demographic shift that had seen many move into the cities in search of work as a result of the industrialisation program from the 1960s on, accentuated the problems faced by these people in the urban periphery³⁸. Many turned to crime and with it fear for personal safety increased.

But the decline in living standards was not enough to provide Cabo Camata with the support he received. Other factors, such as the existing system of patronage previously described and the deference of the poor to figures in authority, combined with their experience of a harsh authoritarian political regime (through the violent repressive methods used by police), meant that they were open to emotive demands³⁹. Cabo Camata took advantage of these factors and promised to satisfy these people's concern about personal and public safety: he pledged that he would take a hard line against all 'delinquents' – even those who were only alleged to have

³¹ p. 2, 'Sucessao capixaba sera definida ate 31 de maio', A Gazeta, 16 January 1994; p. 2, 'Rose prefere lancar candidato proprio', A Gazeta, 1 May 1994.

³² p. 3, 'Camata diz que 'so graca divina' o fara candidato', A Gazeta, 12 May 1994.

³³ p. 3, 'Convecoes podem definir hoje quatro candidatos', A Gazeta, 29 May 1994.

³⁴ p. 'Bisol devera decidir vice do Vitor', A Gazeta, 5 June 1994.

³⁵ p. 2, 'Definicao de aliancas provoca repercussao', A Gazeta, 14 June 1994.

³⁶ For a more in-depth and internal look at Buai's municipal administration, see Harnecker, Triturados por el Aparato Institucional, 1993.

³⁷ Figures from the Regional Electoral Court, Vitoria, Espirito Santo (TRE-ES).

³⁸ pp. 40-41, Gualberto, 'Fenomeno Cabo Camata', Em Nome do Espirito Santo, 1994.

³⁹ pp. 41-42, Gualberto 1994.

broken the law. And if anyone was in any doubt as to what Cabo Camata favoured, the daily state newspaper, *A Gazeta* had reported his views as far back as September 1993:

‘Always enthusiastic when talking, Cabo Camata... publicly admitted that he had ‘lost count’ of the number of times when, while acting on police duty in the north of the state, he had spirited away delinquents, rapists and criminals caught by him and his team. ‘I used to tie them to a eucalyptus tree and set fire to tyres tied around them’ he candidly admits, to his interviewer’s amazement.’⁴⁰

Elections for president, governor or mayor in Brazil require the successful candidate to poll a majority of the votes cast. Because Vitor had not reached more than 50% there would be a run-off between him and Cabo Camata. The following month was host to a turbulent period. Soldiers were called in to ensure security and enable people to go the polls. According to *A Gazeta*’s Andre Hees, ‘Vitor Buaiz attracted the middle class vote, the left, the universities, the intellectuals and a good number of businessmen’, while ‘those [who supported] Cabo Camata were the most conservative in society, like the agricultural federation, which had a connection to the [landowners’ association, the] UND.’⁴¹

But Cabo Camata had highlighted one of the key issues facing Brazilian society, an issue that is as pertinent today as it was then – namely that of personal safety and public security. As a result, Cabo Camata’s strong showing in the first round turned the electoral race in Espirito Santo from a small, regional affair to national prominence overnight⁴². At stake was how society should deal with the problem of personal security: in Cabo Camata’s harsh way, or with a more tolerant, sympathetic view as epitomised by Vitor. The result was the endorsement of Vitor by the recently elected presidential candidate, Fernando Henrique Cardoso of the PSDB. This was to cause a considerable stir both within the capixaba and national PTs, given that Cardoso had recently defeated the PT’s Lula for the presidency⁴³.

Between October and the second poll in November, the candidates stepped up the negative campaigning, which saw Vitor’s coalition compare Cabo Camata to Hitler on TV⁴⁴ and a series of debates in which Vitor was adjudged to have come out on top. The second round saw Vitor poll 669,533 votes, or 55.49% of the total valid votes to Cabo Camata’s 537,051 votes or 44.51%. While Cabo Camata had polled better in the interior, Buaiz had been aided by receiving the votes from a greater number of the electorate that lived in the urban areas⁴⁵.

Upon victory, Vitor acknowledged the depth of his support by promising to form a wide coalition⁴⁶. Along with Christovam Buarque’s success in Brasilia, the PT now had two state governors to add to its list of mayors, councillors, congressmen and state deputies.

Setting the scene: The PT administration and relations with the legislature

Upon taking office on 1 January 1995, Vitor was joined by a newly elected Legislative Assembly. With 30 members, only four state deputies came from the PT: Claudio Vereza, José Otaviano Baiôco, Brice Bragato and Juca Alves. While Alves belonged to Buaiz’s wing of the party, Unidade na Luta, Vereza and Baiôco hailed from Articulação da Esquerda. Brice was the sole representative of Força Socialista.

⁴⁰ p. 31, Reis 1994.

⁴¹ Interview with Andre Hees, 2000.

⁴² p. 24-27, Reis 1994.

⁴³ p. 6-27, Reis 1994; p. A9, ‘Cardoso declara apoio a candidato do PT’, *O Estado de Sao Paulo*, 10 November 1994.

⁴⁴ p. 33, Reis 1994.

⁴⁵ Orrico, ‘Os numeros da eleicao’, *Em Nome do Espirito Santo*, 1994.

⁴⁶ p. 8, ‘Vitor anuncia que formara governo de coalizacao’, *A Gazeta*, 17 November 1994.

The rest of the Assembly was divided as follows: the populist left-wing PDT (Democratic Workers' Party), PSDB, PMDB and right-wing PPR (Popular Republican Party) each had four members, the left-wing PTB (Brazilian Workers' Party) and PSB three each, two came from the conservative, right-wing PFL (Liberal Front Party), while Max Mauro's PMN and the neo-liberal PL (Liberal Party) each had one.

A fifth PT state deputy, Otaviano de Carvalho⁴⁷, had renounced his seat to join Vitor's Cabinet as Communications Secretary. A member of the Democracia Social *tendência*, he and Magno Pires (Articulação da Esquerda) were to be the only members of the Buaiç government who were not members of Unidade na Luta or Vitor's personal political appointees⁴⁸. Democracia Radical's Robson Neves, Vitor's Chefe da Casa Civil or Cabinet Secretary, had by this point become an ally of the new governor.

Vitor's Cabinet also included other notable members of the *capixaba* PT, including Perly as Secretary for Citizenship and Justice, Pedro Benevenuto Junior as Health Secretary and Fernando Augusto Barros Bettarello for Transport. The Secretary for Finance was initially Ricardo Santos of the PSDB, but he was to be replaced during the course of the year by Vitor's friend and former vice-mayor, Rogério Medeiros.

While the tone of the Buaiç government was relatively moderate, the PT *bancada*, or grouping in the Assembly, were far more militant and radical. The exception was Juca Alves, who became the Government's spokesman. Reduced to three, Vereza, Baiôco and Brice found themselves looking further afield for support; but even with the PT's long-time allies, the PSB and Max Filho of the PTB, they could only muster a core group of seven deputies⁴⁹. In the eyes of the PT, the rest of the Assembly was dominated by the right and those supportive of big business. Commenting on this, Vereza said:

'The other [non-Unidade na Luta] sections of the party but did not have decision-making power within the government's nucleus. And so here the differences started. In the Legislative Assembly the government made very broad alliances, including with the right – even at the very start [of its administration]... And it was because of these governmental alliances in the legislature that the PT's government program became less likely.'⁵⁰

Petistas' concerns with Vitor were accentuated by his early decision to support a member of the right-wing PFL as president of the Assembly's Commerce and Finance Committee, one of the most important positions available. This deputy had been a supporter of Cabo Camata in the gubernatorial elections, further offending PT sensibilities in the Assembly⁵¹.

But, according to Brice, this was understandable from perspective of the government:

'...Vitor pursued votes and deputies [to support his policies] in the Assembly by offering public works and positions... The general parliamentary rule in Brazil is to bargain. If you receive something, you return the favour. But what do you gain? The government's support in being elected to the Assembly's main positions such as the finance commission, the justice commission, public works in the state's interior, education, finances... And the government gains as well. It's the rule in Brazil. The deputies don't vote for today; they vote for interests, for deals [with the government]. [But] this isn't the PT's practice.'⁵²

⁴⁷ Otaviano de Cavalho was later to resign his cabinet post to run for mayor of Vitoria in 1996 before dying in a car crash in 1999, which also saw Perly Cipriano and one of Lula's aides injured.

⁴⁸ Interview with Baioco, 2000.

⁴⁹ Interviews with Baioco and Vereza, 2000.

⁵⁰ Interview with Vereza, 2000.

⁵¹ Interview with Andre Hees, 2000.

⁵² Interview with Bragato, 2000.

Storms on the horizon: The PT administration, 1995

If the basis of the relationship between governor and legislature was not difficult enough when Vitor took office, during his first year in charge two key problems arose to challenge the ability of his government: first, of the nature of the Espírito Santo's bureaucracy and its payroll; second, the regime's tax system and administration. In part these problems were the result of different institutional arrangements that had a profound impact on the nature of the *capixaba* state. In the former, a new financial stabilisation program introduced the previous year was to make the usual system of payments to public sector workers no longer viable. In the latter case, the problems were the result of an unreformed tax and benefit system, which resulted in a hole in the state's finances. The challenge Vitor faced was to try and reconcile these two issues, while maintaining the support of the diametrically opposed Legislative Assembly and his party. Below, I explain in greater detail the background of these two problems and the challenges they produced.

The first challenge: The bureaucracy and the payroll

In March 1995 there were protests against late payments by public sector trade unionists⁵³, in response to the Buaiz Government's decision to end automatic pay increases⁵⁴. Following the considerable support by social movements to Vitor during the electoral campaign, including from both blue and white-collar workers, there had been expectations that he would govern as a *petista*, delivering higher wages. His decision to end such salary increases, was considered a betrayal of his political loyalties.

Vitor's decision to end such salary increases could be traced to events the year before. The national Real Plan, which had been implemented by the then Finance Minister Fernando Henrique between December 1993 and July 1994, had slashed inflation and lessened the need to increase salaries on a monthly basis to keep step with inflation by tying the Brazilian *real* to the dollar. But still, the PT had treated the *Real* Plan with caution and an element of suspicion during their national and regional campaigns that year. This was due in part to the *Real* Plan being yet the latest in a long line of previously failed attempts at tackling the crippling inflation that Brazil had been prey to through most of the 1980s and into the 1990s. At the time many in the PT believed the *Real* Plan to be more than an election stunt which would plunge the country into financial chaos as soon as the elections were done.⁵⁵

But the PT were not the only ones guilty of doubting the success of the *Real* Plan. Until 1994 Brazilian state governors had been prone to raising the minimum state wage above inflation, in order to compensate for the inevitable rise in nation-wide inflation. Vitor's predecessors, including the most recent, Azeredo Albuino, had indulged in such activity. Consequently, there was little that was odd when in April 1995 Vitor approved an increase of 25% to public sector workers' salaries. Secretary of Finance, Ricardo Santos, cautioned against and in retrospect was right. But given the scepticism that the *Real* Plan would deliver on consistently low levels of inflation, Vitor's decision may have been seen as correct at the time. Nevertheless, Vitor was challenged on his decision in an interview with Vida Vitória the following year. Why had he decided to grant such a high increase to the workers, given that his government had just inherited a debt of R\$141 million, of which R\$56 million was tied up in late payments to the public sector payroll⁵⁶ and which his opponents accused him of starting the financial crisis in his state? Vitor's response was simple:

⁵³ p. 8, 'Sindicatos estão em 'pé-de-guerra' com o Governo', A Gazeta, 12 March 1995.

⁵⁴ Interview with Andre Hees, 2000.

⁵⁵ p. 20-26, Machado, 'Debate econômico na campanha Lula', Teoria e Debate, Dec. 1994-Feb. 1995.

⁵⁶ p. 5, GEES, Análise da Administração Estadual do Espírito Santo: Período 1995-1998, 1998.

'The truth is that we gave [the public sector workers] 25%, because we thought it was right. It could have been parceled out. But it was right. We can't question the decision. [But] We can question the way it was handled.'⁵⁷

Yet despite Vitor's sop to the workers, which was supported by the PT *bancada* in the Assembly, he was soon to clash with his supporters⁵⁸. Espirito Santo was suffering from a financial crisis, partly brought about by the *Real* Plan having minimised inflation rates, which had implications on individual states' public accounts⁵⁹. But this financial crisis could not be attributed only to national financial programs. Indeed, Espirito Santo's problems were also the result of economic mismanagement over the years.

Espirito Santo faced – and still faces – the problems of a bloated bureaucracy. Given the highly statist development of the Brazilian state, it should not be surprising that bureaucrats have exercised considerable influence over policy decisions.⁶⁰ As one of the more organised interest groups in Brazilian politics, they have succeeded in protecting themselves from radical reform, as witnessed by the faltering steps taken by the federal Cardoso Government on the issue of pensions reform since 1995. Furthermore, the 1988 constitution has made it difficult for any government, national or sub-national, to reduce their number or benefits.

Most states find a considerable portion of their budgets go towards the bureaucracy payroll. Espirito Santo and Alagoas states were spending more than any other Brazilian state on their public sector payrolls, with more 90% of their liquid assets being tied up for this purpose by 1995-96.⁶¹ With a population of just 2.7 million and 42,000 active state employees, this meant Espirito Santo had 15.5 state workers for every 1000 inhabitants, which while not as high as other states (e.g. Maranhão and Pernambuco had 10.83 and 9.22 per 1000 of the population respectively), did cost the government R\$777 per worker per month against the national average of R\$657.⁶² With such a high payroll any *capixaba* government was likely to face considerable challenges if it wished to adjust its spending.

The second challenge: The tax system and state finances

Given the constitutional constraints on Vitor, one option was to seek revenue to not only fund better social services, but also to pay state workers whose salaries were falling behind schedule. This might be achieved through better tax collection, which had been weak, owing to a weak system of tax collection. An alternative was to reform a tax credit system that appeared to benefit big business to set up shop in the state. Indeed, Vitor had inherited a credit system that had been introduced in the late 1960s and early 1970s and had remained relatively untouched since then.

Despite the burgeoning industrialisation in the South and South East during the 1960s, of which Espirito Santo was part, the state nevertheless had lost out to Rio de Janeiro and Sao Paulo.⁶³ Until the 1960s Espirito Santo was a cash crop economy, based on coffee. In a bid to move away from a dependency on coffee prices, the military regime's political appointees encouraged industrialisation in the state, by developing the Tubarao port in Vitoria in the

⁵⁷ p. 9, 'Diagnóstico da crise', Vida Vitória, 30 June 1996.

⁵⁸ p. 3, 'Servidor do Estado exige participação' and p. 7, 'Bancada do PT tenta sustar decreto do governador', A Gazeta, 12 May 1995.

⁵⁹ p. 116, Beltrão et al 1998.

⁶⁰ Weyland, 'Obstacles to Social Reform in Brazil's New Democracy', Comparative Politics, 29, 1, 1996 and Weyland, 'Development, Democracy and Inequality', LARR, 31, 3, 1996.

⁶¹ p. 122, Beltrão et al 1998.

⁶² p. 3, Santos and Peliano, 'Programa de Ajuste proposto pelo Governo do Espírito Santo. Repercussões adotada pelo Partido, em nível federal: Nota Técnica para Uso Interno da Bancada', 31 May 1996, Box 7, PT Archives.

⁶³ Zorzale e Silva 1995.

early 1970s⁶⁴. In order to attract investment into the state, the government introduced a system of tax breaks for companies, the most notable being FUNDAP (Fund for the Development of Port Activities); others included FUNRES (Fund for the Economic Recuperation of Espirito Santo) and FUNDES (Fund for the Development of Espirito Santo), but FUNDAP was financially the most important and politically the most contentious of the three.

FUNDAP worked as follows: ‘BANDES [the Espirito Santo state bank] finances 8% of an imported good’s value, at a rate of 1% per annum (total cost), for 25 years, including the first five years; the financed company with FUNDAP resources is obliged to invest in the State, until the end of the following year, at 7% of financed value, in projects of its choice, subject to approval of BANDES.’⁶⁵

As a means to attracting investment, FUNDAP worked. But by the early 1990s, many in the PT and among its supporters felt that the system was being abused by companies and not benefiting ordinary people⁶⁶; companies were taking advantage of the tax break while local people continued to put up with poor schools and hospitals and state workers faced late payments. The PT *bancada* and ordinary *petistas* and workers demanded this be changed.

The third challenge: To deliver or not deliver *petista* policies?

But by this point it was impossible for the Buaiz administration to effect any wholesale reform. Not only was Vitor constrained by the small size of the PT in the Assembly, he was also known to be ideologically opposed to their views. As Zanatta noted to the National Directorate, ‘the Party is divided in Espirito Santo between two camps. The “Unidade na Luta” *tendência* supports the government and has some of its members in executive positions. The other three tendencies: “Articulação de Esquerda”, “Força Socialista” and “Democracia Social” group themselves in the “Oposição Petista” [PT Opposition] to the government.’⁶⁷

Seeking a workable majority in the Assembly, Vitor had found himself compromising with members of the right-wing parties, including the PFL. In so doing Vitor found himself becoming inextricably tied to pro-business interests at the expense of his core support; while Vitor himself claimed to be seeking governability, PT critics saw him as selling out. But as Vitor’s ally, Perly Cipriano pointed out, ‘the PT only had six individuals to form the governmental *bancada*: four from the PT itself and two from the PSB. We were a minority. We didn’t have a majority in the Assembly... The Espirito Santo Assembly has a tradition of making governors hostages. They did it with Albuino and personally I think they did it with Vitor, just like they are doing with José Ignacio [Ferreira, the current *capixaba* governor] as well.’⁶⁸

Two solutions seemed to be available to the PT in responding to these two challenges and governing as a left of centre party: either the so-called *modo petista de governar* or ‘PT way of governing’ or to pursue the ‘third way’ policies espoused by the new left governments of Fernando Henrique, Bill Clinton and later, of Tony Blair. To many critics in the PT, there was nothing distinctively left-wing in this approach – rather it was neoliberal political economy dressed up with another name.

⁶⁴ Notas sobre o FUNDAP, Box 32, Dossier 1, PT Archives.

⁶⁵ p. 20, GEES 1998.

⁶⁶ Coser et al, ‘A Crise Politico-Administrativo do Governo do Espirito Santo e A Opinião de Deputados e Dirigentes do Campo de Esquerda do PT/ES’, Box SNC: 1996 Governos e Prefeituras, PT Archives and Zanatta, ‘A Relação Governo-Partido no Estado do Espirito Santo: Relatório para a Direção Nacional’, 30 April 1997, Box 44, PT Archives.

⁶⁷ Zanatta 1997.

⁶⁸ Interview with Cipriano 2000.

But what did it mean to pursue the ‘PT way of governing’? Following the initial trial and error municipal governments of the 1980s, the PT had organised a symposium which had brought together practitioners and policy-makers to discuss what had made these governments distinctly *petista*. The result was a book, published in 1992, called simply, *O Modo Petista de Governar*. Offering a framework for *petista* mayors to work with, the book offered the following policy prescriptions: popular participation in government activities, an inversion of priorities (i.e. that the concerns of the poor and dispossessed be dealt with before those of the more vocal, affluent and better organized groups), controls on business, an end to political patronage networks and political alliances established with a view to furthering the *petista* program.⁶⁹

There was one policy recommendation that many took in the party neatly encapsulate what it meant to govern as a *petista*: that of participatory budget-making (PB). First taken up in the southern city of Porto Alegre, PB had been instrumental in offering the PT an immediately recognisable identity, by encouraging public involvement in the drawing up of the city’s spending and investment priorities. It was due in part to the role that PB played that the PT was to be returned successively to the mayoralty of Porto Alegre in 1992, 1996 and 2000.

With the presence of Magno Pires as Planning and Strategic Actions Secretary, the Buaiz administration took on the task of introducing PB on a state-wide basis, making Espirito Santo the first Brazilian state to attempt to implement what had previously been a city-wide experiment.

According to official comments, this vast undertaking required dividing up the state into four large planning macro-regions and 11 administrative micro-regions⁷⁰. Each of the 71 municipalities in the state held an assembly, in which five priorities were chosen, usually being education, health, public safety, agriculture and economic/infrastructure development. Each of these municipal assemblies, having established their priorities for the year, were invited to send a minimum of eleven delegates to represent the municipality and their goals in the regional planning and administrative fora. The regional assemblies were to work alongside the Secretaries of State and the deputies – both state and federal – as well as the governor, to define these priorities for each region.

When PB had first been attempted in Porto Alegre under the PT, it had taken until the latter half of its administration to both organize and implement it. Yet Magno Pires was to claim that the Buaiz government were able to introduce PB on a state-wide basis in its first year of government:

‘When we entered [government] in 1994, we had to pay the previous administration’s budget for 1995. We made the 1996 budget follow the methodology of PB. We had discussions in communities, in regional assemblies. We mobilized more than 9000 people in regional assemblies, we created a co-ordination body for the state – the PB state council – and we sat in the Legislative Assembly to approve the proposals that came from the regions...’⁷¹

But despite this positive spin, all was not well with this first-ever statewide participatory budget. Magno Pires believed that his position as Planning Secretary had been hamstrung by Buaiz’s decision to appoint a technical aide at the beginning of 1995, Antonio Medeiros (brother of Rogerio) who Magno Pires believed was bypassing him.⁷²

⁶⁹ Bittar, *O Modo Petista de Governar*, Sao Paulo: Teoria e Debate, 1992.

⁷⁰ p. 36-38, Magno Pires, ‘Orçamento Participativo’, *Cenário: Revista do Governo do Espirito Santo*, 1,1, 1996.

⁷¹ Telephone interview with Magno Pires 2000.

⁷² Telephone interview with Magno Pires 2000.

Outside of the government, Magno Pires was also facing difficulties. The budget had ran into trouble. Despite the budget having been sent to the Assembly at the end of September 1995, by March of 1996 it still had not been fully agreed to. According to Magno Pires, it was passed just before Christmas 1995⁷³, but by the following March 1996 the Assembly was demanding 11 amendments to the budget that included substantial cuts.⁷⁴ The difficulty of implementing PB was compounded by what Magno Pires saw as a power struggle taking place between his team and that of Vitor within the government, influenced considerably by a growing ideological cleavage.

With the state of Espirito Santo's finances becoming an increasing source of concern, members of Vitor's group concluded that the solution was to pursue what his critics within the PT called neo-liberal measures. For Magno Pires this saw the abolition of his Secretariat and his sacking from the Government in May 1996, while for Vitor, the reason for the decision included an 'incompatibility' between their different *tendências* over the issue of state reform.

The end of Magno Pires's involvement with the PT administration saw an end to PB as perceived by most *petistas*. Perly concluded that PB was not pursued with any great effort in the years following 1996, although Vitor continued to claim that a modified form of PB was maintained.⁷⁵

With the *petista* trademark of participatory budget-making no longer considered viable, the Vitor team had to consider alternatives. To his critics, Vitor was guilty of going down the neo-liberal path, by considering measures such as privatisation. In August 1995, the Government faced its first challenge, when it proposed to sell off some of the shares it had in the state's electricity company, ESCELSA. According to Vereza,

'This was the first divergence [between the government and the PT] when the government decided to sell off its shares in the state electricity company... Selling the shares would pay the employees' salaries. But this caused discord on the part of the [PT] deputies. We voted against the proposal.'⁷⁶

The deputies' decision was at odds with the regional party leadership in the state. On 28 September 1995 the *capixaba* PT's president, Silvio Manoel dos Santos, had written to party members and activists, explaining the executive's decision to support the government's proposal to sell 2.37% of the shares held by the state.⁷⁷

By the end of 1995, after a year in government, Vitor was already starting to look battered and bruised. In October Instituto Futura, the state's main polling company, had concluded that only 42.4% of the public approved of the government against 47.28% against.⁷⁸ But the same poll also showed that while the public held negative feelings against the government, Vitor's personal image was seen fairly positively, with 50.96% approving of his efforts as opposed to 39.43% against.⁷⁹

By the beginning of December 1995 the cross-trade unionist organization, Intersindical, had concluded Vitor was not moving fast enough on issues that concerned them, including rectifying existing salary distortions, increasing in benefits and discussion over the

⁷³ Telephone interview with Magno Pires 2000.

⁷⁴ 'Magno descarta crise por cortes no Orcamento', A Gazeta, 14 March 1996.

⁷⁵ Interview with Buaiz 2000; Email to the author from Buaiz, 12 August 2000.

⁷⁶ Interview with Vereza 2000.

⁷⁷ Letter from Manoel Silva dos Santos to municipal directorates and commissions, 28 September 1995, Box 26: SORG, PT Archives.

⁷⁸ p. 3, 'Pesquisa mostra que 47,28% desaprovam o Governo', A Gazeta, 1 October 1995.

⁷⁹ p. 3, 'Imagem de Vitor e positiva', A Gazeta, 1 October 1995.

government's proposed administrative reform program.⁸⁰ *Petistas* were commenting unfavourably on the governor's performance, with Brice, the PT leader in the Assembly, claiming that the government had 'sinned' against the workers.⁸¹ And criticism of Vitor was not limited solely to his party and its constituents; other, supposedly supportive state deputies, including supposed governmental allies, Gratz (PFL) and Madureira, (PPB) expressed their doubts about the ability of Vitor to govern.⁸²

1996 – The financial crisis comes to a head

since the start of his administration, Vitor had been facing considerable – and sometimes contradictory – demands. On the one hand he had inherited a large hole in the state's finances and an administrative system that was too weak to rectify the situation. Both were in need of reform. But on the other side he faced competing demands to increase public spending and reward those supporters who had put him into the Anchieta Palace. During 1995 he had avoided coming down on one side or the other. But 1996 was to be the year that Vitor was forced to make a choice.

As the new year dawned, there was chaos at the Health Secretariat, with Pedro Benevenuto resigning his post after a five-month strike by doctors, who were protesting salaries that they considered to be both low and late.⁸³ The problems that the Health Secretary had been facing were not isolated. In February 1996 Mago Pires presented a report on the program the Government intended to take through the coming year. Using figures obtained from a federal government assessment on the state of Espírito Santo's finances conducted the previous December⁸⁴, the capixaba government drew up the following state of affairs:

(in R\$millions, 1996 figures)⁸⁵

Year	1990	1991	1992	1993	1994	1995	*1996	*1997	*1998
Total income	1,137	1,117	1,000	953	1,333	1,897	1,920	2,052	2,193
FUNDAP	30	49	55.6	57	88.6	329	248	258	268.6
Liquid income	707	675.9	536	444.6	773	900.9	912	1,000	1,096.5
Spending	692.8	647	555	564	816.6	977	903	913.6	921.8
Payroll	416.7	367.9	345.6	373.7	548	731.8	768	778	786.5
Active	313	272.7	247.8	276.7	396.5	566.8	0	0	0
Inactive (e.g. pensions, sick pay)	103.5	95	97.7	96.9	151.8	165	0	0	0

* Projected figures

The Government's initial observations was that like most other Brazilian states, Espírito Santo's public finances 'were not among the best'.⁸⁶ Indeed, the key conclusion it drew was that

⁸⁰ p. 3, 'Movimento Intersindical rompe com o governador', A Gazeta, 1 December 1995.

⁸¹ p. 3, 'Administração é reprovada', A Gazeta, 31 December 1995.

⁸² p.2, 'Madureira vira oposição e ameaça reform' and p. 3, 'Opinião dos líderes', A Gazeta, 31 December 1995.

⁸³ p. 1, 'Caos na Saúde derruba o secretário', A Gazeta, 9 February 1996.

⁸⁴ Barbosa et al, Relatório Final: Missão ao Estado do Espírito Santo 18a 21/12/1995, Box 32, PT Archives.

⁸⁵ Selected figures from GEES, Avaliação e Planejamento de Governo – 1996: Momento 03: Construção de Cenários Financeiros. Vitória, February 1996, Box 32, PT Archives.

⁸⁶ p. 8, GEES 1996.

‘Everything indicates that despite a predicted increase in income, this route is not the only way to ensure financial stability in the State; the Government has to reduce its own spending also. The options for reducing public costs include cuts in payroll spending, selecting particular policies and stretching out the public debt, with a reduction in tax exemptions, especially in the internal debt over the next three years.’⁸⁷

‘[However, while] the economic-financial situation of the Espírito Santo Government is not too dramatic, like other States in the Federation, it is entering *a quite critical period, being likely to deteriorate in a sector marked by debt that is out of control, a paralysis in the [state’s administrative] machine and, what is worst, by the imprisonment of the Government.*’ (italics in the original).⁸⁸

The suggested recommendations included the professionalisation of the financial apparatus, collection of debt to the state, the modernization of the Finance Secretariat, increased engagement with municipalities to ensure effective tax collection, better use of personnel structure, increased investment in the administrative sector and an expanded participatory budget process.⁸⁹ But as has already been pointed out, the participatory budget, as perceived by Magno Pires, did not see the light of day, being consigned to the scrap heap with his departure from government in May 1996.

At the same time as the recommendations presented in the government’s *Construção dos Cenários Financeiros* (Construction of Financial Scenarios) were being considered, the government had brought together a group of government and party members to develop a more wide-ranging perspective and strategy to the issues that faced Espírito Santo. Held in Nova Almeida between 29 February and 2 March 1996, Vitor and his vice-governor, José Renato Casagrande (PSB), were joined along with Magno Pires, Robson Neves, Otaviano Carvalho, Perly Cipriano, Rogerio Medeiros and Brice Bragato, to name some of the most prominent participants. Also present were Buaiz associates, Chief of the Governor’s Cabinet, Zélia Lóss, the Transport and Public Works Secretary, Fernando Augusto Barros Bettarello, Buaiz’s wife and President of the Social Assistance Fund of Espírito Santo (FAS/ES), Maria de Lourdes, and Public Security Secretary Adão Rosa.

Practical suggestions were put forward at the conference as to how the government might deliver on its commitment to improving society. These included an improvement in the use of personnel and the administrative system, tackling tax evasion, road construction and attracting investments, interacting with small rural producers, restructuring public finances, creating jobs and making the state more transparent. In many respects the conclusions were uncontentious, with the recommendations reflecting some of those cited in the government’s report of its financial problems in February of that year. Where the difference was to develop between Vitor and his detractors in the PT, was the way in which these goals were to be achieved.

On 30 May Vitor presented a range of measure which he hoped would stabilize the state’s finances. Flávia Mignoni of *A Gazeta* reported that:

‘The Government is going to rescind nearly six thousand temporary contracts, limit the top salaries of those in the indirect administrative apparatus, sell 49% of Cesan’s [the state sanitation company] shares, privatize services, close down the Planning Secretariat, ... [For] public sector workers, [there will be] an adjustment in benefits gained for length of service and voluntary redundancies. The aim is to seek a reduction in the public finances in the order of R\$26 million per month.’⁹⁰

⁸⁷ p. 2, GEES 1996.

⁸⁸ p. 24, GEES 1996.

⁸⁹ pp.25-30, GEES 1996.

⁹⁰ p. 2, ‘Governo demite e limita salário para enfrentar crise’, *A Gazeta*, 31 May 1996.

Vitor justified his actions in the following manner:

‘All the measures decided upon or proposed relate to a profound adjustment in our government finances, in the structure and the base of its maintenance. Some of these measures promise cuts with immediate effect, others will limit the growth in the public sector payroll. ...

‘We need... to be in tune with the demands of our time. Among these demands, the four most important are:

- the guarantee of employability, with due consideration for sustainable development;
- the implementation of public services, but not necessarily by the state, to guarantee quality of life;
- the maintenance of monetary stability, with a fall in inflation;
- a readjustment of the State’s role, leaving the ‘provedor’ to entrepreneurs.’

‘Today, for these demands to be achieved, the promotion of State reform and a reduction in public debt is imperative.’⁹¹

Vitor’s reforms fell into two key areas: reform of the state and of its administration. Amongst Vitor’s reforms for the state, the policies were designed to limit and redirect existing state spending. They included voluntary redundancies, a reduction in state workers’ social security to make monthly savings of R\$2 million per month, a reduction of working hours to save R\$1.5 million and amending the state’s constitution to end particular concessions and benefits given to state workers, including one that granted them a 25% pay increase after ten years’ full service. Other measures included cuts in spending on state companies by 30%, restrictions on salaries to deliver a saving of some R\$19 million and a revision of FUNDAP’s tax break system, thereby reducing the deficit by a further R\$7.5 million. All these measures, Vitor believed, would reduce the government’s monthly deficit of R\$26.5 million per month.

In the field of administrative reform, Vitor proposed a review of the public sector, developing a Program of Denationalisation in Espirito Santo and reorganising the level of FUNDAP’s tax breaks, to increase revenue to the state by up to R\$7.5 million. In addition, he asked for a review of delivery service costs, privatisation of the state bank, Banestes, a flotation of almost half of the sanitation company, Cesan, in the stock market by 30 August 1996, studies on economic development in the interior and in the sewage and sanitation system of Vitoria bay and a reduction in the state’s involvement in public transport. But perhaps the most controversial policies for the Opposition PT and the *bancada* was Vitor’s proposals to replace the Planning Secretariat with a Planning Directorate that would respond directly to the Governor and the creation of a State Council comprising the governor, the chief justice, the Assembly president and other governor-appointed individuals to consider future plans of action.⁹²

Reaction to the reforms

Criticism of Vitor’s decisions was not slow in coming. Sensing that the closure of the Planning Secretariat was intended to exclude Magno Pires from the government, Vereza commented that such a move was unnecessary if public spending cuts were the focus of the reforms, while Brice was reported to have ‘reacted with indignation’⁹³: ‘I am convinced that the package is contrary to the party’s principles and aligns itself with Fernando Henrique

⁹¹ Buaiç, ‘Precisamos estar sintonizados nas demandas do nosso tempo’, Em Debate, PT Notícias, No. 5, Year 1, 1-7 July 1996.

⁹² Buaiç 1996.

⁹³ p. 2, ‘Deputados reagem com indignação’, A Gazeta, 31 May 1996.

Cardoso's neo-liberal line.'⁹⁴ Furthermore, the *petista bancada* claimed that neither the Anchieta Palace nor Juca Alves, Vitor's spokesman in the Assembly, had given the deputies advance warning of the proposals, thereby reinforcing the sense of distance between Vitor and his critics.⁹⁵

Elsewhere, the criticism was just as great. Antário Filho, the PSDB leader in the Assembly, stated that he would seek to obstruct the measures, while the PFL leader, José Carlos Gratz, commented that Vitor had 'failed to talk [about his proposals] with state workers' representatives and, above all, with the deputies.' In part these comments were the result of Vitor's package having been little different to the initial suggestions he presented to the Assembly the previous December. Then state workers had protested, and their pressure was exacting its toll on the deputies.⁹⁶ Ricardo Ferraço (PMDB), the president of the Assembly, was quoted as saying that 'he did not intend to make the passage of the measures easy'.⁹⁷

Nevertheless, there was some degree of support for Buaiz, including from the right-wing PPB's José Ramos and *petistas* in the Federal Congress in Brasília. Indeed, aides to the congressional *bancada* had drafted a response to the Buaiz proposals on 31 May. By commenting on the different issues facing Vitor and his government, the authors, Luiz Alberto dos Santos and José Carlos Peliano, concluded that:

'The nature of the reforms, excluding the Voluntary Redundancies Program, had already been presented to the Federal Bancada, in October 1995. On that occasion, the *bancada* members on the Special Administrative Reform Committees and others from the Work and Public Administration Unit met with representatives of the DF [Brasília Federal District] and Espírito Santo governments to discuss Governor Vitor Buaiz's proposals. On that occasion, there were no identified differences between any of the reforms and proposals, despite both governors' declarations that they awaken polemic debate, especially concerning the issue of ending stability in public services.'⁹⁸

Further afield, Vitor could look to apparent public support for his policies. A poll conducted by Enquet in the Greater Vitoria area and published in Espírito Santo's other main newspaper, *A Tribuna*, suggested that almost half of *capixabas* believed that the proposals should have been in place already (48.8%) compared to those who felt they had come at just the right time (15.8%) and those who believed they should never have been introduced (32.5%). The same poll also suggested that 30.3% of the public felt Vitor had not been helped. Fifty-four per cent believed that the Assembly should approve at least part of the government's proposals, 22.3% felt all the measures should be passed by the Assembly and 20.5% were convinced the Assembly was doing the right thing in challenging Vitor's proposals.⁹⁹

Although 55.3% of Greater Vitoria's population favoured the government measures against 31.1%,¹⁰⁰ the public pronounced itself split when asked the question, who was right between Buaiz and the PT? Forty-six percent believed that Buaiz was correct against 36.3% for the deputies, Bragato, Baioco and Vereza.¹⁰¹

⁹⁴ p. 2, 'PT critica proposta do Governo', 1 June 1996.

⁹⁵ p. 2, 'Deputados reagem com indignação', A Gazeta, 31 May 1996.

⁹⁶ p. 2, 'Deputados questionam projetos', A Gazeta, 1 June 1996.

⁹⁷ p. 5, 'Reforma para o futuro', A Gazeta, 1 June 1996.

⁹⁸ Santos and Peliano, 'Programa de Ajuste proposto pelo Governo do Espírito Santo. Repercussões sobre a administração de pessoal e a política adotada pelo Partido, em nível federal: Nota Técnica para Uso Interno da Bancada', 31 May 1996, Box 7, PT Archives.

⁹⁹ p. 23, 'Medidas já estão vindo com atraso', A Tribuna, 9 June 1996.

¹⁰⁰ p. 22, 'Pacote tem apoio popular', A Tribuna, 9 June 1996.

¹⁰¹ p. 22, 'Deputados do PT sem respaldo', A Tribuna, 9 June 1996.

Responding to these figures, *A Gazeta* reported that although Buaiz's proposals were beginning to work their way through the Assembly, he was not being given an easy ride:

'The party leaders in the Legislative Assembly, despite having political and ideological differences, are agreed in reviewing the State's finances. The Legislature, they say in unison, cannot be accused of failing to tackle the crisis... ...[T]he parliamentarians think that now it is the Executive that must demonstrate itself effectively, in doing its bit in the process...'¹⁰²

The alternative: the Opposition PT's counter-proposals

Yet even if the Buaiz proposals were beginning to find favour with elements of the Assembly, fellow *petistas* maintained their opposition. Led by the federal deputy, João Coser, the prominent members of the *capixaba* PT, including Baiôco, Vereza, Brice Bragato, Iriny Lopes and Hélio Gualberto (a councillor in Vitória), put the case against Vitor's reforms:

'We, in the PT, recognise that the Brazilian State is inefficient and must be reformed. We do not have any commitments to the [existing] form and structure of the Brazilian State. The State has to be reformed, but it must be discussed and studied carefully by the party. The reforms must show how they will contribute or not to the strategic objectives of the PT.

'...The route [presented by Vitor's Government] to reach this type of State will reduce workers' pay (by ending their benefits, implementing voluntary redundancies, and reducing their working hours and salaries), cutting spending while maintaining [existing] public institutions, [introducing] privatisations... maintaining fiscal incentives, reducing revenue from FUNDAP, etc.

'The Vitor Buaiz Government has also failed to construct solid bases in order to present its measures to the Legislative Assembly, the parliamentary bancadas, the social movements and public workers, in a way that will guarantee approval of them.'¹⁰³

The PT Opposition challenged Buaiz to answer the following:

'To be considered seriously, which activities are the State's responsibility and which will be [financed] by loans? How are the proposals going to guarantee the creation of jobs...? How will the current fiscal incentives be used? Will their functions be fundamentally altered or will they be only [marginally] touched? From 1994 to 1995 FUNDAP [revenues] saw an increase of 292%, from [R\$] 88 million to [R\$] 344 million. This system yields benefits to companies, at the same time transferring 25% to municipalities. Despite being used for more than 30 years... studies from the Federal University of Espírito Santo show a need to review this fiscal scheme. The Government has data that shows those businesses that make use of FUNDAP receive around [R\$] 30 to 40 million a month on average.'

'For the measures ... to be able to guarantee structure, credibility and alternative means of escaping the economic-financial crisis in Espírito Santo... the State Government should promise to restructure its administrative procedures... Its is necessary to improve internal controls, adopt normal procedures for State purchases and establish a professional management... together with the Finance Secretariat, thereby ensuring mechanisms for the collection of State debt, reviewing contracts made with private ventures, promoting large campaigns to stress the importance of workers' participation and their inclusion in helping to control State spending.'¹⁰⁴

¹⁰² p. 11, 'Deputados cobram incentiva do Executivo', *A Gazeta*, 7 July 1996.

¹⁰³ Coser et al, 'A Crise Político-Administrativo-Financeira do Governo do Estado do Espírito Santo e a Opinião de Deputados e Dirigentes do Campo da Esquerda do PT/ES', Box 1996 Governos e Prefeituras, PT Archives.

¹⁰⁴ Ibid.

The policies supported by the PT Opposition stressed the importance of the worker and a need to be harsher on tax evasion. In particular, they recommended that the state bank, Banestes, develop itself to support small businesses and pursue the outstanding R\$72 million outstanding from its largest 100 company debtors. Other measures included introducing no redundancies for state workers and developing ways of holding the state government and its agents such as the police to account, through plebiscites, referenda and other consultative methods. They also wished to see the government pursue the supposed 50% of companies guilty of tax evasion and maintain a tight grip on the 250 largest companies to ensure that they paid theirs.¹⁰⁵

For the PT Opposition, both they and Vitor had the same political principles. But there the similarities ended. Replying to Vitor in the PT's newsletter, *Em Debate*, João Coser made the succinct case for those *petistas* opposed to the government's program:

'In the [Opposition PT's] Democratic and Popular Program we commit ourselves to overcoming the slow, inefficient and authoritarian nature of the Brazilian State, by constructing a new model of management that has its basic assumptions, the modernisation and democratisation of the State.

'...[W]e would build a new model of management, constructing public spheres which would consolidate the community's interests and socialise power. ...

However, the governor Vitor Buaiç., preferred the easiest route, by subordinating himself to the federal government and its neo-liberal policies...¹⁰⁶

The National Directorate paid close attention to the divergences between Vitor and the *capixaba petistas*. On 10 June the Executive Committee met in Sao Paulo to consider the developments in Espirito Santo. In addition to inviting all sides to attend the next meeting of the National Directorate to discuss the government's proposals it set up a forum to be composed of the governor, the national and state presidents of the PT and other leading *petistas* both within and outside Espirito Santo, which would periodically meet to consider the issues facing both government and the party. The Executive Committee also moved to ensure there was a national voice present in Espirito Santo, by dispatching the PT's vice-president, José Dulci, and the party Secretary-General, Cândido Vaccarezza, to Vitoria in a bid to bring both the government and party together.¹⁰⁷

On 7 July Brice, Iriny, Coser, Baiôco, Magno Pires, Gualberto and others wrote to the National Directorate, requesting it mediate between themselves and Vitor, in order to discuss the financial crisis and the possible directions the government might take.¹⁰⁸ Around the same time it was made clear that the *petista bancada* did not feel that Vitor was paying attention to their side of the party and its recommendations, despite Brice's claim that the *bancada* had finally agreed to the introduction of voluntary redundancies, a reform of FUNDAP and fines for those who paid their taxes late.¹⁰⁹

Yet despite the *bancada*'s request, the National Directorate kept faith with Buaiç. In August a resolution expressing its solidarity with the governor was passed.¹¹⁰ However, at the same time it noted its concern in the way the government had presented its proposals to the

¹⁰⁵ Ibid. See also 'A Crise Política-Administrativa-Financeira do Governo do Estado do Espírito Santo e a Concepção da Bancada do PT/ES', Box 32, PT Archives.

¹⁰⁶ Coser, 'Os desvios do governo Vitor Buaiç', *Em Debate*, PT Notícias, No. 5, Year 1, 1-7 July 1996.

¹⁰⁷ PT CEN, 'Resolução sobre o Espírito Santo', 10 June 1996, Box 44, PT Archives.

¹⁰⁸ Bragato et al, 'Proposta de Resolução sobre o Espírito Santo', 7 July 1996, Box 7, PT Archives.

¹⁰⁹ p. 11, 'Opiniões', *A Gazeta*, 7 July 1996.

¹¹⁰ 'DN solidário com demitidos', PT Notícias, No. 22, Year 1, 28 October-3 November 1996.

Assembly and recommended that a three way forum be established between the government, party and the unionists in Espirito Santo, in a bid to establish a more unified line.

Other tensions threaten to take over: the 1996 municipal elections

But the National Directorate's involvement was not limited solely to the ongoing ideological debate taking place between Vitor and the PT Opposition. Nineteen ninety-six was an election year for Brazil's municipalities and Vitor's Communications Secretary, Otaviano de Carvalho, had resigned from the government in order to seek the PT's nomination as mayoral candidate for Vitoria in the October elections. Otaviano was a member of the Democracia Social *tendência*, ideologically opposite that of Vitor and the Unided na Luta-dominated regional directorate. With nominations scheduled to close in June and Otaviano looking increasingly likely to be the party's candidate, differences between Vitor and the other *petistas* increased.

Traditionally, the PT allied itself to parties of the left, including the PPS, PCdoB and the PSB. But internal party divisions in Espirito Santo had grown to such proportions by mid-1996 that a Sao Paulo newspaper, the *Jornal da Tarde*, reported:

'The [PT] bancada ... accuse [Buaiz] of seeking alliances with the [right-wing] PFL and PPB in the municipal elections in the interior [of the state]. According to Jose Baioco, a deputy, Buaiz's objective would be to avoid conflict with the PFL and PPB bancadas, which support him in the Assembly.'¹¹¹

Suspicious that Vitor's strategy might have been to ensure his proposals got through the Assembly were raised in the same article by comments made by the Civil Service Secretary, Robson Neves, confirming 'that in the Assembly the PFL and the PPB have never voted against the Government.'¹¹²

Further criticism was aroused when Vitor announced that he would not support the party's eventual candidate, Otaviano. Having spent most of 1996 claiming that it would be unseemly for someone in his position to enter into discussion on this issue, in September he finally came out in public to support the candidacy of Luiz Paulo Vellozo Lucas, the PSDB candidate and chosen successor of the Vitoria incumbent, Paulo Hartung.¹¹³ The decision to make the switch was determined by his need to maintain support for the government in the Assembly; and the PSDB, along with the PFL, made up the Assembly grouping that were most favourable to the Buaiz proposals.

As Casagrande, Vitor's vice-governor, explained:

'We [the PT and PSB] managed to elect six deputies. The government therefore had to look for support... in the Assembly. We had difficulties doing this... But the executive/legislative relationship – and not only in this government – has always been difficult, because each deputy has his own personal and political interests. So there had to be a lot of dialogue for us to be really able to implement the changes we want.'¹¹⁴

With votes coming up in the Assembly on the various reforms and proposals, on 8 October Vitor was confronted by protests from unionists against late payments and the measures that he had presented.¹¹⁵ The cross-union body, the CUT organised a demonstration which

¹¹¹ 'PT se rebela contra PT', *Jornal da Tarde*, 14 June 1996.

¹¹² *Ibid.*

¹¹³ p. 3, 'Vitor ignora candidato do PT e apóia governistas', *A Gazeta*, 8 September 1996.

¹¹⁴ p. 3, 'Eu não estou isolado no Governo', Interview with José Renato Casagrande, *A Gazeta*, 27 October 1996.

¹¹⁵ p. 2, 'Assembléia aprova projeto de reforma do Estado', *A Gazeta*, 8 October 1996.

resulted in the Anchieta Palace being invaded to the cries of ‘Get out Vitor, the Palace is the people’s!’¹¹⁶

But Buaiz’s gamble, both on the measures he had put forward, his choice of allies and the eventual victory of Luiz Paulo seemed to have paid off. In addition, the state of the PT in Espírito Santo was beginning to look questionable. Otaviano had only managed to come third by polling 13,873 votes, behind second-placed Rita Camata (wife of Gerson and a federal deputy in her own right) with 38,355 and winner Luis Paulo’s 86,336 in the race to be mayor of Vitoria. Only two *petistas* had been elected to city hall in contrast to Luis Paulo’s party, the PSDB, which had returned seven councillors out of the total 21 available. Across the bay, in Vila Velha, the other apparent PT stronghold, again only two *petistas* out of 21 had been elected as councillors, while state-wide only 65 members of the party had been elected out of the 986 available councillor positions. Furthermore, the PT had only gained control of the executive branch in three of the state’s 77 municipalities.¹¹⁷

On the same day that the gubernatorial palace was invaded, the government’s Program for Denationalisation, Reform and State Adjustment (Prodae) was passed by the Assembly by 23 votes to four. The four votes against came from the three *petistas* and an ally, Max Mauro.¹¹⁸ The scenes of teargas and clashes between the police and trade unionists outside the Assembly seemed to offer a metaphor for the differences between Vitor and his party. Indeed, not long afterwards, 104 members of the Democracia Socialista and Articulação de Esquerda *tendências* formally requested Vitor be expelled from the party.¹¹⁹ Among the names were included some of the most prominent names in the *capixaba* PT, including the three *bancada petistas* and João Coser. But it was not Vitor that was to leave the party. Following a leak by his Secretary of Finance on discussions that had taken place between the government and party leaders at both national and state level, Rogerio Medeiros was forced to resign from the PT, although Vitor ensured he remained at his governmental post.¹²⁰

Relations with the national party had also begun to take a downturn. In the party’s official newspaper, PT Notícias, it was reported that

‘On 19 [October], the National Directorate approved a resolution expressing its concern with the redundancies in Banestes; solidarity with the redundant workers and civil servants; and considering they were not included in the terms of the 10 August resolution, [the National Directorate] will reevaluate governor Vitor Buaiz’s recently adopted measures.’¹²¹

Nonetheless, given the antipathy between governor and *bancada*, the national party was trying to maintain its role as a mediator and had recommended that the PT’s national leaders, the governor and the *petista bancada* in the Assembly should meet in early 1997 to consider the issues facing Espírito Santo. At the same time it was proposed to ensure regular bimonthly meetings between the different groups in the *capixaba* PT and the trade union movement, in an effort to improve relations.¹²²

Despite the best efforts of the national party to patch up the differences between its agents in Espírito Santo, 1997 was to be a year of reckoning. If no-one connected to the PT had anticipated the differences between Buaiz and the PT before his election in 1994, by 1996 strains had developed between governor and party; 1997 was to prove even more traumatic.

¹¹⁶ ‘Servidores invadem Palácio Anchieta em protesto’, A Gazeta, 9 October 1996.

¹¹⁷ Figures from TRE-ES.

¹¹⁸ p. 2, ‘Assembléia aprova projeto de reforma do Estado’, A Gazeta, 8 October 1996.

¹¹⁹ p. 2, ‘PT discute expulsão de Vitor e analisa acôs do Governo’, A Gazeta, 27 October 1996.

¹²⁰ p. 2, ‘Rogério continua no Governo mas rompe com o PT’, A Gazeta, 5 December 1996.

¹²¹ ‘DN solidário com demitidos’, PT Notícias, No. 22, Year 1, 28 October-3 November 1996.

¹²² ‘Situação política do Espírito Santo volta a pauta do DN’, Linha Aberta, No. 245, 27 November 1996.

The beginning of the end – 1996-97

By 1997 Vitor was perceived as being little more than a supporter of the federal government and its neo-liberal ways by many in the Opposition PT in Espírito Santo. Even more alarmingly, there was a clear split between Vitor's government and the PT Regional Directorate on the one side, dominated as they were by *Unidade na Luta* and *Democracia Radical*, and the PT *bancada* and its supporters from *Articulação da Esquerda* and *Força Socialista*, on the other. As was previously noted, despite efforts by the National Directorate to mediate between these two factions, there were already active moves afoot to eject Vitor from the party.

With the Assembly seeking a new president in 1997, Vitor endorsed the candidacy of the PFL's José Carlos Gratz; Gratz had supported Cabo Camata in the 1994 gubernatorial election.¹²³ But the rationale behind Vitor's decision was clear: he needed a stable base of support in the Assembly and he banked on Gratz to deliver it. But to the Opposition PT this was an absolute scandal. Bragato, the PT *bancada* leader exclaimed:

'[Buaiz] has committed an act of delinquency, saddling himself with the most retrograde groups in society.'¹²⁴

Gratz promised that austerity would be high on his agenda, which given the nature of Buaiz's proposals presented the previous May, suggested that the new Assembly president was a man who would deliver the votes necessary for Vitor to pass his cost-cutting proposals. Indeed, the day after Gratz's election it was announced that the voluntary redundancies program would begin from mid-March, which was expected to bring the government savings of R\$65 million.¹²⁵

But Vitor was on a knife edge. A meeting between national and *capixaba* leaders of the PT as well as some of the governor's associates took place in February 1997. There it was agreed to create a permanent forum for discussion between the different factions in Espírito Santo and efforts to be started to establish an alliance that would both reject the existing political arrangements between governor and Assembly in favour of one focussed on the left.¹²⁶ But almost as soon as this was agreed, Vitor went managed to upset both the Opposition PT and the national party the following month.

The arrival of Gilson Gomes as Vitor's Secretary for Public Security was greeted with horror, especially now that cross-PT involvement in the Cabinet was now at a minimum.¹²⁷ Gomes was a former member of *Scuderie Le Coq*, an organisation that had helped co-ordinate vigilante action against so-called 'undesirables' and alleged criminals. The inclusion of a man such as Gomes was seen as the opposite of everything the PT had worked for in its 1994 gubernatorial campaign against Cabo Camata. Vitor could claim that Gomes's position in government was a condition for Assembly support and stability, but it put the PT up in arms. The National Executive Committee expressed its dissatisfaction and demanded Vitor get back on course.

But as *A Gazeta* neatly pointed out:

'The problem... is that the governor [Buaiz] doesn't have many options. Without the *petistas*' support and the state on the edge of bankruptcy, he is obliged to govern with whoever is

¹²³ p. 11, 'Gratz vence na Assembléia e prega governabilidade', *A Gazeta*, 2 February 1997.

¹²⁴ p. 11, 'Lelo e petistas fazem críticas', *A Gazeta*, 2 February 1997.

¹²⁵ p. 1, 'Demissões voluntárias começam em março', *A Gazeta*, 3 February 1997.

¹²⁶ Carta de Vitória, R/CEN 03/03/97, Box 63, PT Archives.

¹²⁷ p. 1, 'PT nacional de ultimato a Vitor', *A Gazeta*, 26 March 1997.

within reach. If he has taken the wrong bus and become a hostage of the most politically conservative forces in Espirito Santo, capixabas are only going to know when the soap opera ends.’¹²⁸

Disaffection with Vitor was rising. Trade unionists attempted to bring about an impeachment of the governor¹²⁹ while the PT bancada pointed out that rather than getting Espirito Santo out of its financial crisis, Vitor was actually making the situation worse. Specifically, they claimed that since the introduction of Vitor’s proposals in mid-1996, the government had not dealt with the state’s debt effectively, had failed to collect sufficient tax and continued spending excessive amounts.¹³⁰ While the four *petistas* in the Assembly (Otaviano de Carvalho had returned to take up his seat following his failed bid at the Vitoria mayoralty) recognised that the state needed reforming, they suggested the government ‘reorientate the financial incentive mechanisms, by turning them into policy instruments that will deliver greater development...’ Elsewhere, they proposed that the composition of the State Council be altered to include ‘workers’ groups and members of the social movement’. On FUNDAP the *bancada* wanted to see companies that benefited from the system investing more in the state than they were currently obliged to, through ‘an increase in taxes, a reduction in financial credit, a progressive reduction in tax breaks... and an increase in the amount directed to the State...’

It was around this time that the National Directorate sent Zanatta to Espirito Santo to observe the differences between the two sides of the PT. In his report he concluded by saying that both sides were at fault and neither could claim the moral high ground. Nonetheless, arrangements were made for a meeting between the protagonists and the party leadership in Sao Paulo at which Vitor was reprimanded on several counts, including his decision to pursue a policy line ‘contrary to that of the PT’, a failure to utilise methods of popular participation and setting up a State Council comprised of businessmen and individuals associated with the former dictatorship.¹³¹

Rather than expel Vitor from the party, the National Directorate proposed the creation of a committee that would seek to co-ordinate the different views within the *capixaba* PT and the government. It also urged the governor to realign his policies to those of the party.¹³² But while the Opposition PT and *bancada* claimed victory, Vitor commented bitterly that

‘The mayors of Belem and Porto Alegre [at the meeting] suggested that governing a State was as easy as a city. I have also been a mayor of a capital city and know the differences [between the two]. I wanted a more constructive discussion. They were making unfounded criticisms and didn’t present any alternatives to the economic problems we face.’¹³³

Vitor had wanted a debate on the challenges he and other governors were facing as a result of financial challenges presented by the *Real* Plan across Brazil. He felt he had been let down in this respect. As for the resolution to establish a Co-ordination Group, while it did meet on a few occasions between May and August 1997, very little was achieved, with members of the Opposition PT feeling that Vitor was not interested in taking it seriously.¹³⁴

¹²⁸ p. 4, ‘A novela continua’, A Gazeta, 3 April 1997.

¹²⁹ p. 8, ‘Sindicatos pedem ‘impeachment’ de Vitor’, A Gazeta, 4 April 1997.

¹³⁰ Bancada Estadual do PT-ES, ‘A Crise Financeira e As Perspectivas do Governo do Estado do Espirito Santo’, April 1997, Box 44, PT Archives.

¹³¹ Diretorio Nacional do PT, ‘Resolucoes do Diretorio Nacional sobre o Espirito Santo’, 3-4 May 1997, Box 44, PT Archives.

¹³² Diretorio Nacional do PT, ‘Resolucao sobre o Espirito Santo’, 3 May 1997, Box 44, PT Archives and p. 1, ‘DN discute governo do Espirito Santo’, PT Noticias, No. 43, Year 2, 12-18 May 1997.

¹³³ p. 2, ‘Governador quer alternativas’, PT Noticias, No. 43, Year 2, 12-18 May 1997.

¹³⁴ Interview with Baioco 2000.

Meanwhile other factors were also at work weakening the relationship between Governor and party. Between May and June 1997 the 73 municipal parties in Espírito Santo had to elect leaderships with a view to electing a new regional directorate in July. With tensions running high between both sides it was clear that whoever gained control of the regional leadership would have considerable influence on the party line in the future.¹³⁵

With so much at stake, Brice described what the Opposition PT did:

‘We talked about how we would save the party. It was tough. There had clearly been a lot of fighting in the party. We started by saying that Vitor had been a disservice to the party. We brought more people onto the side of the bancada – or better yet, to the left side of the PT. Because, in truth, Vitor was on the side of the PFL, PSDB, PTB...

‘We mobilised [people] across the state, recovering party colleagues, finding new members, going to meetings. By doing this we got delegates elected who were committed to rescuing the PT.’¹³⁶

The efforts of the Opposition PT paid off in July. At an acrimonious state conference, the opposition to Vitor which included the *tendências* Força Socialista and Articulação de Esquerda rallied around the figure of Iriny Lopes. Standing as the candidate of the left, she took on Vitor’s former cabinet colleague and fellow member of Unidade na Luta, Perly Cipriano. In a close contest, on 20 July Iriny defeated Perly by 171 votes to 167. Even more importantly, the Opposition PT under Iriny managed to gain a majority of the 54 directorate places as well, outvoting Perly’s group by 173 to 162 votes.¹³⁷

With the victory of the Opposition PT, the Vitor’s position in the party suddenly became more precarious than it had been before. Despite claims from Perly that little would change as a result of the vote, speculation had been raised over the governor’s involvement with the PT even before the defeat of the Unidade na Luta-Democracia Radical coalition.¹³⁸ It had not been helped by the shift in public opinion against the governor.¹³⁹ In part this was due to his apparent inability to solve the state’s public finances, which had led to bail out loans from the federal government in order to maintain the state’s payroll.¹⁴⁰

The turn in public opinion meant Vitor was finding it harder to rely on support in the Assembly. Despite his efforts to create a stable governing base through his association with individuals like Gilson Gomes and Gratz, Vito’s coalition had run out of steam by June 1997. According to Gratz,

‘...the Assembly has given everything to this Government until today and it has failed to respond... There’s a lack of money and the Government has a duty to put it right. It has failed to put things right after two and a half years [of administration].’¹⁴¹

But even if Vitor could no longer count on his allies, to a certain extent he was still their hostage. Later in the same interview, Gratz was asked whether there were other aspects of the government’s program which he intended to challenge. But rather than reject all Vitor’s proposals, he conceded that the southern highway would be approved, because there was ‘public interest’ in the project.

¹³⁵ ‘Encontros definem rumo do PT’, A Tribuna, 6 April 1997.

¹³⁶ Interview with Bragato 2000.

¹³⁷ p. 2, ‘Irinny vence candidato de Vitor na eleição para Diretório do PT’, A Gazeta, 21 July 1997.

¹³⁸ p. 8, ‘Vitor e adversários se enfrentam no PT’, A Gazeta, 20 July 1997.

¹³⁹ p. 2, ‘Capixaba reprovava Governo e as demissões’, A Gazeta, 21 July 1997.

¹⁴⁰ Garambone, ‘O fim de zen socialismo’, Istoé, 2 December 1998.

¹⁴¹ p. 8, Interview with José Carlos Gratz, ‘O Governo está sem rumo; é fraquíssimo’, A Gazeta, 22 June 1997.

This exchange highlighted Vitor's predicament. Dependent on support from an Assembly packed with anti-PT deputies, he was criticised for failing to turn around Espírito Santo's administrative and financial machine and yet he was still expected to see through the necessary reforms. Even if he had been credited with support when he announced the plans the previous year, it was clear that implementing them would be unpopular. As a result, the non-PT elements in the Assembly made sure that it was Vitor who was the scapegoat.

A very public divorce

With the PT's National Congress due to meet in Rio de Janeiro in August, Vitor knew time was running out. He no longer had the support of a compliant Regional Directorate and he now faced the possibility of being censured by his fellow *petistas*, both from Espírito Santo and nationally. Facing challenges from this front as well as in the State Assembly, on 11 August Vitor conceded to his critics. Choosing between his policies and remaining a *petista*, he resigned his membership.¹⁴² The issue received widespread media attention and was treated both as a national issue as well as being of considerable concern within the national leadership in Rio. Speculation was raised as to whether Vitor's departure would galvanise leftist opposition against the national leadership, dominated as it was by the moderate wing of the party, under *Unidade na Luta*.¹⁴³ As matters turned out, while the left *tendências*, including *Articulação de Esquerda*, *Democracia Social* and *Força Socialista*, made gains at the Rio conference, José Dirceu was returned to the presidency.

In Espírito Santo Vitor's resignation began an exodus from the PT. The day after Vitor left, close to 50 leading *petistas* associated with the governor also tendered their resignations, including the Education and Transport Secretaries, Robson Neves and Fernando Bettarello, Banestes's director, Waldir Toniato and the president of the state sanitation company, Cláudio Machado.¹⁴⁴ The resignation of the mayor of Conceição da Barra showed that the departures were not restricted to the government and included some *petistas* from the interior. While I frustratingly found no figures on membership for the party during this period, anecdotal evidence from some of the *petistas* based at the Regional Directorate in Vitória estimated that up to 40% of the party's membership left the PT in the period after August 1997.

1997-98 – The Aftermath and the 1998 Elections

With Vitor out of the PT, opinion about what line to take remained mixed. Although Brice summed up the experience as 'being a defeat, this break up of the party',¹⁴⁵ there was also relief, while Baiôco commented on the opportunity to gain 'better quality members',¹⁴⁶ through careful vetting of all prospective party candidates in the future.

Those who had resigned from the PT began looking for new parties. Several, like Neves, joined the PSB, while others opted for the PSDB. Vitor initially declared himself unwilling to join a party, but eventually settled for the Green Party (PV). Of the time between his resignation until the end of his term, Vitor claimed that governing was easier than it had been, given that he was no longer accountable to the PT.¹⁴⁷ However, despite this positive view projected by Vitor, he remained in much the same position as he had done before his resignation: in thrall to the interests of those who dominated the Assembly and made up his State Council.

¹⁴² p. 3, 'Vitor terminará mandato sem partido', A Gazeta, 12 August 1997.

¹⁴³ p. A7, 'Saída de Buaiz prejudica imagem do PT', Estado de São Paulo, 13 August 1997.

¹⁴⁴ p. 3, 'Saída de Vitor provoca debandada no PT', A Gazeta, 13 August 1997.

¹⁴⁵ Interview with Bragato 2000.

¹⁴⁶ Interview with Baioco 2000.

¹⁴⁷ Interview with Buaiz 2000.

The *capixaba* PT, though considerably smaller than during Vitor's time, consoled itself with the thought that it was now ideologically purer. Nevertheless, despite this self-perception, they were hindered by their previous association to the Governor. According to Brice and Vereza, public opinion and perception continued to see Vitor's government as run by the PT, even after his resignation. This was to present difficulties in the 1998 gubernatorial and Assembly elections. Not only did the PT's smaller size and lack of high profile names count against it, Vitor's unpopularity and the behaviour of the PT *bancada* between 1995 and 1997 counted against the party in its campaign. As Bragato admitted,

'Everyone knows that Vitor left the PT, but the PT was to blame for Vitor Buaiç.; the responsibility was ours.'¹⁴⁸

Even Coser, who was campaigning as a federal deputy, discovered the same mood:

'The fracture of the Vitor Buaiç Government deeply compromised our party's [electoral] performance in the State.'¹⁴⁹

While the PT sought a viable candidate for the gubernatorial election, the PSDB found itself uniting around the federal senator, Jose Ignacio Ferreira. This was in stark contrast to the 1994 contest when Rose de Freitas found herself running against Vitor, who had her own party leadership's support. Meanwhile Vitor was musing whether or not to stand again¹⁵⁰; the 1997 constitutional amendment that had been passed to allow President Cardoso to run again was to apply to mayors and governors too. Vitor delayed making a decision until late June. Eventually it was decided that he would not stand again, and returned to his first profession as a doctor specialising in gastro-entinitis.

Vitor's delay in deciding whether or not to run had repercussions for the PT and the wider left including the PSB. This electoral coalition had aimed to 'rebuild the Popular Front'¹⁵¹ by putting up the PSB leader, José Renato Casagrande – Vitor's vice-governor – as a candidate. And while the PT were under the impression that such a coalition would help define a clear left wing stance, by May it was reported of Casagrande that

'if in the beginning he talked of [a wide coalition] of the 'centre-left', today he avoids ideological colourings. He thinks that the basis for the coalition should be opposition to [President Cardoso's] reelection. He believes it possible to unify all those in the State who have this position. If it is possible to disconnect the presidential election from the state process, he guarantees that any party is welcome [to join].'¹⁵²

While Casagrande's approach was able to establish a coalition of six parties, including the PT, PSB, PMN, PTN and PCdoB, the larger party of the left, the PSDB, had allied itself with the PFL in an alliance around Ferreira.

With the campaign gathering pace in José Ignacio was in the lead, with an approval rating of 32% to Azeredo's 23% by early September.¹⁵³ Casagrande was polling a low 5% and was fourth out of the five candidates for governor. Interestingly though, Casagrande had been true to his word of separating the presidential and gubernatorial elections – but not in the way he could have envisaged; the PT's national presidential candidate, Lula, was on 17%, but was

¹⁴⁸ Interview with Bragato 2000.

¹⁴⁹ Interview with Coser, 'Fracasso do Governo comprometeu o PT', A Gazeta, 8 November 1998.

¹⁵⁰ p. 7, 'Vitor quer ampliar aliança para sucessão', A Gazeta, 20 May 1998.

¹⁵¹ p. 3, 'Espírito Santo: Objetivo e recompor Frente Popular', PT Noticias, Year 2, No. 58, 2-15 March 1998.

¹⁵² p. 7, 'Partidos buscam acordos para convenções', A Gazeta, 17 May 1998.

¹⁵³ p. 1, 'Ibope tambem preve 2o turno no ES', A Gazeta, 4 September 1998.

eclipsed by Cardoso who was polling a healthy 53% - enough to enable him to win in the first round.

José Ignacio's lead in the polls continued to increase steadily, to the point that it was predicted that he, like Cardoso, would win on the first ballot. But the directors of the pollsters, Futura, were keen to point out that the campaign had not caught the public's imagination. According to the directors:

'[Polls] in Espirito Santo show that the campaign has not fascinated the electorate. Among the reasons for this they [the directors] cite the fact that the presidential race was decided very early on, in favour of Fernando Henrique Cardoso.'¹⁵⁴

But part of the problem for the PT's poor showing and José Ignacio's success could also be attributed to the internecine warfare that had taken place in the PT the year before. Brice commented that,

'...the traditional PT elector said they wouldn't vote for me. Many people avoided voting for me, because the phrase that stuck in the head of many of them was 'PT: never again'.¹⁵⁵

Other *petistas*, like Magno Pires, said that 'there was a significant amount of public opinion that blamed the PT for the Government's collapse'¹⁵⁶ while Perly Cipriano suggested that rather than public perception of the PT being to blame, the fault lay with the nature of the electoral system in Brazil and the lack of a stable party system.¹⁵⁷

On 4 October, José Ignacio won the race for governor of Espirito Santo, polling 723,853 votes, or 61.29% of the total to Azeredo's 13.73%. Casagrande managed to come third with 12.32%¹⁵⁸, but given José Ignacio's margin of victory he was elected governor in the first round. Casagrande claimed that José Ignacio's victory was little to be pleased about, believing he would be a 'hostage' to the same forces that had bedeviled both Buaiz and his predecessor, Azeredo:

'...José Ignácio is a hostage of FUNDAP and the five, six companies that benefit from [it]... With the election of José Ignácio its not going to be the governor that commands the process, but a few businessmen and politicians.'¹⁵⁹

Meanwhile, in the Legislative Assembly, only one *petista* was returned: Claudio Vereza. Having received the most votes for a *petista* in 1994 with 12,022, in 1998 he remained the most popular candidate in the party but saw his share of the vote slip to 8,371. However, Vereza's figures may not be surprising, given that the turnover in the capixaba legislature was quite high, with only 12 of the 30 deputies that had served between 1995 and 1998 being returned.¹⁶⁰ In the same elections, only five of the 10 federal deputies for Espirito Santo won re-election and of the three PT state deputies that failed to be re-elected, both Brice and Baiôco claimed to receive a higher number of votes than they had in 1994.¹⁶¹

Casagrande's comments that José Ignacio would find himself to be little more than a hostage was echoed by the fact that of the 30 Assembly seats, the conservative PFL managed to take

¹⁵⁴ p. 2, 'José Ignácio amplia vantagem na disputa', A Gazeta, 24 September 1998.

¹⁵⁵ Interview with Bragato 2000.

¹⁵⁶ Interview with Magno Pires 2000.

¹⁵⁷ Interview with Cipriano 2000.

¹⁵⁸ TSE website.

¹⁵⁹ p. 8, 'Casagrande avalia que tucano é 'refém' de Governo e empresários', A Gazeta, 5 October 1998.

¹⁶⁰ p. 7, 'Eleições renovam a Assembléia em 60%', A Gazeta, 7 October 1998.

¹⁶¹ Interviews with Bragato and Cipriano 2000. Electoral figures from TRE-ES.

six, making them the largest party in the legislature. Of the remaining 24 seats, the PPS, PSB, PTB, PMDB and PSDB all gained three each, while the PDT had two and the PPB, PMN and PT one each. As a result the PT-PSB opposition was now down to four and any government proposals from José Ignacio would certainly need the support of the PFL.

José Ignacio's position was weak and indeed, by summer 2000 when I visited Vitoria, he was being criticised for being a hostage of big business¹⁶². In early 2001 it was being pointed out that he was unable to deal with the financial crisis and was not doing enough to reform FUNDAP, thereby suffering exactly the same fate as his predecessor had done before him¹⁶³.

Since 1998 – The 2000 Municipal Elections and Beyond

The PT had been at a considerable disadvantage during the 1998 campaign and elections, owing to the decimation brought about by Vitor's departure. The 2000 municipal elections could therefore be seen as the first test of the *capixaba* PT in adjusting to life after Vitor.

But two years after the turbulent Buaiz governorship came to an end, problems continue to plague the PT. Most leading *petistas* in the party's stronghold of Grande Vitoria recognised that the differences generated between Vitor and his supporters on the one hand and those of the now ascendant Opposition PT on the other have left a mark that will be difficult to overcome. Indeed, Haylson de Oliveira of the public sector union, Sindipublicos, said he believed the fragmentation of the PT had set back the leftist project in the state by 20 years¹⁶⁴.

But while the PT would appear to have gone into decline, the PSDB has pushed itself to the front of the *capixaba* left. With José Ignacio as governor, the popular former mayor of Vitoria, Paulo Hartung as senator and Luiz Paulo re-elected to a second term as mayor of Vitoria last October, the PSDB would appear to dominate the political left in Espirito Santo. But unlike the PT, the PSDB is not as united, or ideologically coherent a party as it might first appear. José Ignacio's electoral victory was due in part to a compromise deal with the PFL and its movement towards accepting business values similar to those undergone by the New Labour and New Democrat parties in Britain and America respectively.

The shift in the PSDB's orientation in Espirito Santo is a mirror image of what has happened in that party at the national level, with President Cardoso's most important allies in government and Congress being the PFL. Furthermore, the PSDB at both national and state levels remains little more than a grouping of personalities at best; in the case of Espirito Santo there remain differences between both José Ignacio and Hartung, the two most prominent *tucanos* (members of the PSDB) in the state.

In the 2000 municipal elections, Vereza admitted that the PT was struggling and the campaign was directed at 'rebuilding the party. We only have 11 candidates for mayor in the 77 municipalities. The majority of our candidates are for councillor... We can only be assured of getting two mayors elected.'¹⁶⁵

In the most prominent election, that for mayor of Vitoria, the PT's regional president, Iriny Lopes stood as the party's candidate. But despite reasonable recognition, she was unable to make much of a dent in the incumbent, Luiz Paulo's, race, ultimately polling 12.2% to his 68.6% and second placed Nilton Baiano with 13.4%.¹⁶⁶ This might have some connection to the lingering sentiment many felt towards the PT during the 1998 campaign.

¹⁶² Interview with Andre Hees 2000.

¹⁶³ JB article from March/April 2001 – is it on my computer in Cambridge or Petersfield?

¹⁶⁴ Interview with Oliveira 2000.

¹⁶⁵ Interview with Vereza 2000.

¹⁶⁶ 2000 elections results, Estadão website.

To a certain extent Luiz Paulo's success in Vitoria could be attributed to public satisfaction; this was very much the same sentiment felt by voters when Vitor stood down in 1992 and Hartung in 1996. Had either been able to run again, it is arguable that either could have been re-elected. Nevertheless, the fact remains that in Espirito Santo's largest and most important city, a 'purged' PT failed to make inroads against a mayor committed to a more pro-business agenda than their own candidate. It would seem that PT have still some way to go before they can claim to have won over the voters of Espirito Santo.

Conclusions

Haylson de Oliveira's words that the *capixaba* left is fractured and will take at least 20 years to rebuild highlight the challenges facing the PT in Espirito Santo. In 1994 the party won the governorship with the social democrat Vitor Buaiz. Tensions and differences between Vitor and other members of his party from his time as mayor of Vitoria were downplayed in the common goal of defeating a surprise candidate, Cabo Camata.

Initial goodwill to the PT, both internally and externally, gave way to disillusionment during the first year of the Buaiz administration. This disillusionment included those who had hoped to see the implementation of identifiable *petista* policies, including an 'inversion of priorities' and participatory budget making, as well as those who wanted to see the new governor tackle the increasing financial crisis.

While those critical of the PT, such as state deputies from the right side of the political divide and supporting business interests, were able to come to an arrangement with the governor, many workers, supporters and members of the PT began to feel disenfranchised from what they considered to be their government.

Looked at objectively, one can see the challenges facing both governor and party during these years. Until 1994 the PT had never reached executive office at state level; and running a state was nothing like running a city.¹⁶⁷ Consequently, there was no blueprint to how such an administration should function. What the *petistas* had to fall back on were previous experiences of municipal government which had either faltered, as had happened in Fortaleza, Ceará¹⁶⁸ for being too dogmatic or by seeking to govern without widespread support, for example as had happened in Erundina's Sao Paulo between 1989 and 1992.¹⁶⁹

In addition, the PT faced the problem of having finite material support. Espirito Santo could not be considered a bedrock of PT activism; indeed, most party support came from the urban area, limited as it was to Grande Vitoria. This limitation was to have personal implications too: most of the leading *petistas* in Espirito Santo hailed from Vitoria and Vila Velha. This meant that personal differences between Vitor and the party when the former was mayor of Vitoria were carried over to the state level in 1995. The small size of the party was made even more problematic when Vitor and his allies left the party in 1997. This hampered the ability of the PT to get its message out during the 1998 elections, making it dependent upon another political party for its gubernatorial ambitions.

The personal differences between Buaiz and the Opposition PT were exacerbated by the institutional set-up within the party: while *tendências* had been formalised with the intention of bringing about internal debate and democracy, these divisions were as much personal as they were ideological. Attacks against another *tendência* could be construed as an attack on

¹⁶⁷ Interview with Cipriano 2000.

¹⁶⁸ Nylén 1997.

¹⁶⁹ Macauley 1996.

the leading people within it. It is no surprise to note that many of the Opposition PT criticisms of Buaziz were highly personalistic between 1996 and 1997.

Perhaps crucially though, ideology contributed to the PT's collapse in Espirito Santo during these years. Simply put, the PT could be divided into those who were statist on the one hand against those who could be considered free market-oriented. This delineation can be seen both in Espirito Santo as well as nationally. The 'statists' believed – and still believe – that Brazil's economic situation can be improved by nationalising those industries already privatised and creating a system of 'democratic and popular' checks and controls. The 'free marketers' recognise the challenges of globalisation and seek to manage the economy, rather than control it. If one were to look beyond the scope of this study, on a cross-national level, these differences are similar to those faced within the British Labour party and to a lesser extent by socialist parties in continental Europe during the 1980s and 1990s. Even now the differences between the two have failed to be effectively bridged.

The problem for the PT, both nationally as well as sub-nationally, is that these divisions get called into question if the party enters government. Originally a voice of protest, the PT has a message well suited to opposition. However, when faced with real political choices, the party has been plagued by the different viewpoints these ideologies offer. Given the current financial crisis, both in Espirito Santo and nationally, the PT finds itself forced to make tough choices. In the case of Vitor, a 'free marketer', his range of choices was limited to pursuing neo-liberal reforms, especially given the political makeup of the Assembly and the key economic actors in the state. Nevertheless, his opponents in the Opposition PT reacted to this with understandable anger; this was not why they had worked so hard for a PT victory in 1994.

Vitor's efforts to seek a way out of Espirito Santo's financial crisis compromised him in the eyes of the Opposition PT, resulting in the break up of the PT in Espirito Santo. This fracture, as has already been stated, was to have severe repercussions, not only for the PT, but for the left in general. Not only did Vitor's departure from the party show the impossibility of creating a broad church under the auspices of the *capixaba* PT, it also showed that the challenges left-wing parties face in a world of globalisation and neoliberal economic hegemony have yet to be answered.

The PT prides itself on its ability to 'invert priorities' and enhance democracy by encouraging citizens to participate in budget making and stressing the importance of health, education and employment. However, in some respects participatory budget making can be seen as a means of channeling social demands and lessening the influence and impact of orthodox socialist ideology within the PT. This is especially necessary when one considers that in a global economy, traditional socialist demands are unlikely to be met as a result of the various constraints – both domestic and transnational – that all municipal administrations, including those of the PT, must face. Furthermore, given the changing political spectrum particularly in the industrialised world, no left-wing party can claim a monopoly on the importance of health, education and employment. One only needs to look at the rhetoric of right of centre parties in Britain, America and Europe to see that Republican, Conservative and Christian Democrat politicians accept a considerable degree of state intervention.

The problems that the PT faced in Espirito Santo can be extrapolated to the national stage in Brazil. Not only did the party fail to build itself up, it proved itself unable to manage the ideological challenges facing it. Such issues would not matter if the PT were a small and irrelevant political party. However, the PT is one of the few parties seen as a force for consolidating Brazilian democracy. In a political system that has suffered from a lack of democratic legitimacy before 1985, the pressure is on to ensure that the transition and current consolidation of Brazilian democracy succeeds.

Indeed, it may be suggested that one of the necessary conditions for democracy may be a stable and settled party system. Brazilian political parties – with the exception of the PT – are little more than electoral vehicles for a particular individual candidate or group of candidates. The PT is different. It seeks to change the nature of the Brazilian political system, by introducing citizen participation and involvement under a clear, recognisable set of party principles and aims. But if the logic is sound, the experience of the PT in Espirito Santo renders it less so. For the *capixaba* PT not only fractured along ideological lines, it ended up splintering into an unelectable rump during the course of the Buaiz administration. Consequently, if the party, at both national and sub-national levels is to fulfil its aims of enhancing democracy in Brazil, it would do better not to look at its recent electoral successes, but at the experience of the PT in Espirito Santo between 1995 and 1998.



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