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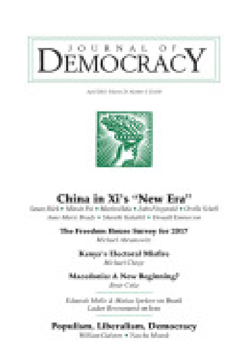

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BRAZIL: THE COSTS OF MULTIPARTY PRESIDENTIALISM

Eduardo Mello and Matias Spektor

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In 2014, a criminal investigation started by a judge in the city of Curitiba touched off a remarkable string of revelations that have tarnished almost all members of Brazil's political elite. The investigation, later named Operation Car Wash (Operação Lava Jato), remains ongoing, but the resulting imbroglio is already considered "the largest corruption scandal ever to beset a democratic nation."[1] It revolves around contractors bribing public officials in sums adding up to billions of U.S. dollars in order to secure construction and service contracts in the oil, nuclear, and public-infrastructure sectors—contracts that also became a device for siphoning money from state-run institutions into private pockets through overcharging. Many of these dealings involved Brazil's national oil titan Petrobras. The resulting stream of lucre flowed through the heart of Brazilian politics: Participants in the scheme diverted money to political parties at the federal and state levels, which then used it both for their members' personal enrichment and to finance political campaigns.

The vast trove of evidence accumulated as part of Operation Car Wash has stunned Brazilians and the rest of the world. Tapped telephone conversations, secretly recorded meetings, and hundreds of hours of filmed plea-bargain statements involving top-ranking politicians and leading businessmen all speak to the pervasive role of money—and particularly of illicit funds—in Brazil's political life.

The result has been an unprecedented challenge for the political class, compounded by a severe economic slump that began in 2013. In the period from April 2014 to December 2015 alone, 61 people were convicted of crimes in connection with Operation Car Wash.[2] Among those serv-

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ing prison time are several business tycoons, members of the National Congress—including Eduardo Cunha, onetime speaker of the Chamber of Deputies (the lower house)—and other politicians. While a number of political parties were implicated, the scandal dealt a major blow to the leftist Workers' Party (PT), which held both the presidency and the largest seat share in the Chamber at its outset. Amid the turmoil, Congress impeached President Dilma Rousseff in August 2016, though on unrelated charges. The influential PT leader Luiz Inácio Lula da Silva, Rousseff's predecessor as president (2003–11), was sentenced in July 2017 to almost a decade in jail (currently pending appeal) for receiving bribes; he also stands accused of additional Car Wash–linked offenses.

The clouds kicked up by Operation Car Wash still hang over Rousseff's successor Michel Temer and his ideologically malleable Party of the Brazilian Democratic Movement (PMDB), the PT's former coalition partner. In May 2017, after incriminating recordings suggested that Temer had participated in arranging payoffs to impede the investigation, violent clashes erupted between the authorities and demonstrators seeking his removal. Temer has been formally charged with offenses that include bribe-taking and obstruction of justice, although the Chamber of Deputies, which has the final say on initiating court proceedings during the president's term, has twice voted against bringing the case to trial.

Operation Car Wash is the largest corruption scandal to have rocked Brazil, but it is not the first. Ten years earlier, the public learned that under a scheme that became known as *mensalão* (big monthly payment), the executive branch doled out millions of dollars in side payments to buy votes for the president's agenda items from coalition members in the legislature. On top of these "allowances," illegal campaign-finance activities and the placement of cronies in state-owned companies in return for kickbacks further greased the wheels of Brazilian politics. Brazil's successive scandals, and the sheer scope of the Car Wash disclosures, have torpedoed public trust in the country's politicians. They have also revealed the centrality of illicit activity to the Brazilian president's overcoming of a key institutional challenge: forming and sustaining a coalition.

Questioning the Consensus

The Brazilian executive's dependence on graft and patronage to govern calls into question the scholarly consensus in favor of the view that multiparty presidential systems such as Brazil's are strong and stable. This body of analysis, which began two decades ago with landmark studies on Brazil's democracy, now includes research on cases of coalitional presidentialism around the globe.[3] Exponents of this view have argued that presidents elected in majority contests can coexist with fragmented legislatures without necessarily bumping up against deadlock or political instability. In this, these exponents argue against the expectations of Juan Linz and others who wrote after the global "third wave" of democratization affected Latin America during the 1980s.[4]

Multiparty presidentialism, these scholars posited, can provide stable governments as long as presidents control the legislative agenda and are able to deploy resources (in the form of "pork," cabinet positions, patronage, and other coalition-worthy goods) to secure the loyalty of individual legislators. Researchers found that presidents in multiparty systems from Argentina to Indonesia have been able to cobble together working majorities to pass significant reforms, all while keeping the military in the barracks. Indeed, since the 1990s only one large multiparty presidential system—that of Venezuela—has given way to authoritarian rule.

Yet it is now clear that corruption, rent-seeking, and fundamentally flawed ways of conducting political business are not exceptional, but rather integral to managing Brazil's brand of multiparty presidentialism.[5] The chaos roiling Brazil is not the product of individual malfeasance or an innate culture of corruption, but rather of flawed institutional engineering. At its heart lie the rules that govern the relationship between the executive and legislative branches, which encourage exactly the kind of graft that the Car Wash scandal has revealed.

This insight seriously undercuts the optimistic view of multiparty presidentialism, with implications well beyond the Brazilian case. Fragmented presidential systems elsewhere in Latin America (in Argentina, Bolivia, Colombia, Ecuador, Panama, and Uruguay) show signs of the same core features that mark Brazil's politics, including its distinctive brands of rent-seeking and corruption. So, too, do countries with multiparty presidential systems in sub-Saharan Africa and the former Soviet Union.[6] A new research agenda must take into account mounting evidence that the dynamics of multiparty presidentialism foster, and indeed depend upon, a political arena rife with rent-seeking and corrupt behavior.

In order to govern, chief executives in multiparty presidential systems have to reconcile two competing goals. On the one hand, they seek to provide public goods for the majority of voters; on the other, they must lock in the support of the parties that make up the governing coalition. This key feature of multiparty presidential systems leads to three interrelated outcomes: a power imbalance between the executive and the legislature, interest-group dominance, and bad governance.

First, multiparty presidentialism skews the balance of power between the executive and legislative branches to a degree that corrodes the checks and balances integral to the proper functioning of a presidential democracy. With a fractured legislature facing a president who wields expansive powers, legislators do not have the capacity to deliver on meaningful programmatic commitments to their constituents. Instead, they specialize in providing particularistic goods. To obtain these goods, they come to depend on handouts from the executive and on resources from private interest groups; these dependencies compete with and undermine their accountability to voters. Second, these dynamics allow interest groups to take on an outsized role in shaping policy decisions at the expense of the majority of voters. Corruption-fueled relations with each other and with outside interests give the executive and legislative branches a shared incentive to limit the reach of the judiciary and other watchdog institutions, further damaging accountability. Finally, the erosion of checks and balances and of accountability in turn breeds bad governance, defined as a situation in which rent-seeking and outright corruption are the rule rather than the exception.

Coalitional presidential systems generate these outcomes by reinforcing deeply entrenched social institutions typical of nondemocracies, and common in many developing countries. Multiparty presidentialism is not the original cause of bad governance, nor of widespread recourse to personalistic forms of redistribution such as patronage (the conditional exchange of public-sector jobs for political support) and clientelism (the conditional exchange of government benefits for political support). It does, however, produce a model of executive-legislative relations that—by encouraging patronage-based coalitions, limiting the options available to legislators, and presenting openings for interest groups—hinders any shift from clientelistic to programmatic approaches.[7]

All these developments are evident in the case of Brazil. In March 1985, Brazil underwent a transition to civilian rule after twenty-one years of military dictatorship. The new regime introduced free, competitive, universal-suffrage elections and established new institutions that ushered in a period of stability. The military have remained in the barracks ever since, and when crises did erupt they were resolved through constitutional means (as with the presidential impeachments of 1992 and 2016). Successive administrations have tamed inflation, raised taxes, laid the foundations of a minimalist welfare state, opened sectors of the economy up to international trade and financial competition, privatized state companies, and established an incipient regional-security community that has begun to dislodge old-time rivalries in South America.

Today, democracy is the only game in town. For over a decade now, Brazil has consistently received scores of 2 (the second highest) on Freedom House's annual indices of political rights and civil liberties. Yet the *mensalão* and Car Wash disclosures suggest that this stability has come at the price of effective checks and balances, accountability, and good governance—with significant implications for public-service provision, the national economy, and, not least, trust in the institutions of government.[8]

Unbalanced Power

If multiparty presidential systems are to be stable, the president needs to be able to organize a governing coalition in the fragmented legislative branch. To do so, the executive must have at its disposal extensive powers, often including control of the legislative agenda; exclusive authority over key issue areas; extensive decree powers; and the capacity to distribute "pork," cabinet positions, and a range of public-sector jobs as patronage. But the executive's use of these prerogatives to form and manage coalitions also skews the balance of power in its favor. The legislature becomes a market in which parties and legislators constantly bargain to procure the resources on offer from the president, who thereby secures support for his or her agenda.

As a result, the process of building effective coalitions in fragmented legislatures can run counter to the logic of checks and balances. The traditional view of checks and balances, elaborated long ago by James Madison, holds that the need for presidents (who are focused on the large national issues of the day) and legislators (whose concerns are primarily local) to collaborate in order to pass laws also allows the two branches to check one another's ambitions. The difficult compromises that follow make it harder for these two centers of power to easily collude to the detriment of citizens.[9]

In multiparty presidential systems, however, the relationship between the executive and legislature centers on the core bargain of particularistic goods for political support. Party leaders rarely base their decisions to back or oppose the president's agenda on programmatic commitments. Instead, lacking any other means of delivering on their promises to voters, they lend their support to the executive in exchange for pork, resources for patronage, and clientelistic benefits. Parties then distribute these resources to the legislators in the governing coalition, who pass them on to constituents and supporting interest groups. A division of labor emerges wherein legislators concentrate on distributing particularistic goods, while presidents focus on programmatic politics and the quality of governance nationwide. Although the executive takes on this role to some extent in all separation-of-powers systems,[10] the division under multiparty presidentialism is much more drastic: The president effectively becomes the only official accountable to the electorate for the provision of public goods.

This means that for legislators, in stark contrast to Madison's formulation, the very process of securing the resources needed to win support in their districts entails ceding control of the broader agenda to the president. A vivid illustration of this dynamic can be seen in Argentina today: The Peronist Partido Justicialista nominally opposes center-right president Maurício Macri, but its sizeable legislative delegation votes in favor of Macri's reform agenda for fear of losing access to the resources he controls—which it needs in order to maintain its own clientelistic ties to voters. Such a model of executive-legislative relations inevitably weakens the barriers that prevent the two branches from colluding against the citizenry.

These dynamics are present in acute form in Brazil's coalitional presidential system. The seats in Brazil's National Congress (which consists of the 81-member Federal Senate and the 513-member Chamber of Deputies) are split among numerous parties, with 26 represented as of this writing. Presidents must cope with the fact that their own parties will lack a majority. As the incentives of multiparty presidentialism demand, the constitution grants the executive extensive powers that tilt the balance in its favor. The president can issue provisional legislation by decree (although all laws must eventually be approved by Congress); dislodge pending legislation from congressional committees; force Congress to vote on urgent measures; veto bills in part or in whole; and nominate allies to tens of thousands of jobs in the powerful public bureaucracy and in over a hundred state-owned companies. To top it off, the president alone can initiate any legislation pertaining to taxation and budgetary matters.

But Brazilian presidents still need Congress to approve bills, and legislators make their support for the president's agenda conditional on securing resources controlled by the executive. Legislators' political futures hinge on these resources not only because congresspeople use pork and patronage to fulfill their commitments to constituents, but also because they deploy these goods to sustain relationships with interest groups. In exchange for political influence, these groups fund legislators' campaigns, help to maintain political machines, organize key voters, and, last but not least, cooperate in siphoning off additional wealth from the state. Whether legislators use the resources that they control to satisfy constituents or to win the favor of interest groups, bad governance and corruption are often the result.

Whoever sits at the presidential palace will seek both to please the public and to attract coalition partners—the former with public goods such as low inflation, income redistribution, state welfare programs, schooling, sanitation, and public-health services, and the latter with particularistic resources such as preferential access to public services through patronage networks or the distribution of goods to their local clients. Thirty years of practice have proven this system to be stable. To push through their legislative agenda, Brazilian presidents work through party leaderships and with the speakers of the two houses of Congress. Statistical analyses have shown that legislators are disciplined in following the instructions of their parties' leaderships and that the majority of successful bills originate at the presidential palace.[11]

To make it happen, Brazilian presidents must pump vast resources into the system as pork and patronage. The *mensalão* scandal and Operation Car Wash have shown that even this may be insufficient to guarantee legislative support. Presidents have therefore found it useful to sweeten the pot by allowing legislators to appoint their allies to the many plum jobs at the executive's disposal in Brazil's powerful state-owned companies and regulatory agencies. For legislators, this is more than just a means of securing comfortable positions for their associates: Crucially, the government jobs at stake confer upon their occupants responsibility for arranging state contracts with private companies and the power to provide favors to key interest groups. This means that the holders of these positions enjoy manifold opportunities for extracting from the private sector additional campaign donations or outright bribes, which the officials then share with their political patrons in the legislature. This is done with the executive's participation and consent. Corruption flowing from government contracts with the private sector become a powerful glue to hold together the unbalanced executive-legislative compact.

While Brazil's multiparty presidential system benefits legislators when they are on the prowl for patronage, it effectively takes away any meaningful tools that they could use to establish programmatic links with their voters. Since presidents control the legislative agenda and the bulk of state resources without much input from Congress, legislators on their own cannot credibly promise to pass bills or shift spending. Moreover, the system has produced many parties that are strong in the legislative arena but weak in the electoral arena. President Temer's PMDB, for instance, is currently the largest force in Congress, yet there is little evidence of a unifying ideology driving its legislators' behavior. During campaigns, party leaders offer candidates access to resources they obtain from the president and to key local networks and alliances. But the programmatic dimension of parties matters less: After securing the resources they need from Brasilia, legislators tend to campaign in isolation, relying on parties' manifestos seldom if at all.

Interest-Group Dominance

Executives in multiparty presidential systems follow a two-track strategy in order to satisfy resource-hungry legislators without disrupting their own ability to provide at least some public goods for the electorate at large. First, the executive dedicates much of its energy to working with party leaders to distribute resources among clients and supporters. Second, it sequesters and protects key areas of policy from the process of bargaining with members of Congress whose chief concern is pleasing their clients. In the Brazilian case the chief operator in charge of distributing benefits and perks is usually the president's chief of staff (Ministro-Chefe da Casa Civil). In other words, the same person responsible for pushing the president's agenda and establishing policy coherence across ministerial portfolios is also in charge of making sure that ministries meet the particularistic demands of coalition members in the legislature. On the other hand, to insulate critical policy areas, certain programs and departments—the Ministry of Finance, the Ministry of Foreign Affairs, the Central Bank, and a host of redistributive initiatives aimed at the poorer sections of the electorate—are normally run by loyal personal appointees of the president who do not have to submit to the otherwise ubiquitous logic of horse-trading between the executive and legislature.

Starting in the 1990s, a few years after the beginnings of Brazil's current democratic system, President Fernando Henrique Cardoso (1995–2003) realized that guaranteeing redistributive policies to poorer voters would require cutting legislators out of the picture. He proceeded to centralize major social initiatives in his own hands and to bypass the formal structures of the ministries of education and health, both major magnets for congressional requests for pork, appointments, illicit side payments, and other concessions. The takeoff of flagship antipoverty programs such as Bolsa Escola (latter renamed Bolsa Família) and Saúde da Família—which reward families who keep their children in school and provide preventive healthcare to poorer neighborhoods—gave Cardoso a boost in his 1998 reelection campaign. Cardoso's decision to manage these two initiatives beyond the reach of Congress was a rational one if we accept that the logic of multiparty presidentialism leads to bad policy. While he had little choice but to resign himself to poor governance in most areas, he could cherry-pick key fields in which the provision of good governance would translate into handsome electoral rewards for himself.

Outside such select areas, executive-legislative collusion has left policy making in Brazil subject to strong influence from organized interest groups. For example, successive presidents appointed political cronies to key directorships in the oil giant Petrobras so that they could award contracts to well-connected companies in exchange for bribes. There was also corruption in the Navy's submarine program: Politicians used national-security laws to bypass normal bidding procedures and favor companies with strong ties to the administration, which then used the funds they received to help finance political campaigns. Numerous other examples exist, in sectors as diverse as education, healthcare provision, transportation, and even the 2016 Olympics in Rio de Janeiro. In each and every case, presidents and party leaders have worked hand-in-hand to reward well-connected groups with benefits, as well as sinecures that have in turn been used to support members of the governing coalition.

Interest groups in Brazil emerge from both the private and the public sectors. What they have in common is that they see, in the cracks of multiparty presidentialism, a space to extract exclusive benefits. Powerful Brazilian interest groups such as the Odebrecht construction company or the JBS meatpacking conglomerate found in the mid-2000s an environment conducive to the purchase of legislation through campaign donations, side payments, and bribes. The items on the political menu ranged from cheaper government credits and tax breaks to exceptional treatment in fields as varied as environmental licensing, "national-content" laws, and beneficial import-tax regimes.[12] In exchange for side payments, for instance, Odebrecht was awarded generous contracts to build infrastructure. Its political connections with the ruling Workers' Party were so formidable that the company's lawyers helped to write emergency presidential decrees that gave the company tax breaks estimated to be worth slightly under US$50 billion.[13] JBS also used political connections to extract rents from the Brazilian taxpayer, paying hefty bribes to politicians in exchange for lucrative subsidized loans from the state-owned Brazilian National Development Bank. These are just two examples of companies that have been very successful at gaming the system; other players have been doing the same for decades. Commodity-export associations secured access to cheaper credit at times of harvest, while industrial-sector clubs, such as the powerful São Paulo Association of Industries, have obtained the passage of protectionist legislation. Large, private telecommunication companies, such as the national conglomerate Oi, have won lucrative tax breaks and other financial concessions. Public-sector unions in such key sectors as education and health achieved beneficial conditions for retirement, the armed forces have been spared from the effects of pension reforms, and judicial-branch employees have won exemption from a cap in salaries that applies to the other branches of government.

Interest-group dominance reinforces the disconnect between voters and legislators, who become subject to the dictates of their financial backers. Dozens of plea-bargain testimonies have provided evidence of private conglomerates systematically supplying personal rewards to legislators in return for their support of favorable laws and regulations. Also in plea-bargain statements, Odebrecht executives have provided evidence that they asked President Lula, prior to official international trips, to put in a word on the company's behalf with his foreign counterparts whenever pending payments or contracts were at stake. Loans from the Brazilian National Development Bank were provided to foreign governments with the understanding that these governments would then use these funds to purchase infrastructure work from Odebrecht; the Bank was also offering credits to Odebrecht itself to help finance the company's projects abroad. In sum, interest-group dominance is prevalent not only at home, but also in Brazilian foreign relations.

The Death of Accountability

Watchdog institutions that promote transparency and accountability—including the Office of the Attorney General (Ministério Público Federal), the Office of the Comptroller-General, and the judicial system—pose perhaps the greatest threat to the dominance interest groups enjoy in Brazil. It is therefore no wonder that the president and the legislative branch, linked with these groups in a political ecosystem based on the circulation of side payments, collude to tame and weaken control institutions. Shared incentives induce them to work together to maintain protection mechanisms for themselves and for the interest groups on which they depend, in the process curbing investigative powers and transparency in governmental affairs.

In this light, it seems likely that the chief factor behind President Rousseff's impeachment by Congress in 2016 was her inability to protect the political class from the progress of Operation Car Wash, which had by then sent a host of powerful politicians and businessmen to jail. In one of the secret recordings that has come to light, Senator Romero Jucá, right-hand man to then–Vice-President Temer, confided that Rousseff had to be removed from office because "we have to fix this [expletive]. We need to change the government to stop the bleeding . . . [Temer in office will] build a national pact, with [the support of] the Supreme Court. With everything we've got."[14] Congress's refusal to allow the prosecution of Temer, despite audio recordings of the president colluding with the CEO of JBS to obstruct the Car Wash probe, is perhaps the best example of the deleterious effects of the patterns that shape executive-legislative relations in Brazil.

Operation Car Wash has highlighted the degree to which the "web" of accountability is both weak and uneven. Contrary to the claims of earlier works, Brazil's multiparty presidentialism has not given rise to powerful watchdogs able to keep presidents and their legislative coalitions in check.[15] For all the powers now in the hands of Brazilian control institutions, they have demonstrated little effectiveness at checking corruption and have at times themselves succumbed to the broader culture of "pay to play."

Under the omnipresent influence of coalition politics, Brazil's judicial institutions—their considerable formal autonomy notwithstanding—have also been prey to politicization and corruption. Never in the history of the Republic of Brazil, for instance, has a presidential nominee for the Supreme Court been turned down by the Senate. In the course of Operation Car Wash, a string of declassified recordings of private conversations involving top-ranking politicians and businessmen have shown the degree to which the judicial branch bends to political winds.[16] Although it has at key moments exercised its constitutional powers to counter the executive and the legislative, the Brazilian judiciary is not an effective bulwark against corruption in the political class.

Consider Brazil's Court of Accounts (TCU). This is an institution empowered to run audits of all government accounts. Yet politicization at the top-leadership level is rife. In 2017, the president of the court and two more of its nine judges—all chosen by either the Congress or the executive—were accused by the Federal Police of taking bribes from a private company that sought judicial approval of contracts for work on the Angra 3 nuclear reactor.[17] The nomination of judges with strong political connections diminishes the court's ability to monitor and investigate corruption allegations. Account tribunals at federal and state levels have also been found to be rife with corrupt activity, and regular audits often fail to uncover corruption and inefficiencies or to lead to serious investigations. By the same token, the

Electoral Court (TSE) has spent billions on improving its system of campaign-expense accounting, but investigations suggest that illicit fundraising remains pervasive.

The sense of impunity is widespread. On top of politicization, certain features of Brazil's judicial system, which confers special prerogatives on public officials, have further thwarted anticorruption drives. With a few notable exceptions, politicians charged in scandals have largely remained out of prison. A complex system of appeals has for decades protected these officeholders from facing jail time, and it is plausible that many of the politicians convicted in the Car Wash scandal will never spend a day behind bars. Congressional censure or removal from office of corrupt politicians is rare, although it is becoming less so as the current scandal unfolds. Even when parties to corruption face judicial punishment, this seldom removes wrongdoers from the political game: There is evidence of politicians continuing their corrupt activities and even running their party machines from prison. Since auditing bodies and police investigators expect that their targets will be able to stay in office and might seek revenge, those charged with combating corruption are often reluctant to do their job.

Given these conditions, how do watchdog institutions ever succeed? Why has the political class not stopped Operation Car Wash? Recent experience in Latin America from Argentina to Brazil to Guatemala to Peru shows that networks of bureaucratic entrepreneurs can sometimes overcome the power of the executive and the legislative branches and succeed in launching major investigations that lead to the prosecution and eventual imprisonment of corrupt politicians, together with their public- and private-sector purchasers. These entrepreneurs are normally young, educated abroad, and tied to a transnational network that supplies knowledge and support. The crackdown on graft during the last few years in Latin America has been the exception rather than the norm, however. Much of it was made possible by unprecedented popular anger and the worst economic crisis since 1929. It remains to be seen how successful the push against corruption will be in the long run. Evidence is mounting that the political class is ready to fight back insofar as it can do so without alienating public opinion, which is largely supportive of anticorruption probes.

Bad Governance

While the problems of rent-seeking and endemic corruption do not exist in Brazil *because* of multiparty presidentialism, this particular form of coalitional politics works to perpetuate the prevalence of patronage and clientelistic arrangements: When checks and balances are weak and accountability is uneven, the relationship between politicians and voters becomes strained and ever more dependent on nonprogrammatic connections.

Multiparty presidentialism's addiction to corrupt and rent-seeking practices has important consequences for the regulatory environment and the overall relationship between companies and the state. As firms devote more of their energies and capital to securing advantageous deals through government connections, more of their revenue will come from rent-seeking and less from improvements in productivity. Regulatory agencies overseeing key sectors of the economy will be a tempting target for groups seeking to extract easy profits. All of this is likely to corrode economic efficiency in the long term. It will also eat away at equality and fairness in society: Well-organized groups will create economic opportunities to benefit themselves, while the disorganized poorer majority of voters shoulders the burden.[18]

Again, Brazil is the paradigmatic case. We now know that executives at the state oil giant Petrobras were political appointees who saw as their main job collecting illegal fees from private-sector contractors who sought to do business with the state—and then channelling those fees to their backers in government. The contractors in question included many of Brazil's mightiest corporations, among them Odebrecht and the multinational conglomerate Andrade Gutierrez. Estimates suggest that since 1997 the companies involved in the graft secured billions of dollars in government-subsidized credit through Brazil's National Development Bank. To ensure continued access to this gold mine, these firms lavished gifts and other favors on cooperative politicians and contributed large sums, both on and off the books, to their reelection campaigns.[19]

In their quest to build up a governing coalition, Brazilian presidents also used their discretionary powers to meddle in state-owned companies. Operation Car Wash helped to reveal two scandals in which the executive branch set policies for state-owned banks in ways that favored the interest groups backing coalition legislators. Similarly, the public-sector pension funds that own large shares in Brazilian private conglomerates did not base their investment decisions on the interests of the shareholders; instead, they made them with an eye to bolstering illicit relationships between private firms and public officials. Multiparty presidentialism fortified the crony capitalism that has persisted in Brazil since its authoritarian days.

The result for the majority of Brazilian voters is bad governance. When officials focus their resources and attention on sustaining clientelistic networks, public-service provision and popular well-being suffer. One of the world's wealthiest countries in terms of GDP, Brazil falls short at meeting its population's basic needs. Half of Brazil's 206 million people lack access to basic sanitation, and 35 million lack access to clean water. Public spending on education is high, amounting to 16 percent of government revenue, but student performance on international tests remains disturbingly weak even in comparison to countries that are far poorer, such as Albania or Jordan.

Who profits? The main beneficiaries are the organized interest groups that gain control over the presidency and the legislature through campaign donations, and use this control to exercise inordinate influence over the judiciary. Both the illegal and the legal mechanisms of interest-group dominance weaken checks and balances and erode accountability. As a result, Brazil's powerful executive can secure stable government, but only at an enormous cost. As every holder of the office from José Sarney (1985–89) to incumbent Michel Temer has learned, the interest groups upon which a president depends for keeping a governing coalition together are also the biggest obstacle to passing any legislation for reform.

Reconsidering Multiparty Presidentialism

The debate about multiparty presidentialism has mostly focused on the issue of stability. Can presidents form working coalitions in fragmented legislatures, or does the combination of proportional representation and presidentialism eventually lead to deadlock and regime collapse? An impressive body of literature has shown that powerful presidents can indeed work with fragmented legislatures to form coalitions, ensure stability, and pass significant legislation.

Yet the case of Brazil shows that a different issue—quality of governance—raises equally pressing concerns. Existing studies have ignored the degree to which the process of coalition-building under multiparty presidentialism undermines the checks and balances that are essential to presidential democracies. Further studies will be needed to examine how these dynamics play out in other cases—for instance, in countries that combine fragmented legislatures with electoral rules that empower parties, such as Argentina with its closed-list electoral system. Future research should also consider how each of the particular tools that presidents use to govern in multiparty systems impacts the quality of governance. Are there ways to design institutions that will allow independently elected presidents to form majorities without undermining legislators' ability to make programmatic commitments to voters, and the accountability of legislators to the citizenry? Finally, we recognize that our theory needs to be systematically tested against alternative explanations. It is conceivable, for instance, that reforms altering the balance of power between legislature and executive could improve the quality of governance.

Nonetheless, Brazil's scandal-ridden politics gives serious grounds for pause when it comes to the existing consensus about multiparty presidential systems. In Brasilia, successive occupants of the presidential palace and the chambers of Congress have avoided deadlock only by joining forces in an unsavory compact with corrupt public- and private-sector interest groups. The purchase of political stability with ill-gotten gains has come at a cost for Brazil: eroding voters' control over the politicians they elect, creating economic distortions, and sucking state resources and official attention away from the provision of much-needed public services. Now that Operation Car Wash has dragged the backroom dealings of Brazil's business and political elites into the light of day, it appears that many Brazilian voters have had enough. But it remains to be seen whether the current anticorruption push can overcome the mutual-protection pact among these elites and usher in a new approach to politics. If it does not, the usual cycle of patronage-based alliances, policies-for-purchase, and eroding accountability will begin anew.

NOTES

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