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When several Latin American presidents began implementing free-market reforms in the 1980s and early 1990s, many observers cringed in anticipation of public anger and uproar. They expected privatization, free trade and fiscal discipline to exact severe economic hardship on urban labor and the poor, such that implementation was tantamount to political suicide for market-friendly presidents. In fact, the dominant paradigm for understanding market reform implementation until the mid-1990s was known to political scientists as the “authoritarian advantage,” which argued that reforms were more likely to succeed in non-democratic regimes because policy leaders would be insulated from citizen and voter protest (Geddes 1994).

Perhaps one of the most surprising developments in the post-reform era, therefore, has been that this expected outrage and protest rarely occurred. In fact, in many countries reforms have been quite popular and the presidents that implemented them, such as Cardoso in Brazil, Menem in Argentina, Fujimori in Peru and the PRI in Mexico, were re-elected. This trend is even more surprising since scholars’ initial concerns about the medium-term negative socioeconomic consequences of reform have been borne out in most cases. Although the end of hyperinflation accompanied the implementation of many reforms, rising unemployment and two region-wide financial crises have marked the more market oriented era. Economies have grown only sporadically, with no country enjoying the high growth rates achieved with the statist economic policies of the 1950s and 1960s. Finally, Latin America’s severe inequality problem has not improved under the new policy regime (Berry 1998).

The 1998 presidential election in Brazil, won by incumbent president Fernando Henrique Cardoso, presents a good case for studying this puzzle. The October election took place during a burgeoning fiscal and employment crisis in which short-term economic expectations were bleak. In September Cardoso announced a series of spending cuts and tax increases, measures not typically amenable to electoral success. Moreover, Cardoso had advocated a series of market-oriented policies during his first term that were partially responsible for the crisis and/or were rather unpopular among the electorate. Despite these apparent obstacles to re-election, Cardoso won decisively, defeating leftist challenger Luis Inacio “Lula” da Silva by 21 percent (53 to 32 percent). In this paper, I investigate how Cardoso won the election despite having the economic cards stacked against him. Using survey data, I analyze whether the economy and market policy debates even influenced voter preferences in the election. Finding that they did, I then address the puzzle of how this was compatible with a Cardoso victory. I argue that the leftist candidate, Lula, lost a substantial number of votes among citizens who were angry about Cardoso’s reforms and his handling of the economy to abstention and to the other viable candidate, Ciro Gomes. In short, opposition to Cardoso’s economic record was divided among Lula, Gomes, and, most importantly, abstention.

Before proceeding to the data analysis, the next two sections describe the state of the economy and the salient economic policy debates during Cardoso’s first term (1995-1998). The subsequent part, section three, describes existing scholarly theories and conceptions of Brazilian voting behavior. Section four lists the hypotheses, and section five describes the multivariate statistical methods I use to test these hypotheses in section six (on candidate choice) and seven (on abstention). The final section concludes.
1. The State of the Economy

In the few months leading up to the October 1998 elections, Brazil’s economic outlook was ominous. To be sure, the price stability of the previous four years, a luxury Brazilians had not enjoyed in decades, benefited nearly every segment of society. Hyperinflation, at its worst in the early 1990s, severely disadvantaged the urban and rural poor since they did not have enough disposable income to maintain the value of their assets through savings accounts or other safe investments. As such, when the *Real* Plan lowered inflation from 70 to 2 percent per month in 1994, a three-year consumption boom followed and overall economic welfare increased as poverty rates declined. (See Table 1). The end of hyperinflation was key to Cardoso’s electoral victory in 1994, since he had implemented the *Real* Plan as Finance Minister.

<table>
<thead>
<tr>
<th>Table 1: Pre- and Post-Stabilization Poverty Rates</th>
<th>1993</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households living in poverty</td>
<td>37</td>
<td>29</td>
</tr>
<tr>
<td>Households living in indigent conditions</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Urban households living in poverty</td>
<td>33</td>
<td>25</td>
</tr>
<tr>
<td>Rural households living in poverty</td>
<td>53</td>
<td>46</td>
</tr>
</tbody>
</table>

Source: ECLAC.

Despite the immediate success of the *Real* Plan, it actually laid the seeds for the recession and employment crisis that began in 1998. Because stabilization occurred through a monetary, not a fiscal, correction, imbalances in state finances were not corrected. Indeed, since the government could no longer rely on the inflation tax to balance its finances, price stability exposed the long-held practice of fiscal irresponsibility. In the years following the *Real* Plan’s implementation, this government indebtedness and price stability itself placed inflationary pressures on prices by increasing aggregate demand. To counteract this trend, the government raised interest rates in 1995, a move that led to the overvaluation of the *real* (at the time, the *real* was on a crawling peg to the U.S. dollar with a devaluation rate of about eight percent per year). Both higher interest rates and overvaluation had negative effects on employment and economic growth. High interest rates discouraged investment and further drove up government indebtedness. Overvaluation stunted foreign demand for Brazilian exports and raised domestic demand for imports at the expense of local goods. For the first three years of Cardoso’s first term, however, the benefits of the stabilization-based consumption boom outweighed the negative effects of overvaluation and high interest rates.

To maintain price stability at all costs, Cardoso and his economic team clung tenaciously to this economic strategy through his entire first term. Although overvaluation forced a negative trade balance in every year of the term, massive increases in foreign direct investment provided the hard currency to support the import consumption boom. By 1997, this strategy showed signs of strain. The East Asian crisis soured international lenders on developing countries, so many portfolio investors took their assets out of Brazil. Cardoso’s response was to raise taxes and interest rates, two measures designed to re-attract foreign lenders. However, these policies papered over the more fundamental problem of fiscal extravagance, which Cardoso was failing to curtail as many of his legislative proposals moved slowly through the National Congress.
Economic hardship and crisis became imminent when Russia devalued the \textit{ruble} two months before the 1998 elections. Brazil again underwent a speculative attack, losing an average of US$1 billion in reserves per day for over a month. Despite this, Cardoso still refused to devalue the \textit{real} and risk activating inflationary pressures during his re-election campaign. Instead, since fiscal imbalance was discouraging foreign investors, only high real interest rates, which were raised to 50 percent, could attract them to return in the short-run, even though it would have a dulling effect on domestic economic growth. Cardoso also tried to reassure foreign investors by announcing a program of tax increases and spending cuts. In short, Brazilians went to the polls in October 1998 facing rather dim economic prospects: inflation, recession and fiscal austerity loomed in the near future. Moreover, their recent economic history had not been entirely rosy. In spite of increased consumption and lower poverty rates, Cardoso’s first term saw increasing unemployment, declining industrial output and GDP growth rates, a higher tax burden and spiraling government debt. (See Table 2.)

| Table 2: Economic Change and Development during Cardoso’s First Term |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| GDP per Capita (Percent Change) | 4.7  | 2.7  | 1.4  | 2.4  | -1.4  |
| Public Sector Fiscal Balance (Percent of GDP) | 1.1 | -7.2 | -5.9 | -6.1 | -8.0 |

2. Economic Policy Issues and Debates

This section surveys the main economic policy issues surrounding Brazil’s shift toward a more market-driven economy. Cardoso’s achievements were extensive in the areas of privatization, foreign direct investment and trade liberalization, and he achieved limited reforms of the civil service labor market and retirement pension system. I describe the nature and degree of his achievements in these five areas, the lines of debate over each policy, and the distribution of support in the population for each issue.\(^1\)

\textit{Privatization}

Cardoso’s privatization achievements were both more extensive and more difficult than those of his predecessors. Indeed, despite criticism from many business elites, political allies and economists that he had not been aggressive and active enough in reforming social security, the tax regime and the civil service, \textit{The Economist} (1998) declared that Cardoso had accomplished more than Margaret Thatcher in one-third the time, based almost solely on his privatization record. In his first term, Cardoso privatized firms with combined assets of US$45 billion, almost five times the total of all privatizations in the preceding 15 years. (\textit{The Economist} 1999). At the end of his first term, all remaining state-owned enterprises (SOEs) valued only US$48 billion, around ten percent of GDP. His success in privatizing so much of the economy is impressive.

\(^1\)Almost all of the data for this paper are from a survey administered to 800 respondents in four Brazilian cities (Belem, Porto Alegre, Recife and Sao Paulo). The data are described in Appendix 1. In section two, I occasionally refer to a survey based on a national urban sample. The Wall Street Journal Americas conducted 993 interviews in January 1998 on a representative sample of Brazil’s urban population. The question wordings for both surveys are in the Appendices.
since many of the firms he sold were public utility monopolies (like telecommunications, water supply, highways and electricity), which can be more politically costly than selling state-run steel mills, grocery stores, banks and hotels since the oft-resulting price increases and quality changes touch an enormous share of the population.

Since the establishment of the National Privatization Program under the Collor government, the sale of SOEs to domestic and foreign private interests has taken place amidst a visible and divisive ideological debate. In fact, mass protest and violence has accompanied every major privatization (e.g., Usiminas, Companhia do Vale do Rio Doce, and Telebras). Table 3 shows this polarization in surveys from two different urban samples. The surveys cover different samples and time periods (the four-city survey covers Belém, Porto Alegre, Recife and São Paulo), and the question wordings are dissimilar. However, the same result is clear in both instances: privatization is a highly polarizing issue in Brazilian society, although opinion leans slightly against it.

Table 3: Attitudes toward Privatization in Brazil  
(Entries are Weighted Percent of Valid Responses)

<table>
<thead>
<tr>
<th>4-City Sample, 1999</th>
<th>Strongly Opposed</th>
<th>Somewhat Opposed</th>
<th>Depends</th>
<th>Somewhat Favorable</th>
<th>Strongly Favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=800 (599 valid responses)</td>
<td>36</td>
<td>18</td>
<td>5</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>National Urban Sample, 1998</td>
<td>Bad for Country</td>
<td>Depends</td>
<td>Good and Bad</td>
<td>Good for Country</td>
<td></td>
</tr>
<tr>
<td>N=993 (910 valid responses)</td>
<td>41</td>
<td>9</td>
<td>4</td>
<td>38</td>
<td></td>
</tr>
</tbody>
</table>

Lula and other leftist leaders have argued that SOEs were a way in which the “patrimônio do povo” (people’s inheritance), namely the country’s natural resources, could be used to improve income distribution and the plight of the working class. According to this logic, economic sectors that relied on the exploitation of natural resources (like oil and mining) should be state-owned so that revenues would benefit a substantial part of the population, not just a small number of private (and perhaps even foreign) investors. One way to accomplish this was to apply revenues from profitable SOEs to social spending. Another way was to engage in deliberate over-employment and over-payment of workers. Moreover, leftists have claimed that SOEs in certain sectors should provide goods and services at costs below the market price as a subsidy to encourage private sector production. Indeed, the privatization of public utilities has often resulted in higher fees for inferior services, and at least 100,000 people have been laid off in newly-privatized SOEs (Alcântara, 1999).

Cardoso and other proponents of privatization argue that most of these justifications for such extensive state involvement in production are obsolete. First, they claim that because of the fiscal crisis of the state, private investors (both local and foreign) are much more capable of providing the capital to develop and modernize important economic sectors. The Brazilian state is failing at its core functions of education, health and security, so it needs to devote exclusive attention to these areas. Moreover, the proceeds from privatization have been applied toward debt reduction and generating much-needed foreign exchange. Second, because SOEs did not
have to respond to market forces, they were inefficient and highly indebted, thereby hindering economic growth and contributing to the government deficit. In many cases, protection from market forces also discouraged SOEs from providing high quality goods and services. Most newly-privatized SOEs, especially in the manufacturing sectors, have increased their profit margins, although the improvement of services remains elusive (The Economist 1995). Third, instead of serving the broader social welfare, over-employment and high salaries in SOEs exacerbated income inequality by privileging a small number of workers at the expense of taxpayers. Finally, many SOEs had become a source of patronage and corruption. Jobs were allocated according to a political, not economic, rationale, contributing to their inefficiency and indebtedness.

Pension Reform

Pension reform was the product of a highly visible, four-year political struggle in the Brazilian Congress. Submitted as a series of Constitutional amendments in 1995, the central goal of the Cardoso package was to diminish the gap in financing, which had reached US$34 billion by 1998. The three most essential components of the original proposal were (1) to switch from a “service time” to a “contribution time” requirement, (2) to require a minimum age for retirement with pension and (3) to reduce the differences between private and public systems. Along the way, many important proposals were blocked, watered down, or approved only after several failed attempts.

Despite the many roadblocks, the new system enacted key changes to Brazil’s public pension system in December of 1998. Compared to reform projects in Mexico and Chile, where governments privatized the pension scheme, the changes in the Brazilian system look rather limited. Funding is still based on the pay-as-you-go principle, and informal sector workers remain excluded. However, the shift from a “service time” requirement to a minimum “contribution time” was a substantial adjustment. To receive a pension under the new system, workers must prove a minimum of 30 (women) or 35 (men) years of contribution to the social security fund, whereas the previous system required only a minimum time of employment. Workers already in the private sector labor force (when the amendments were promulgated in late 1998) that had not been contributing or were too old to reach this requirement had their service time requirements extended by 40 percent.

The other major adjustments to the pension system involved reductions in the special benefits extended to public sector employees. In 1998, the average pension was US$1,350 for public sector workers and only US$230 in the private sector (Alcântara 1999). In fact, total benefits were almost evenly split between 3 million retired government employees and 18 million private sector pensioners (The Economist 1999). As a result, 80 percent of the pension system’s shortfall was due to imbalance in the public sector. Three approved amendments should slightly narrow this gap, although fundamental differences between private and public sector pensions remain. First, in January 1999 the Congress approved (after four failed attempts) a measure to discount public sector pensions above R$700 by up to 25 percent. Second, a minimum retirement age was set for the public sector, a measure that was not approved for the private sector. Third, the receipt of more than one pension was outlawed in an attempt to target rich public sector retirees who abused the system by receiving multiple pensions.
Cardoso’s plan required active and future formal sector workers (both private and public) to labor longer and contribute more to qualify for fewer benefits, so opposition to the reform package was high. (See Table 4.)

<table>
<thead>
<tr>
<th>Table 4: Attitudes toward Pension Reform in Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Entries are Weighted Percent of Valid Responses)</td>
</tr>
<tr>
<td>4-City Sample, 1999 N=800.</td>
</tr>
<tr>
<td>Change to “Contribution Time” Requirement (646 Valid Responses)</td>
</tr>
<tr>
<td>Decision to Lower Public Sector Pensions (720 Valid Responses)</td>
</tr>
</tbody>
</table>

In fact, the legislature blocked many components of the original proposal because Congress Members from Cardoso’s coalition feared reprisal from their constituents and important interest groups. Moreover, opposition from the left was unyielding on the grounds that minimum age and contribution requirements disadvantaged the poor and maintained the regressive distribution of pensions. Cardoso also shot himself in the foot by saying in March 1998 that people who retired before age 50 were “bums” (vagabundos), a move that had damaging effects for his approval rating.

**Administrative Reform**

Another principal legislative project of the Cardoso presidency has been administrative reform, which instigated important changes in the public sector labor market. After the ratification of the 1988 Constitution, Brazilian civil servants (funcionários públicos) enjoyed a system of job tenure (estabilidade), which made dismissal illegal after four years of service in the public sector. The principal rationale for permanent employment was to limit the practice of patronage by ensuring that presidents, governors and mayors could not hire new employees at the beginning of each four-year term. However, opponents of estabilidade argued that it sheltered civil servants from performance incentives and did not discourage patronage since state and local politicians found ways to continue adding people to the payrolls. Moreover, Brazil’s bureaucracy was considered bloated, inefficient and corrupt, and many agencies had been “captured” by private interests.

Cardoso established a Ministry of Administrative Reform headed by renowned social scientist and former Finance Minister Luiz Carlos Bresser Pereira. Pereira’s proposal was based on building a bureaucracy on the principles of New Public Management, in which bureaucratic goals center on performance and results instead of proper procedures (such as strict hiring laws) (Pereira 1999). To expose public employees to market-based incentives, the main tenets of the Pereira program were to encourage performance-based job contracts and the elimination of estabilidade, a measure that the Congress approved and implemented in late 1997. Although administrative reform exacted layoffs only in the public sector (the number of civil servants declined by 30 percent during Cardoso’s first term) and was designed to improve bureaucratic
performance, support for it was rather low in the population and indifference was high (as evidenced by the large number of non-responses) (Trevisan 1998).

<table>
<thead>
<tr>
<th>Table 5: Attitudes toward Administrative Reform in Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Entries are Weighted Percent of Valid Responses)</td>
</tr>
<tr>
<td>4-City Sample, 1999</td>
</tr>
<tr>
<td>N=800.</td>
</tr>
<tr>
<td>End of <em>Estabilidade</em> (541 Valid Responses)</td>
</tr>
<tr>
<td>Strongly Oppose</td>
</tr>
<tr>
<td>Somewhat Oppose</td>
</tr>
<tr>
<td>Somewhat Favor</td>
</tr>
<tr>
<td>Strongly Favor</td>
</tr>
<tr>
<td>51</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>17</td>
</tr>
<tr>
<td>19</td>
</tr>
</tbody>
</table>

*Free Trade*

Despite his botched and shortened presidency, President Collor implemented a drastic unilateral liberalization of Brazil’s trade regime. Cardoso has also been an avid supporter of free trade. He has overseen the deepening of ties to MERCOSUL and actively supports the formation of the Free Trade Agreement of the Americas (FTAA), which would create a hemispheric-wide free trade zone in 2005. Moreover, the monetary policy that Cardoso pursued from 1995 to 1999 had a tremendous liberalizing impact on Brazil’s trade patterns. To maintain single digit inflation, Cardoso had to support a heavily overvalued real. Consequently, prices of Brazilian exports were far less competitive than they were in the mid-1980s, and the purchase of imports surged after 1995. This approach of *encouraging imports* at the expensive of exports was completely new to country’s political economy, and it incurred trade deficits in every year of Cardoso’s first term. Indeed, heightened competition from imports was the main cause of failing businesses, declining industrial production and rising unemployment during Cardoso’s first term.

Lula tried to capitalize on these problems by making free trade an important issue in the 1998 campaign. He complained of “predatory” and “superfluous” imports, proposing immediate restrictions on imported goods that Brazil had the capacity to produce. For example, in a campaign commercial he complained that Brazil was importing beans and rice, the country’s most commonly consumed food staples. Another PT commercial portrayed a Taiwanese family thanking President Cardoso for providing their employment by “exporting” Brazilian jobs to Taiwan.

This approach neither helped Lula’s election chances nor did it sour Brazilians on free trade. In fact, free trade has consistently been the most popular component of the shift to the free market in Brazil. Despite its negative consequences for employment opportunities, citizens seem to support free trade because it has given them access to a much wider variety of goods with higher quality and lower prices. Table 6 shows that even in the midst of the economic crisis of 1999 (and leading up to it in 1998) support for free trade was high.
Foreign Direct Investment

One of Cardoso’s successes was attracting foreign direct investment (FDI), which increased from US$5 billion per year to over US$30 billion per year during his first term. Elite opinion has been heavily in favorable toward encouraging greater FDI, even among many segments of the left. Proponents claim that multinational corporations (MNCs) can help generate foreign exchange and create jobs that would otherwise not exist. These firms can also bring more modern technology, knowledge and experience to Brazil, increasing productivity and global competitiveness. Modernized production can also lead to a greater variety and quality of goods and services for consumers. Finally, the Brazilian bourgeoisie and, especially, the state do not have the savings to invest on the scale that foreigners could.

The nationalistic dependency arguments against FDI have died out among the Brazilian elite, but some political leaders have challenged FDI on the grounds that attempts to encourage foreign investors actually discriminate against local capital. For example, during his re-election bid in 1998, Rio Grande do Sul Governor Antonio Britto came under repeated attack for granting a new General Motors factory tax exemption status for its first 20 years and for promising to help pay for the plant’s infrastructure. Moreover, some scholars and politicians fear a “race to the bottom,” where state and local governments try to limit wage growth and labor rights to attract foreign firms. Despite these possible negatives, Lula did not express opposition to FDI during his presidential campaign. In fact, the following statement appeared in his published platform: “we do not intend to introduce discriminatory measures against foreign capital.” Survey data indicate that the electorate echoes the favorable consensus for FDI. (See Table 7.)

### Table 6: Attitudes toward Free Trade in Brazil
(Entries are Weighted Percent of Valid Responses)

<table>
<thead>
<tr>
<th></th>
<th>Strongly Opposed</th>
<th>Somewhat Opposed</th>
<th>Depends</th>
<th>Somewhat Favorable</th>
<th>Strongly Favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-City Sample, 1999</td>
<td>19</td>
<td>11</td>
<td>4</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>N=800</td>
<td>(539 valid responses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Urban Sample, 1998</td>
<td>8</td>
<td>11</td>
<td>32</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>N=993</td>
<td>(899 valid responses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 7: Attitudes toward Foreign Direct Investment in Brazil
(Entries are Weighted Percent of Valid Responses)

<table>
<thead>
<tr>
<th></th>
<th>Strongly Opposed</th>
<th>Somewhat Opposed</th>
<th>Depends</th>
<th>Somewhat Favorable</th>
<th>Strongly Favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-City Sample, 1999</td>
<td>12</td>
<td>8</td>
<td>3</td>
<td>21</td>
<td>55</td>
</tr>
<tr>
<td>N=800</td>
<td>(532 valid responses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Urban Sample, 1998</td>
<td>39</td>
<td>5</td>
<td>2</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>N=993</td>
<td>(899 valid responses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gives Foreigners Too Much Control Both Neither Helps Economic Growth
3. Prevailing Scholarly Conceptions of Brazilian Voting Behavior

The fact that Cardoso won despite a menacing economic situation and his advocacy of unpopular policies (save foreign direct investment and free trade) could indicate some rather interesting facts about the determinants of the Brazilian electorate’s voting decisions. These patterns could indicate that some of the central findings about voters in other countries do not apply to Brazilians. Voting research in older democratic systems tends to focus on the role of policy issues and ideology (Alvarez and Nagler 1995, 1998b; Alvarez 1997; Johnston, Blais, Brady and Créte 1992; Nie, Verba, and Petrocik, 1979; Enelow, and Hinich 1984) and assessments of the economy (Alvarez and Nagler 1995, 1998b; Fiorina 1981; Kinder and Kiewit 1979; Lewis-Beck 1988; Key 1960). The research on issue voting often uses the assumptions of the spatial model, demonstrating that a voter tends to choose the candidate that is the most similar to her or him in beliefs about important policies. Substantial research on economic assessments indicates that people tend to punish incumbent politicians and parties who hold office during economic hardship while rewarding those who hold office during economic expansion. Indeed, the recent wave of research on voting and political behavior in Latin America has mustered considerable evidence for this “retrospective” voting argument (Roberts and Arce 1998; Buendia 1996; Graham and Kane 1998; Remmer 1991; Pacek and Radcliffe 1995; Seligson and Gomez 1989; Brophy-Baerman 1994).

To date, however, scholarly perceptions and descriptions of Brazilian political behavior have diverged from these findings from other countries. Brazilians are often portrayed as “non-rational,” or generally incoherent and inarticulate about political matters (Silveira 1998). Voters are innocent of ideology and do not choose candidates according to their issue positions. Instead, they decide according to personalismo, or candidate personality characteristics such as honesty, leadership and imagery (Kinzo 1992; Baquero 1994; Castro 1994; Von Mettenheim 1995; Silva 1993; Lima 1993; Ribeiro 1994; see Singer 1998 for an exception). These studies help feed both the popular and elite perception that “o povo não sabe votar,” that is, “the people do not know how to vote.”

A few studies have argued that the retrospective voting hypothesis holds in Brazil (Meneguello 1996; Mendes and Venturi 1994; Almeida 1996; Chaffee 1998). Indeed, it is difficult to understand Cardoso’s stunning victory in the 1994 election without using a retrospective economic explanation, although a close analysis of surveys conducted during the months prior to the campaign indicates that his support was on the rise even before the Real Plan drastically lowered inflation. However, data from the 1998 campaign indicate a different pattern, again casting doubt on whether the retrospective model applies in Brazil. Soon after the outbreak of the Russian crisis in August, Cardoso’s expected vote share, measured in public opinion polls, increased from 42 to 48 percent, while Lula’s remained steady at 26 percent. Many observers attributed this boost to Cardoso’s advantages as a leader, at least as perceived by a large bulk of the population. Cardoso has a Ph.D. in sociology, was a college professor, speaks several languages (including English), and has a good relationship with some of the most important heads of state in the world. Lula, on the other hand, never began college, was a factory worker turned labor leader, speaks no English (often muddling Portuguese to boot), and was often critical of major foreign heads of state. In short, many observers claimed that the impending economic downturn raised Cardoso’s vote total because voters believed he would be a better
leader in the globalized economy during the crisis. This argument therefore produces the opposite expectation of those derived from a retrospective economic voting hypothesis (economic hardship helps the incumbent), and also fits with the prevailing wisdom about Brazilians: it is candidate personality and leadership ability, not issues, the economy or rationality, that drives voting decisions. In the subsequent data analyses, I put these commonly held views to a rigorous empirical test.

4. Hypotheses

The goal of the data analysis is to discern the degree to which policy issues, economic assessments and demographics influenced voter choice for presidential candidate. The 1998 election featured three viable candidates: incumbent President Cardoso (53 percent) of the PSDB (Brazilian Social Democracy Party), Lula (32 percent) of the PT (Workers Party), and Ciro Gomes (11 percent) of the PPS (Popular Socialist Party). This section describes the variables I include in a multinomial logit model of voter choice, the results of which are presented in section five.

Policy Issues

The spatial theory of voting predicts that Cardoso would be more likely to receive the votes of citizens who are supportive of the economic policies he pursued during his first term. At the same time, since Lula and the PT opposed almost all of these market-oriented policies, the spatial model would predict higher support for him among voters with more statist orientations. Gomes, a former Finance Minister and Governor of Ceara, was considered the centrist of these three candidates, although during his television campaign he was reticent about many of these issues in his campaign advertisements. He was, however, rather outspoken against foreign portfolio investment and the limited nature of the Cardoso pension reforms.

However, most research on Brazilian political behavior is pessimistic about the ability of citizens to engage in the kind of decision-making implied by spatial voting theory, although few studies have rigorously tested this proposition. Despite these beliefs, I hypothesize that issues matter in Brazilian voting, and, indeed, preliminary evidence from the four-city sample indicates that some economic policy issues did matter for voter choice. Table 8 demonstrates that, among those who cast a vote for a presidential candidate (i.e., excluding abstainers), the probability of supporting Cardoso is higher among people advocating his market-oriented reforms. In fact, the relationship is quite strong and nearly linear for several issues, namely privatization, foreign direct investment, and the switch to a contribution time requirement for pensions. In the remaining cases, the expected relationship exists, although it is weaker and non-linear.

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2 Gomes framed his candidacy as a non-leftist alternative to Cardoso. His main strategy was to criticize Cardoso’s macroeconomic policy of an overvalued currency and high interest rates. A look at his program, however, shows that he seemed to be just as supportive of free trade and privatization as Cardoso, although he favored controls on incoming foreign portfolio investments (called “speculative” capital in Brazil).
**Table 8: Economic Issues: Bivariate Relationships**

(Entries are Weighted Percent of Voters Who Chose Cardoso)

<table>
<thead>
<tr>
<th>4-City Sample</th>
<th>Strongly Opposed</th>
<th>Slightly Opposed</th>
<th>Indifferent or Neutral</th>
<th>Slightly Favorable</th>
<th>Strongly Favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=800. Pension Reform, Contribution Time</td>
<td>59</td>
<td>74</td>
<td>69</td>
<td>69</td>
<td>81</td>
</tr>
<tr>
<td>Pension Reform, Public Employees Administrative Reform</td>
<td>62</td>
<td>67</td>
<td>85</td>
<td>81</td>
<td>72</td>
</tr>
<tr>
<td>Privatization</td>
<td>53</td>
<td>69</td>
<td>64</td>
<td>78</td>
<td>87</td>
</tr>
<tr>
<td>Free Trade</td>
<td>63</td>
<td>66</td>
<td>62</td>
<td>76</td>
<td>74</td>
</tr>
<tr>
<td>FDI</td>
<td>52</td>
<td>76</td>
<td>56</td>
<td>78</td>
<td>77</td>
</tr>
</tbody>
</table>

Besides these economic issues, I analyze the impact of another policy debate that potentially forms an electoral cleavage in Brazil. Evidence from the presidential elections in 1989 and 1994 indicates that the issue of state involvement in civil society constituted an important ideological division that influenced electoral choice (Singer 1998). Voters who believed that the state should intervene in civil society to maintain order (e.g., prohibiting strikes and far-left parties, stifling public protests and social movements) tended to (1) consider themselves to be on the ideological right and (2) vote for rightist presidential candidates. On the other hand, leftist candidates, namely Lula, received overwhelming support from electors who did not want the state to repress social mobilization (self-identified leftist ideologues). To test and control for this ideological divide in the 1998 election, my analysis includes a variable measuring whether the respondent believed the state should have the right to prohibit strikes.4

**Economic Assessments**

According to retrospective voting theory, candidates who are incumbents can increase their perceived utility within the electorate by governing during periods of economic growth. However, voting patterns may deviate from this prediction if (1) the economy is in recession and

---

3 Most of the respondents in this category responded “Don’t know” or “No opinion,” although a few volunteered “depends” as a response. Scholars typically drop these respondents from their multivariate analyses using casewise deletion, but my sample would have shrunk to less than 200 had I done this, introducing severe selection bias and lessening statistical power. Another option is to impute real opinions for these people using an item imputation algorithm, a procedure I use for missing values in some other variables (described below) (King, Honaker, Joseph and Scheve 1998; Little and Rubin 1987). Imputation, however, would “create” opinions for people who clearly had none.

4 In studies of voting in older democracies, scholars have found respondent’s self-placement on a left-center-right ideological scale to be a very strong predictor of candidate choice (Alvarez and Nagler 1995; Bayer and Mayer 1993). I do not include this variable for two reasons. First, the finding that leftists tend to vote for leftists, rightists for rightists and centrists for centrists is not terribly revealing in lieu of information about what people mean by their ideological self-placement. Usually, ideology represents certain policy beliefs or values, so results are much more informative if the researcher analyzes the degree to which these policy beliefs and values themselves determine vote choice. For this reason, I include the “right to strike” variable, and not ideological self-placement, in the models, since attitudes toward the former seem to help constitute the meaning of ideology in Brazil. Second, surveys show that a majority of Brazilians hesitate or refuse to place themselves on a left-right ideological scale (Von Mettenheim 1995). The reasons for this is not clear, but in the four-city survey used in this paper, almost two-thirds of the respondents refused to place themselves on an ideological scale, claiming that they “don’t think that way.”
(2) most voters perceive the incumbent to be more apt at handling a shaky economy. In this case, voters may value personality and leadership qualities over past performance, so perceived economic hardship would actually increase support for the incumbent. Again, despite the existing literature’s arguments to the contrary, I hypothesize that Brazilians were economically and retrospectively oriented in the 1998 election, such that Cardoso received less support from those with negative economic assessments than from those with positive ones.

To test this proposition, I analyze the impact of assessments of both the national economy and personal economic welfare on candidate choice. Research in the United States and Western Europe has demonstrated that assessments of the national economy (“sociotropic”) outweigh perceptions of personal economic well-being (“pocketbook”) in determining vote choice (Kinder and Kiewit 1979; Lewis-Beck 1988). These propositions, however, remain untested in the Brazilian case. Table 9 shows the bivariate relationships between economic assessments and voting choice, indicating that Brazilians in fact do engage in retrospective economic voting. A determination of the relative influences of sociotropic and pocketbook voting awaits the multivariate analysis results.

Table 9: Retrospective Economic Outcomes: Bivariate Relationships
(Entries are Weighted Percent of Voters Who Chose Cardoso)

<table>
<thead>
<tr>
<th>4-City Sample</th>
<th>Worsened a Lot</th>
<th>Worsened a Little</th>
<th>Stayed the Same</th>
<th>Improved a Little</th>
<th>Improved a Lot</th>
</tr>
</thead>
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<tr>
<td>National Economic Assessment</td>
<td>57</td>
<td>69</td>
<td>73</td>
<td>89</td>
<td>83</td>
</tr>
<tr>
<td>Personal Economic Assessment</td>
<td>54</td>
<td>57</td>
<td>73</td>
<td>88</td>
<td>77</td>
</tr>
</tbody>
</table>

**Demographics**

Although not the central focus of this paper, I include a series of demographic control variables in the multivariate analysis. Demographic variables are not often strong predictors of vote choice in Brazil, but I include them since they may correlate with other independent variables of interest. For example, despite having the worst income distribution in the world, class was a surprisingly weak correlate with voting in Brazil’s 1989 and 1994 presidential elections. Moreover, the small relationship pointed to “reverse class voting,” such that the poor and undereducated were more likely to vote for center to right, market-oriented candidates while the middle-class and well-educated were more likely to vote for center to left, statist candidates (Singer 1990; Moises 1993; Meneguello 1996). I include family income and education in the model to account for a possible relationship between voting and class.

Besides class, Brazil has heavily entrenched regional differences in income, economic structure and culture. Politically, state and local party systems vary immensely by region (Nicolau 1996; Rodrigues 1995; Lima 1995). For example, the PFL dominates Northeastern politics but wins few governorships and legislative seats in the South and Southeast. However, these regional cleavages have been much weaker in presidential elections, where the party label is far less important. Regardless, I include a dummy variable for three of the four cities in the sample.
Besides these variables, I include dummy variables for civil servants and the unemployed, two groups that were probably inclined to vote against Cardoso for policy and retrospective reasons. I also include independent variables measuring respondent age and gender.

**Abstention**

Although voting is mandatory in Brazil, about 32 million citizens (in an electorate of 99 million) legally chose not to cast a vote for any presidential candidate in 1998. In fact, Cardoso’s closest “competitor” was not Lula, but abstention, as only about four million more people voted for Cardoso than abstained. Abstainers accomplished this through one of two mechanisms. One option was to go to the polls but “annul” one’s ballot or leave it blank. The other was not to physically go to the polls and fill out and mail in a short form “justifying” one’s absence on election day. Valid “excuses” included work (although election days are always Sundays or national holidays), being out of town, and being sick. In short, different ways of abstaining from an election were available, legal and rather easy to carry out. Therefore, despite having compulsory voting, abstention is an oft-chosen alternative in Brazil and could influence electoral outcomes.

In building their multivariate statistical models, some scholars of U.S. voting have started to treat abstention as an election day option akin to choosing a particular candidate (Burden and Lacy 1999; Nownes 1992). In other words, instead of dropping all non-voters from the sample (Alvarez and Nagler 1995, 1998a, 1998b) or modeling turnout and candidate choice as fundamentally different processes (Timpone 1998; Dubin and Rivers 1989), researchers have become more inclined to include abstention as an element in the citizen’s choice set along with the candidates. This has a few advantages (Burden and Lacy 1999). First, it avoids the problems of selection bias inherent in dropping a sizable proportion of the sample (Heckman 1979). Second, it allows the analyst to determine the effect of abstention on the election’s aggregate outcome. One can discern whether those who abstained share characteristics with those who chose a certain candidate. If the analysis reveals similarities between abstainers and voters of, say, candidate A, then candidate A is burdened by “competition” with abstention for similar types of potential voters, and probably had her or his vote share diminished by the availability of abstention as an option.

I follow this logic and define the choice set to Brazilian citizens in 1998 as the following: Cardoso, Gomes, Lula, and Abstention. I include the same policy, economic assessment, and demographic variables as predictors in all four cases. Including respondent issue attitudes (i.e., respondent’s ideal point) as predictors of abstention does not make sense in spatial voting theory, since the abstention option, unlike candidates, does not have an ideal point, i.e., a point in the issue space. I include them as independent variables nonetheless to determine the policy attitude tendencies of abstainers and to discern whether any candidates “compete” with abstention for citizens gathered at similar points in the issue space.

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This is a probably a conservative estimate of abstention. The Federal Electoral Tribunal estimated the eligible electorate to be 106 million people, but this number was based on a 1994 estimate of the population size. The 99 million figure is based on scholars estimates of the number of deaths occurring since the 1994 election.

Abstainers could accomplish this in different ways depending on the medium they used to vote. In regions where the vote occurred electronically on a keypad, abstainers could press the “annul” or “blank” buttons. Where balloting occurred on paper, abstainers could leave the ballot blank or deface it. It was also possible to abstain in some elections, say for president and senator, while voting in others, say for state and national deputy, on the same ballot.
Inclusion of the economic assessment variables as predictors of abstention has a more straightforward theoretical motivation. Evidence from the United States indicates that economic well-being influences the probability that citizens will participate in politics, although there is no consensus on whether economic hardship has a mobilizing or demobilizing effect. On the one hand, some studies show that economic downturns mobilize voters by enhancing the perceived importance of government policy to individuals who are struggling (Radcliff 1992; Martin 2000). On the other hand, economic hardship may demobilize potential voters who spend their time and attention on their financial problems at the expense of seemingly less relevant matters like politics (Brody and Sniderman 1977; Rosenstone 1982). Regardless, no evidence exists in either direction in Brazil, so I test the size and direction of the relationship between abstention and economic assessments. Finally, demographic variables like education (especially), income, age and gender have enormous impacts on voter turnout in the United States and Western Europe, so I expect to find similar results in Brazil (Wolfinger and Rosenstone 1980; Verba, Nie and Kim 1978; Powell 1986).

5. Methods

An appropriate statistical model for handling a dependent variable that is a numerical indicator of the one choice an individual makes out of a choice set with more than two mutually exclusive choices is the multinomial logit (MNL) model (Whitten and Palmer 1996; Maddala 1983). Given J elements in the choice set, MNL allows one to estimate a set of logit coefficients for each of the possible J*(J-1)/2 pairwise or binary comparisons among the choices. Given the four-choice set in the 1998 Brazilian presidential election, six distinct, pairwise comparisons exist: (1)Cardoso/Lula, (2)Cardoso/Gomes, (3)Gomes/Lula, (4)Cardoso/Abstain, (5)Lula/Abstain and (6)Gomes/Abstain. Table 10 shows the estimates from five of these six binary comparisons using the four-city sample data. The coefficients can be interpreted in the same manner as simple binary logit coefficients, where the numerator candidate in the column heading is analogous to the y=1 choice while the denominator candidate is analogous to the y=0 category. In other words, a variable with a positive coefficient has a positive relationship with the probability of choosing the numerator candidate and a negative relationship with the probability of choosing the denominator candidate. To interpret the relationships, it is important to know that the values of the issue variables increase with support for the policy, while higher values on the economic assessment variables indicate a more positive evaluation.

The estimates were generated in Stata 6.0 using probability weights to account for the different-sized electorates in the four cities. A few variables (education, family income, age, woman, personal economic assessment, and public sector employee) had missing values, so I used the EMis algorithm in the AMELIA software package to impute values where they were missing. I created three data sets with imputed values (missingness was low on all variables, 7 The multinomial probit model is slightly more flexible than the multinomial logit model because the former allows the error terms across the choices to be correlated. However, empirical work in political science shows that substantive results usually do not vary between the two (Alvarez and Nagler 1998a; Quinn, Martin and Whitford 1999; Burden and Lacy 1999). 8 A single MNL model actually estimates only J-1 sets of coefficients, but the remaining sets are easily derived mathematically from these J-1 sets. 9 The Gomes/Abstain estimates were omitted for lack of theoretical importance, but they are equal to the coefficient from column (3) plus its corresponding coefficient column (5).
never more than 12 percent), and the estimates in Table 10 are the average estimates across the three datasets (King, Honaker, Joseph and Scheve 1998; Honaker, Joseph, King, Scheve and Singh 1999). In the end, the only cases dropped from the analysis were 39 people who could not recall their vote or who voted for “other,” non-viable candidates and eight people who did not respond to the national economic assessment question.

6. Results for Candidate Choice

MNL results portray a lot of information, so I will highlight only the most important and interesting findings. First, policy debates are an important source of electoral cleavage. Attitudes about privatization, FDI and pension reform (but only the switch to a contribution time requirement) are statistically significant predictors of candidate choice. Namely, privatization advocates were far more likely to vote for Cardoso than Lula or Gomes. A similar result obtains concerning pension reform, where Lula voters were less likely to support the Cardoso-sponsored changes. FDI was an important issue but only as it distinguished Gomes supporters from other voters; Lula and Cardoso voters did not divide on this issue. Perhaps the most surprising result in these three issues is that Gomes supporters were less likely to support the Cardoso reforms than were Lula voters. This indicates that Gomes may have been “stealing” votes from Lula among citizens upset with Cardoso’s platform. Finally, the degree of state involvement in civil society was also an important issue.

The second series of important findings involves economic evaluations. Evidence strongly suggests that Brazilians were retrospectively oriented and that the state of the economy mattered in the election. Moreover, unlike U.S. citizens, Brazilians engaged in both pocketbook and sociotropic voting to a nearly equal degree. As expected, Cardoso did the best among voters whose financial situation improved during his term, while Lula took advantage (more than Gomes) of those whose economic well being deteriorated. The story is similar concerning national economic assessments, although in this case, those who perceived a worsened economy during the Cardoso years were somewhat more likely to vote for Gomes over Lula (though the difference between the two is not statistically significant).

Finally, the coefficients on the demographic variables demonstrate that Brazil’s social cleavages have a rather minimal political impact. Income and educational attainment did not differentiate between Lula and Cardoso voters at all. Gomes, however, received a disproportionate amount of his support from high-income voters. Surprisingly, the unemployed did not lean toward one candidate or another despite the attention that job creation received in the campaign. Finally, public sector employees overwhelmingly supported Lula, who opposed many of the Cardoso reforms that attacked their privileges.

7. Results for Abstention: Lula’s Dilemma

These results would seem to have spelled doom for Cardoso’s re-election hopes. The existence of retrospective economic voting typically bodes poorly for an incumbent who has governed during a recession. Moreover, the highly unpopular pension reforms were a relevant policy issue in determining voter choice. So how did Cardoso win by such a large margin? Part
of the explanation no doubt lies in the personality and leadership characteristics of the candidates, variables that are not in my model.

The MNL results seem to indicate that Gomes “stole” votes from Lula by appealing to many potential Lula supporters, namely those most angry about Cardoso’s free market policies. In this section I argue that an even more powerful electoral force, abstention, also played a key role in “stealing” from Lula the votes of citizens who were discontented with the economy and Cardoso’s platform. The coefficients in columns (4) and (5) of Table 10 correspond to the pairwise comparisons between abstention and choosing one of the top two candidates. The most notable finding is that none of the economic issue and assessment variables distinguished Lula from abstainers, while some of the most important ones (FDI, pension reform, right to prohibit strikes and sociotropic) did distinguish Cardoso voters from abstainers. This means that Lula “competed” with abstention for similar kinds of voters, a burden Cardoso had to a much lesser extent. Abstainers had many of the characteristics that led some voters to choose Lula, but they chose to abstain rather than cast their vote for the PT candidate. In short, if law required everyone to choose a candidate (pure “compulsory” voting), then Lula probably would have narrowed the gap between himself and Cardoso by garnering the votes of those angry about the economy and the direction of Brazil’s economic reforms.10

Two figures illustrate this dilemma for Lula more concretely. In Figure 1, I use the MNL coefficients from Table 10 to show how voters and abstainers compare to each other on the three most important policy debates and the two economic assessment variables. I set the Lula coefficient to zero, so that other coefficients are in comparison to his. For the economic assessment variables, the farther left is a choice’s coefficient on the X-axis, the more negative, on average, are its supporters about the economy. Likewise, for issue variables, the farther left is a choice’s coefficient on the X-axis, the less supportive are its supporters of the policy. This implies that supporters of all choices to the right of a given candidate’s coefficient (say, candidate Y) are more supportive of the policy (or positive about the economy) than the supporters of candidate Y.

[Figure 1 about here]

The figure shows how Lula, despite his vehement opposition to pension reform, privatization, and Cardoso’s handling of the economy, failed to garner the votes of many citizens who agreed with him on these matters. In fact, on all three policy issues, Gomes supporters were the least market-oriented. Moreover, Gomes supporters were the most negative about the national economy. However, Lula had far more to lose by “competing” with abstention for similar types of citizens, since abstainers outnumbered Gomes voters four to one. The figure does show that Lula competed with abstention as an option, especially over privatization and FDI. Perhaps even more damaging to his campaign was the failure to attract many abstainers who perceived a negative national economy. Figure 2 gives a more concrete interpretation of this effect by plotting the predicted probability (generated by the model) of choosing each option at various values on the national economic assessment variable. The figure depicts the probability of abstaining or voting for each of the three candidates for a paulistana (woman from Sao Paulo)

10 Burden and Lacy (1999) demonstrate how to quantify the turnout and vote stealing effect on aggregate vote totals. However, this is difficult to do with my data since it is not a nationally representative sample.
who holds the mean value on all other variables. By holding all other variables constant, I can isolate the independent impact of the national economic assessment variable. The vertical distance between the lines at each of the five points represents the probability of choosing each option.

[Figure 2 about here]

The increasing probability for Cardoso as this hypothetical woman becomes more positive about the economy illustrates the retrospective voting hypothesis. The more interesting finding, which illustrates Lula’s dilemma and one source of his failure, is that the probability of voting for the PT’s candidate remains rather constant as we move from left to right. Indeed, the probability of abstention increases much more quickly than the probability of a Lula vote as the hypothetical respondent’s view of the economy sours.

8. Discussion and Conclusion

The overall results indicate that there is no shortage of political conflict over economic policy and performance in Brazil. Disagreements over market liberalization translated into significant electoral cleavages in the 1998 presidential election, and Cardoso’s victory margin did suffer from negative assessments of economic well-being. These findings refute the conventional wisdom among scholars of Brazilian political behavior that citizens are inattentive toward economic policies that affect their lives. Candidates and political leaders have limited leeway in implementing policies that hurt substantial segments of the population, since citizens do not easily have the wool pulled over their eyes. This may seem like an optimistic finding for leftist politicians that provide an alternative to free-market policies that have negative consequences, but the evidence from Brazil shows that opposition to market-friendly presidents is not always channeled in their direction. In 1998 many voters who agreed with Lula’s critiques of Cardoso’s economic performance and policies voted for Ciro Gomes, while even more chose not to vote for any candidate. In short, opposition to market policies was dispersed among several options.

The fact that so much citizen opposition to market policies and outcomes ends up as abstention indicates that the left may have a severe credibility problem among large portions of the electorate. The scenario is rather disheartening and unflattering toward Lula and the left. An angry citizen bent on punishing his president for recent economic failures and harmful policies chooses to abstain rather than cast his vote with someone providing a vocal alternative. The scene is even less impressive when one remembers that half of all abstainers showed up at the polls, where casting a valid vote would be no more costly than abstaining.

The source of Lula’s credibility problem is not clear and is surely due to factors excluded from the empirical models in this paper. However, some of the personal leadership issues may have played a role. Many voters may not want to entrust their protest vote with a union leader who never went to college. Moreover, ever since the 1989 run-off election, many voters have viewed Lula and all PT politicians and candidates as political radicals. In that election, Lula’s opponent, Fernando Collor de Mello, used McCarthyesque tactics to paint Lula as a communist radical who would socialize the private property of the middle and upper classes. Finally,

11 This woman also happens to be neither unemployed nor a public sector employee.
abstainers may not believe that Lula would be able to combat market liberalization since it would entail both snubbing international financial institutions like the World Bank and IMF and passing liberalization-reversing reforms through a Congress filled with political opponents. Despite these apparent difficulties, opponents of market-friendly reforms in Brazil may do better to pursue a mobilizing strategy, whereby potential non-voters are persuaded to vote, than a conversion strategy.
Appendix 1: Question Wordings and Codings from Four-City Survey

(In order of appearance on questionnaire)

The four-city survey was conducted in Belem, Porto Alegre, Recife and Sao Paulo, with 200 face-to-face interviews in residences in each city. Samples were selected using age, sex and neighborhood-size quotas with interviewers choosing respondents at their own discretion within neighborhoods. The interviews occurred during late March and April of 1999 on weekend days. Respondents answered about 30 questions in an average of 12 minutes. All data analyses use probability weights (cases are weighted by the inverse probability of being selected) to account for the variation in electorate sizes across the cities.

National Economic Assessment: “Speaking generally about the country in the last five years, do you think that the economic situation of Brazil has (4) improved a lot, (3) improved a little, (2) has neither improved nor worsened, (1) worsened a little or (0) worsened a lot?”

Pension Reform, Contribution Time: “Recently, the National Congress approved pension reform (reforma da previdência). This reform requires a minimum number of contribution years so that the worker can retire. Are you in favor, against or do not have an opinion on this change to minimum “contribution time”? Are you strongly or a slightly (favorable, opposed)?” (0) Strongly opposed, (1) slightly opposed, (2) no opinion or don’t know, (3) slightly favorable, (4) strongly favorable.

Pension Reform, Public Sector Employees: “Another part of this reform requires retired public sector employees (funcionários públicos) to contribute to the social security fund. People have different opinions over this. Are you in favor, against or do not have an opinion on this requirement that public sector employees also contribute to the social security fund? Are you strongly or a slightly (favorable, opposed)?” (0) Strongly opposed, (1) slightly opposed, (2) no opinion or don’t know, (3) slightly favorable, (4) strongly favorable.

Administrative Reform: “Recently, the National Congress approved administrative reform, which ends job tenure (estabilidade) for public sector employees. This reform facilitates the laying off of public sector employees. Are you in favor, against or do not have an opinion about the end of job tenure for public sector employees. Are you strongly or a slightly (favorable, opposed)?” (0) Strongly opposed, (1) slightly opposed, (2) no opinion or don’t know, (3) slightly favorable, (4) strongly favorable.

Right to Prohibit Strikes: “Do you believe that the state should have the right to prohibit strikes?” (2) Yes, (1) Depends, (0) No.

Privatization: “In the last ten years, many state-owned businesses, that were directed by the state, were sold to the private sector in a process called privatization. People have different opinions over privatization. Are you in favor, against or do not have an opinion on privatization. Are you strongly or slightly (favorable, opposed)?” (0) Strongly opposed, (1) slightly opposed, (2) no opinion or don’t know, (3) slightly favorable, (4) strongly favorable.
Free Trade: “In the last ten years, Brazil’s trade with foreign countries grew. This increase in trade is known as ‘trade opening.’ Some people favor and others oppose this ‘trade opening.’ Are you in favor, against or do not have an opinion on this policy of trade opening? Are you strongly or a slightly (favorable, opposed)?” (0) Strongly opposed, (1) slightly opposed, (2) no opinion or don’t know, (3) slightly favorable, (4) strongly favorable.

FDI: “Much has been said about foreign businesses investing in Brazil, which has grown over the last ten years. Are you in favor, against, or do not have an opinion on this growth in foreign investment in Brazil? Are you strongly or slightly (favorable, opposed)?” (0) Strongly opposed, (1) slightly opposed, (2) no opinion or don’t know, (3) slightly favorable, (4) strongly favorable.

Personal Economic Assessment: “Concerning your own economic situation in the last five years, would you say it has (4) improved a lot, (3) improved a little, (2) has neither improved nor worsened, (1) worsened a little or (0) worsened a lot?”

Education: (0) No instruction, (1) 1st or 2nd grade complete, (2) 3rd to 4th grade complete, (3) 5th or 6th grade complete, (4) 7th or 8th grade complete, (5) secondary school incomplete, (6) secondary school complete, (7) post-secondary school incomplete, (8) post-secondary school complete, (9) at least some graduate school.

Family Income: Family monthly income divided by 1000.
Appendix 2: Question Wordings from National Urban Sample Survey
(In order of appearance on questionnaire)

Privatization: “Do you think that the change toward privatization is good or bad for the country?”

Free Trade: “Over the last few years the country has had more and more business and trade with other countries. This tendency is called “free trade.” Do you think that free trade is good or bad for the country? Very or slightly?”

Foreign Direct Investment: “Which phrase is closest to your way of thinking? Foreign investment is good because it helps economic growth. [Foreign investment] is bad because it gives to much influence over our economy to other countries.”
Bibliography


Table 10: Abstention and Candidate Choice in the 1998 Presidential Election
(Entries are Multinomial Logit Coefficients and Robust Standard Errors in Parentheses)

<table>
<thead>
<tr>
<th>Four-City Sample</th>
<th>Candidate Preference</th>
<th>Abstention</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cardoso</td>
<td>Cardoso</td>
</tr>
<tr>
<td></td>
<td>Lula</td>
<td>Gomes</td>
</tr>
<tr>
<td>N=753.</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Pension Reform, Contribution Time</td>
<td>.13* (.10)</td>
<td>.18 (.18)</td>
</tr>
<tr>
<td>Pension Reform, Public Employees</td>
<td>.02 (.10)</td>
<td>.08 (.17)</td>
</tr>
<tr>
<td>Administrative Reform</td>
<td>.08 (.12)</td>
<td>-.17 (.20)</td>
</tr>
<tr>
<td>Right to Prohibit Strikes</td>
<td>.44* (.21)</td>
<td>-.28 (.36)</td>
</tr>
<tr>
<td>Privatization</td>
<td>.23* (.11)</td>
<td>.56** (.24)</td>
</tr>
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<td>Free Trade</td>
<td>.05 (.13)</td>
<td>.10 (.17)</td>
</tr>
<tr>
<td>FDI</td>
<td>.06 (.13)</td>
<td>.35** (.18)</td>
</tr>
<tr>
<td>Personal Economic Assessment</td>
<td>.30* (.16)</td>
<td>.14 (.24)</td>
</tr>
<tr>
<td>National Economic Assessment</td>
<td>.26* (.17)</td>
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<td>Public Sector Employees</td>
<td>-.59* (.46)</td>
<td>1.24** (.87)</td>
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<tr>
<td>Unemployed</td>
<td>.06 (.38)</td>
<td>-.69 (.77)</td>
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<td>Educational Attainment</td>
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<td>-.05 (.13)</td>
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<td>Family Income</td>
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<tr>
<td>Age</td>
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<td>-.05 (.02)</td>
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<tr>
<td>Woman</td>
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<td>-.15 (.61)</td>
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<tr>
<td>Sao Paulo Resident</td>
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<td>1.25** (.55)</td>
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<tr>
<td>Constant</td>
<td>-2.01** (.81)</td>
<td>1.79 (1.41)</td>
</tr>
</tbody>
</table>

*=p<.1, one-tailed. **=p<.1, two-tailed
Figure 1: MNL Coefficients for Main Economic Variables

Personal Economic Welfare

National Economy

FDI

Privatization

Pension Reform, Contribution Time

Multinomial Logit Coefficient
A=Abstainers, C=Cardoso Voters, G=Gomes Voters, L=Lula Voters
Figure 2: Sociotropic Voting and Abstention in Brazil
(Predicted Probabilities as a Function of National Economic Assessments)