



BRAZIL ALERT **How Long a Honeymoon?** William Barr

Overview

- In the weeks since Lula's election, largely positive but some problematic indicators are emerging about future directions.
- Internationally, the signals are reassuring: honoring commitments inherited from the current administration, continued fiscal discipline, and travel plans including South America, the U.S. and possibly Europe--but neither Cuba nor Venezuela.
- Domestically, the call is for patience, the message hope, the focus on ending hunger and fighting corruption.
- How well Lula and the incoming administration deal with political pressure and interest groups will determine the length of the honeymoon.

In the first weeks following the historic election of Luiz Inácio Lula da Silva as Brazil's next president, mixed but largely positive signals about the likely direction of the transition and early months of the new administration have begun to appear.

On the Plus Side

The simple fact that an organized transition is taking place, proposed by outgoing president Cardoso and accepted by the president-elect, is a positive step. Lula has moved deliberately to name his coordinator of transition, former Santo André mayor Antonio Palocci, who in turn has selected sub-coordinators for the five major priority areas for analysis. These are Management and Governing, Economic Development, Social Policy, Infrastructure, and Parastatals/State financial institutions. They have until November 24 to conclude their reports on the current state of their respective areas of responsibility. Emerging as a person to be closely watched by international as well as domestic observers is Luis Guchiken, a long-time Lula friend who as coordinator of the first group will establish the baselines for Planning, Justice, Defense, Foreign Affairs, Planalto--the presidential palace, and the office of the chief of staff to the president. The essence of the next two subgroups has received early emphasis: fighting both hunger and corruption have emerged as key early themes.

Although it has otherwise downplayed macroeconomic themes--it has deliberately taken a very low profile with the visit of an IMF team in November, for example--Lula's team has reinforced the president-elect's reassurances to the international financial community that inherited commitments will be honored. It has also emphasized its awareness of the need to contain costs to domestic constituencies. This message was directed at expectations about the eventual minimum wage for 2003, legislative proposals on tax reform and public sector pension reform. It was also directed at governors who are lobbying for relief from stringent terms for repayment of state-contracted debt. One concrete manifestation of the message was a PT-backed vote in the Chamber against a raise in salary for groups including the Federal Police.

As he promised during the campaign, Lula has convoked an initial meeting of business, government and civil society representatives-the Council for Economic and Social Development-in search of a "social pact" to confront the problems the nation faces. He reiterated his intent to establish a Secretariat for Emergencies responsible directly to the president. He made it known early-and his key advisors have reinforced-that the composition of his cabinet is his to determine, and discipline has been maintained. An announcement is expected in the first half of December, and Lula says his cabinet will be broader than the PT and the left; it is highly unlikely, however, that key positions such as Planning, Finance, and the Planalto ministries will go to other than his most trusted associates.

Lula's pre-inauguration travel agenda is also likely to provide some reassurance. He intends to visit Argentina and Chile before the U.S., to show the priority he plans to give to the region and to integration through increased trade and a strengthened Mercosul; a trip to Europe is possible but unconfirmed. A meeting with President Bush is confirmed for December 10, and spokesman Andre Singer noted pointedly that the U.S. is Brazil's "principal trade partner, with whom we want to have the best possible relationship." Equally likely to bring at least short-term relief is who Lula will not visit prior to his swearing-in: neither Cuba's Castro nor Venezuela's Chávez is on the program.

The next president and his team have also moved smartly to pick up additional allies in order to pass legislative priorities in the short term. Most significantly, Lula has closed a deal with Michel Temer, president of the PMDB-which was a coalition member throughout the Cardoso administration-to share leadership in the Congress. The PMDB will preside over the Senate, the PT over the Chamber. Apart from any other gains through defections from now-opposition parties, like the PSDB and PFL, bringing the PMDB on board means that the Lula administration can count on support from the party ranked second in the upper and third in the lower house.

Cracks in the Mortar

A landslide victory does not translate seamlessly into a peaceful and loving transition-particularly when the winning party has been in the opposition ever since its founding. Some discordant notes can be traced to the real need for long-time oppositionists to learn to adapt to their new circumstances and adopt a different outlook. What a new PT senator told permanent staffers who asked what she expected in her new position is revealing. "I intend to be very combative," she immediately said. Reminded that she would now be part of the government party, she paused in evident wonderment and added, "That's true, isn't it?" PT Senator Eduardo Suplicy's criticism of his own party's proposal to distribute food coupons in support of Lula's "Zero Hunger" (Fome Zero) program seems similarly reflexive, especially in that it was done publicly rather than privately.

Other, less comic developments have the capacity to become more significant as time passes. PPS president Roberto Freire noted November 11 in another context that "the opposition that the old PT mounted was demagogic theater, because it didn't take into account the limitations of reality." The incoming administration will also have to deal with demands and expectations at odds with its appreciation of reality, and to balance achievement of its goals with the political prices that will have to be paid. A scant two weeks after he was elected, Lula confided to outgoing President Fernando Henrique Cardoso at a private dinner at the Alvorada Palace he was "astonished" at the number and intensity of requests for political appointments he has received, and noted there is no way he can take care of all of the supplicants.

Well within that timeframe, he heard from Bispo Rodrigues, the political coordinator of the Universal Church of the Kingdom of God, the Vice President of the rightish Liberal Party and a federal deputy from Rio, that he expects significant PL representation in the eventual cabinet of the new administration. (José Alencar, Lula's running mate, is from the PL of Minas Gerais.) Rodrigues had initially supported the candidacy of fellow evangelical Anthony Garotinho, and his statement of expectation was followed up with a threat that the PL congressional delegation might not support PT positions on key issues. PL president Valdemar Costa Neto was forced to respond, and said that the PL would support the PT even on issues where the two parties diverge ideologically. He also predicted his party could double its presence in the lower house, perhaps to as many as 50 members. Given the divergence between Costa Neto and Bispo Rodrigues, however, the likelihood of bloc voting will diminish as time goes on.

Defeated first-round candidate Ciro Gomes, was as quick off the mark as Bispo Rodrigues: the Progressive Socialist Party (PPS) that supported his and subsequently Lula's candidacy not only should receive ministerial positions, he said, they should not be "trivial" ones like Culture but important portfolios in the economic/financial area. Although party president Roberto Freire said the PPS would not seek any specific positions, supporters of Ciro evidently think otherwise: they are pushing the former presidential aspirant for Minister of Social Security (Previdência Social). And Lionel Brizola, the legendary leader of the PDT, insists the price of his party's support in Congress is that it, and not Lula, name a cabinet official from its ranks.

Nor are the Workers' Party faithful quiet. The minimum wage question is a magnet for attention: on the one hand, the poor have their hopes pinned on a figure far greater than the 211 reais proposed by the Cardoso administration; and, on the other, monetarists and others see an increase much beyond 220 reais as a budget-breaker. In other words, it is the perfect

venue between those who, like the monetarists, put fiscal discipline above everything else, and the developmentalists who have long advocated directing more resources towards the economically disadvantaged. This latter group has long been associated with Workers' Party positions. Senator-elect from Rio Grande do Sul Paulo Paim and Rio deputy Jorge Bittar, both of the PT's vocal leftist segment, called for the party to keep its word and adhere to its earlier position advocating a substantial increase in the minimum wage. Moreover, Paim ridiculed the PT leader in the Chamber of Deputies, João Paulo Cunha, for trying to strike a position more consistent with financial realities. "Don't give me that business. That sounds like a Tucano [i.e., a PSDB] speech," he scoffed. Transition director Palocci had what may be the last word for now, which is that the incoming administration will only revisit the issue once it has taken office. A revised minimum wage takes effect in April, according to the constitution.

Some radical supporters of Lula are moving on two other fronts. First, splinter parties like the PSTU, a Trotskyite faction that ran its own candidate for president in the first round, is taking soundings about the eventual creation of a new party that would include the "shiites" of the Workers' Party as well as itself and other extremist groups. Senate firebrand Heloisa Helena (PT-Alagoas) has been particularly critical of the president-elect's newly moderate positions, her bitterness intensified by the party's lackadaisical support for her abortive gubernatorial run. Although the PT leftist has not been formally sounded out on the proposal, Heloisa has been widely quoted as considering bolting from her party. Support of the new administration by the left, obviously, is not a foregone conclusion even in the short term.

Second, the Landless Movement (MST), which resumed invasion of productive property on November 9, says it will continue to do so through the end of the Cardoso administration. Nominally directed against the current government, the action is clearly meant at least as much as a message to Lula: heed our demands, or you may regret it. But the MST's national coordinator says that the movement fully backs the PT, and-like Lula's mantra-is "peace and love." This is yet another organization where ongoing internal disagreement is likely to have an impact on support for Lula and his government.

What It Means

The incoming administration has moved with discipline, caution and a certain tranquility during the early days of the transition. It has staffed the structures it needs to define the landscapes in which its priority goals are located, and which will provide hints as to likely fruitful approaches. It has sent signals of reassurance to foreign communities that prior commitments will be kept. It has also asked patience from the Brazilian people, invoking the country's economic situation to emphasize that there are no quick fixes and that lasting solutions will take time to put in place. Pressure from political parties and interest groups, however, is not likely to abate. With what agility Lula and his advisors can balance competing demands from society, and deal with the political pressure, will in large measure determine how long and sweet the honeymoon will be.

About the Author

William Barr is a former U.S. Foreign Service Officer, he was in Mexico during the NAFTA debates and passage, Panama when civilian government was restored, and Nairobi when Al Qaeda blew up the U.S. Embassy. He served twice in Brazil, as press attaché and counselor for political affairs. Mr. Barr is now a consultant and resides in Brasília.

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