

THINKING BRAZIL

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Brazil Under Lula: *Domestic and Foreign Perceptions*

Much to the surprise of opponents, political analysts, economists, and perhaps even loyal supporters, Brazilian President Luis Inácio Lula da Silva has accomplished a great deal during the first two years of his administration. On December 8, 2004, Brazil @ the Wilson Center and the Brazil Information Center hosted William Waack, Special Journalist for the Globo Network and Carlos Thomaz, a Brazilian author and lawyer, to recap Lula's progress and chart the prospects for his administration and Brazil over the next two years.

According to **Carlos Thomaz**, Brazil has achieved tremendous progress over the past 10 years. Crucial measures were undertaken in an effort to control hyper-inflation and modernize state administration.

Many important reforms have yet to be implemented, however, and Thomaz believes the Lula administration has the historical responsibility to carry them out. He agreed that the formerly outspoken Lula has assuaged even

the harshest critics, emphasizing pragmatism over leftist ideology. Thomaz felt that this unanticipated success has given Lula momentum, fueling his administra-

tion's efforts to further advance national interests. Brazil is currently experiencing a period of unprecedented economic growth and deepened democratic consolidation and he believes

Lula must capitalize on this opportunity to implement positive reforms.

Thomaz suggested the development of a two part program that would promote economic stability through job creation and fulfill basic needs through social

spending. Job creation would rely heavily on the continued application of appropriate macro-economic policies including inflation targeting and a float-



William Waack

ing exchange rate. He believes these policies should be complemented by increased incentives for private investors and the simplification of private industry regulation. Continuing, Thomaz reasoned that fulfillment of basic needs would require a dramatic realignment of priorities. He feels that the administration should pay more attention to primary education and health, with clinics and immunization programs taking precedence over costly medical treatments. Social safety nets that protect and create opportunities for the poor are also necessary.

Conceding that implementation of this vision would not come without a cost, Thomaz contended that it would require strong leadership and deep participation across all areas of society. He believes Lula must now decide between playing the role of statesman, pushing the tough reforms Brazil needs, or that of a politician, whose interest



Carlos Thomaz



William Waack

in re-election will force him to promote populist and demagogic initiatives.

In his review of Brazilian foreign policy, **William Waack** argued that the popular perception of the Lula administration as a coherent and unified front is neither completely accurate, nor historically founded. A closer look inside Brazil reveals an administration filled with ambiguity. The foreign policy of Lula's own *Partido Trabalhadores* (Workers Party) has been refracted by the presence of a several internal discordant voices. Waack believes that Lula has exhibited a considerable lack of consistency when attempting to sell Brazil's image abroad. In particular the administration has sent conflicting signals when dealing with Presidents Chavez and Bush. This ambiguity is also present in Lula's social policy where, despite serious personal commitments to

address problems such as hunger with the *Fome Zero* program, his platform has been far from steady or effective.

Waack asserted that Brazil's quest for increased regional and international participation would require a renewed national strategy and more coherent foreign policy. This strategy must be characterized by an increased willingness to focus on the relationship with the United States, a strengthened commitment to the non-proliferation of nuclear arms, and a serious reassessment of its views on global terror. In short, Waack believes Brazil must not let a strong sense of national pride create a false sense of sovereignty that would reduce its potential to become a global player.



Thinking Brazil Update is an electronic publication of **Brazil @ the Wilson Center**. This project is founded on the conviction that Brazil and the U.S.-Brazilian relationship deserve to receive better attention in Washington. Brazil's population, size, and economy, as well as its unique position as a regional leader and global player fully justify this interest. In response, and in keeping with the Center's mission to bridge scholarly research and public action, *Brazil @ the Wilson Center* sponsors activities designed to create a "presence" for Brazil in Washington that captures the attention of the policymaking community. *Brazil @ the Wilson Center* is grateful for the support of ADM, and The GE Foundation.

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