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“Lulinha, paz e amor”

Norman Gall

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If Shakespeare were alive today, he might have written that Luiz Inácio Lula da Silva, like Julius Caesar, bestrides the narrow world of Brazilian politics like a colossus, as “petty men walk under his huge legs to find themselves dishonorable graves.”

The most popular president in Brazil’s history prepares to leave office in a halo of glory at the end of his constitutional term. Bathed in international adulation, with approval ratings in domestic polls (78%) that should be the envy of politicians worldwide, Lula became a symbol of Latin America’s recent progress in consolidating democracy and ending decades of chronic inflation, with major advances in social justice.

Few political leaders have been lionized as much as Lula in recent years. A man for whom things never came easy, Lula is a figure of heroic complexity who, unlike Shakespeare’s heroes, was not of gentle birth. His childhood in the drought-stricken Northeast and the migration to São Paulo of his abandoned mother and her children on the back of old truck forms part of the legend, portrayed last year in a hagiographic film, “*O filho do Brasil*” (The son of Brazil), financed by government contractors. Juan Luis Cebrián of *El País*, admiring his earthy wisdom, compared him with Sancho

Panza after a long interview in Brasília, when Lula “rested his worker’s hand upon my knee as a sign of complicity, of camaraderie, of evident frankness,” leading Cebrián to quote Sancho’s final words: “*saliendo yo desnudo como salgo, no es menester otra señal para dar a entender que he gobernado como un ángel*” [“departing naked, no other sign is needed to show that I have governed like an angel”].

Not quite so. Billions of dollars are spent in Brazil’s election campaigns, which have caused Lula embarrassment. Duda Mendonça, Brazil’s most expensive political marketer, invented the slogan, “*Lulinha, paz e amor,*” to soften his image before the 2002 election, Lula’s fourth try at the presidency after three failures at preaching rupture with the ruling elites. Duda’s revelations of illegal payments three years later at a parliamentary inquiry raised the threat of impeachment thanks to the misdeeds of the petty men who walk under Lula’s legs. Three cabinet ministers urged Lula to resign. One of them was the presidential chief of staff, Dilma Rousseff, Lula’s anointed successor in this month’s presidential election. “You don’t know me,” he responded at the time. “These guys are deceived. They don’t understand my connection with the people. I’m going to win the election from these sons of bitches.”¹

Lula survived because went out among the poor people to campaign relentlessly and because he delivered the goods, literally. Today Lula’s popularity is based on a huge consumption boom, fueled by big increases in government employment and salaries as well as transfer payments, including the *Bolsa Familia* program that pays small monthly sums to mothers to keep their children in school. The transfer payments and a big increase in formal employment contributed to the lifting of some 29 million Brazilians out of poverty, according to official statistics. These Brazilians are enjoying the fast growth of consumer credit to buy domestic appliances, computers, motorcycles, cars and new homes, with personal loans growing by 35% yearly since 2003, and by 45% over the past three years, at interest rates exceeding 40% that now absorb 35 % of monthly income of indebted families. As a result, Brazil may face a subprime crisis of its own.

Rising consumption gave Brazilians a benign view of their prospects and the world. The Global Attitudes Survey of Washington's Pew Research Center this year found Brazilians more satisfied with economic conditions than the citizens of any of 22 countries except the Chinese. Some 77% think Brazil will become, or already is, a world power, although that concept remains vague.

This self-confidence leads Brazilians to express views at odds with the thrust of Lula's foreign policy. In contrast to his habitual taunting of the United States, 62% of Brazilians view the U.S. favorably while 77% favor large foreign companies and 87% support free markets and foreign trade. In contrast to 56% approval of President Obama, only 13% of Brazilians admire Venezuela's Hugo Chávez and 18% favor Iran, two of Lula's allies.

In what was a depressing election campaign for some and a festival of adulation for the majority, Lula again was the star as he squired his lesser-known protégé from rally to rally around the country and did most of the talking for her. Dilma Rousseff, 62, a hard-line leftist economist who in her youth was an urban guerrilla imprisoned and tortured by the military regime, was presented to the people like a new debutante. "Electing Dilma will be the most important act of my presidency," Lula announced again and again, amid speculation that Dilma would be occupying the presidential palace just long enough for Lula to run again for the Presidency in 2014. Dilma won her biggest majorities in those poor municipalities with the greatest concentration of *Bolsa Familia* payments.²

The Lula/Dilma campaign fell short of victory in the first round of the election, held Sunday October 3, with 47% of the votes, because of the surprisingly strong showing of Senator Marina Silva, Lula's former Environment Minister, the daughter of a rubber tapper born deep in the Amazon forest who learned to read and write when she was 16 years old. Her advocacy of better education for Brazilians and her soft-spoken, dignified manner won her a protest vote (19%) from those unhappy with the timid, uninspiring campaign of the main opposition candidate, José Serra,

whose distinguished record as Health Minister and as mayor and governor of São Paulo failed to impress voters.

Dilma's election would pose two important risks: First, Dilma is a Dragon Lady, about whom anecdotes abound in political circles of her abuse of colleagues and subordinates, even the doctors and nurses who treated her for lymphatic cancer last year in a São Paulo hospital. Her short temper risks conflict with the petty men who walk under Lula's legs, who were protected by his suavity, his need for alliances with all and sundry and his protection of corruption in the many scandals that plagued his government throughout the past eight years. The second and more important risk is that good times may be ending, with overheating of the Brazilian economy driven by easy credit and huge increases in public spending. High interest rates aimed at controlling inflation further strengthen an already overvalued currency that worsens a widening current account deficit.

In an emotional ceremony at the São Paulo stock exchange last week to celebrate the \$70 billion capitalization of Petrobras, Lula announced: "It was not in Frankfurt, nor in London, nor in New York. It was in São Paulo, in our green and gold Bovespa, that we consecrated the greatest capital-raising in the history of world capitalism." Thanks to bizarre and complex financial maneuvers, some \$18 billion from private investors in Petrobras was transferred to the federal treasury to balance the government's fragile accounts, increasingly precarious because of Lula's big bet on consumption rather than investment.

What is then Lula's true legacy? Not *paç e amor*, but Dilma Rousseff's election. Her survival and Brazil's long-term success will depend on the capacity to invest successfully in education and infrastructure to make its population more productive.

¹ Quoted in Cristiano Romero & Raymundo Costa, "Como Lula deu a volta por cima," *Valor Econômico*. May 21, 2010/EU& p6. A detailed investigation, five years later, of how Lula survived the *mensalão* crisis.

² Daniel Bramatti, "Votação de Dilma cresce de acordo com alcance do Bolsa-Família, indica estudo," *O Estado de São Paulo*. October 6, 2010/A10.