The 2010 elections

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The most important political event this year will be the election of President Lula's successor. Since Governor Aécio Neves has abandoned the race, the crucial dispute will be between Governor José Serra and Minister Dilma Rousseff, despite the possible candidacies of former minister Marina Silva and Congressman Ciro Gomes. Will there be any significant changes to the current model of the Brazilian economy after the elections?

The first major watershed for the Brazilian economy was the first presidential election after the country was re-democratized, when Fernando Collor de Mello came out a winner. President Lula's victory then would have meant a step backward for the country — at the time his experimental mulatto socialism as supported by the Workers' Party (PT) was a Bolivarian version of socialism, Hugo Chávez-style. The results not even PT could have guessed.

Whether moved by conviction or opportunism, Fernando Collor de Mello established the economic agenda that prevails to date. It includes opening up the economy, stabilization, privatization of state-owned companies, and reform of public administration.

Opening the economy was a must after the final cycle of import substitution, which transformed Brazil from simply a coffee exporter into an industrial country characterized by dynamic and innovative businessmen. Stabilization through policies directed to macroeconomic discipline had previously been seen as right-wing policy — no matter that the helpless poor had been left to pay the bill of fiscal irresponsibility. Privatization now came stripped of ideological overtones because it was a simple consequence of financial arithmetic: a bankrupt state would be in no condition to manage companies that required huge capital investments.

The reform of the state resulted from the need to transform a state characterized by machine politics and political favors into a state capable of providing services like health and education to the taxpayers. Collor started the ball rolling, but when he put together a poor economic team, he ended up losing the match. His impeachment put a new issue on the agenda: corruption. Today corruption has become part of our daily lives; the independent press regularly presents explicit scenes of undue appropriation of public money.

President Fernando Henrique Cardoso was able to carry on with Collor's agenda without his drawbacks, and successfully implemented the Real Plan to stabilize the economy and introduce a new and stable currency. The long and sluggish adjustment of the Brazilian economy, however, made the population weary. The electricity blackout in 2001 was the last straw: it prevented FHC from electing his successor.

The second landmark in the country's recent history was the election of President Lula in 2002. Instead of following the path he had previously advocated, Lula, like Cardoso, adopted the Collor agenda for the Brazilian economy. In practice PT became a social-democratic party, giving up the mulatto socialism and other utopian ideas that had failed everywhere else.

President Lula's strategy now consists of transforming the 2010 presidential elections into a true plebiscite on his and the Cardoso administrations. The economic model is not at stake. What is at stake is how the model is managed.

Today, the role of the state is to foster rather than drive economic growth, as was the case in the import substitution model. Today, the most important activity of the state is to reduce social inequality. The political debate leading up to the 2010 elections will center on those issues. The voter will not be asked to choose between economic models but rather to choose who will best manage the one we have had for three administrations.

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