

# The Brazilian Right and the Lula Administration

By Emir Sader | September 30, 2004

The Lula administration has received criticism over the past two months for what the media is calling “authoritarianism.” Proposals to regulate the journalism and film industries drew unanimous disapproval. Critics capitalized on the moment to address other issues, from the expulsion of a *New York Times* journalist, to Labor Party (*Partido dos Trabalhadores–PT*) patronage in public office and the growing electoral campaigns of PT candidates. It was as if they were suddenly overtaken by the fear that the ruling party would eventually extend its sphere of influence.

This is happening in the midst of a climate of euphoria as a result of the economic upswing reflected in the latest social indicators. The upswing could serve to confirm the government’s conservative economic policies, thus pleasing sectors of the right.

But even now, the editorial boards of newspapers such as *O Globo* and *O Estado de São Paulo* have expressed concern that the upswing could also serve as a pretext for the PT to cast aside its liberal reform agenda. They mention labor reform specifically, while at the same time calling attention to the risks of loosening the strictures of the Law of Fiscal Responsibility. They have begun repeating criticism of what they consider an “excessive tax burden,” and reiterating that without new investment—dependent on greater tax relief for private companies—the current economic upswing will not be sustained.

Although it has succeeded in gaining the support of the traditional elite that makes up a fundamental core of the Brazilian right, the Lula administration has not been successful in acting as a natural representative of these constituencies. They instinctively mistrust the PT as a party, and reject forms of state regulation proposed by the government, the importance given to the Landless Peasants Movement (*Movimento dos Trabalhadores Rurais Sem Terra–MST*) and other social movements, the lack of a hardline policy toward governments such as Cuba and Venezuela, and the ideology-driven nature of foreign policy, among other aspects. That said, then, what effectively is the position of the Brazilian right regarding the Lula administration?

## Ambiguous Relationships

The right’s relationship with the Lula administration is ambiguous: on the one hand, it supports the government’s economic policies, but on the other hand, from a political perspective, it is uncomfortable with the increased strength of a party that does not form part of the block in which it traditionally puts its faith. It is as if the right, whose interests are reflected in the government’s conservative policies, still does not feel sufficiently confident to bestow upon this party

the natural relationships it has with the parties that have traditionally represented it—specifically, the Liberal Front Party (*Partido da Frente Liberal–PFL*) and the Brazilian Social Democracy Party (*Partido da Social Democracia Brasileira–PSDB*). Its clear position of opposing PT candidates in municipal elections reinforces this stance on the part of the right.

The relationship of the Brazilian right shifted naturally toward the PSDB during the eight years of the Fernando Henrique Cardoso administration. The right placed its trust in spokespersons in the party, beginning with the former president himself, and including economists and congressmen from Pedro Malan to Tasso Jereissatti. Complementing this is its relationship with the PFL, where someone like Jorge Bornhausen represents close ties with the Brazilian right’s financial sector.

Lula’s victory, followed by alarm and eventually resignation within the right, brought with it a positive “surprise:” continuance in economic policies, the nomination of cabinet members from the business community, the constitution of a Central Bank team and the proposal to follow through with the liberal reforms of the Cardoso administration. This brought about the realignment of big business in favor of the Lula government.

The crux of this support is the economic policy, which is carried out by the Ministry of the Interior and by the Central Bank staff, as well as by the Ministries of Agriculture and International Trade—the latter being comprised mainly of businessmen.

The liberalism of this economic policy is the common element between the government and the positions of the right and big business and the foundation upon which the government-big business alliance is constructed. The priorities of tax reform and monetary stability are the pillars on which this alliance and big business’ support of the government are founded. These priorities establish parameters for jumpstarting the economy, as well as a model centered on exportation, where agribusiness plays a dynamic role.

The struggle to reduce the fiscal burden continues, by implementing reforms that increasingly encourage relaxation of



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traditional labor frameworks, with more incentives to export. The industrial and commercial business communities demand reduced interest rates, a demand that is not being met by the financial system. However, there are clashes within the government itself, with the vice president defending the former position and the economic team the latter.

More distant since the electoral period, members of the political right have defended the government's economic team when it has been questioned. However, they know that their political niche has been reduced as the government has moved toward the center and right of the political spectrum. So although the business community supports practically all of the economic policies, the political right puts the brakes on the government whenever it can, especially during elections when the dispute for the political realm intensifies.

## Points of Conflict

Despite basic agreement on economic policy, the right—as expressed by editorials in the major newspapers and in the protests of opposing parties—has frequently attacked the government for its “authoritarian” tendencies. The most immediate themes are the government's initiatives on journalism and the TV and film industries. An ideological climate contaminated by liberal values has aided the opposition's offensive, which managed to unite traditional conservatives, liberals, and even people from the left—both within the PT and left of the PT—in criticizing the supposed attempt of the government to “control the press.”

But beyond these issues, what really disturbs the right are the “statist” and “regulatory” tendencies that the government would maintain. In fact, in comparison to the Cardoso government, the Lula administration hasn't continued with privatization—a process that had in some ways already exhausted itself. On the other hand, the government has advanced regulation, by inducing economic expansion through both the National Bank of Economic and Social Development (*Banco Nacional de Desenvolvimento Economico e Social-BNDES*) and through financing works abroad.

The right's tactic is clear: On the one hand, support the Lula administration on what it considers the “continuation”

of economic policies, while demanding stronger fiscal measures and implementation of new reforms, with labor reform being next on the list. On the other hand, attack what it considers to be the government's vulnerable points to weaken areas it considers leftist, especially the National Development Bank, the Ministry of Foreign Affairs, and the Ministry of Agrarian Reform. In this manner, the right not only seeks to further strengthen the position of the economic team inside the government by offering support and a truce to Lula, but proposes to weaken the government where possible so it can negotiate from a more favorable position.

For its part, the government has taken advantage of areas of agreement with conservative constituencies, especially the business community, to project an image of national support. But at the same time, it is developing some projects that run contrary to this logic. The relative priority of the Free Trade Area of the Americas (FTAA) versus the Southern Common Market (Mercosur) is a telling issue, since big business, the right-wing media, and the economic ministries align in favor of the FTAA, while other constituencies favor Mercosur. The government's relationship with the right and the right's relationship with the government hinge on this issue and conflict could intensify depending on the results of the U.S. elections and whether there is a renewed initiative on the FTAA.

However, once the Brazilian elections have passed, reelection will become a necessary issue within the government and a necessary part of the right's platform. Projecting forward from the current position, uneasy alliances may form between big business—not necessarily obliged to seek an alternative to Lula—and the political right, which will have to go head to head with the PT and its allies. The composition of the Lula government after the elections depends in part on the new types of relationships it establishes with the right and vice versa during the second half of his presidency.

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