

REVISTA CIDOB D'AFERS
INTERNACIONALS 65.
**A Year of Governing by Lula:
Opportunities and Challenges**

Abstracts

ABSTRACTS

The Lula Government's Economic Policy: The Challenges of Transition and Alternatives for the Future

José Cezar Castanhar

The adopting of a conservative and drastically orthodox economic, monetary and fiscal policy by the Brazilian government, headed by Luiz Inácio Lula da Silva, who has been in power for more than a year, has been justified by its promoters due to the country's needs and delicate situation as well as to the absence of alternatives. In this sense, the author discusses and analyses the following questions in this article: Was the country at the edge of an abyss? Was there a possible alternative to the orthodox policy that was adopted? How, when and at what rate can the initial policy be changed? After underscoring the idea that the Lula Government is functioning, apparently, with a mixture of insecurity and ingenuous optimism, the author asserts the need to make an inexorable, but gradual, shift in the country's current economic policy.

A Year with Lula: Awaiting Growth

Antón Costas Comesaña

This study provides an assessment of the Brazilian economy during the first year of the Lula Government, beginning with the situation that it inherited and the policies that it adopted. In this sense, the article emphasises that the most evident characteristic is the exceptional behaviour that the financial variables have exhibited: the reduction in the differential of the interest rates on Brazil's debt; the appreciation of the Brazilian real with respect to the dollar; and the profitability of its stock market. However, all of this has been accompanied by a cut in public spending, higher interest rates, higher unemployment rates, and, since the last two quarters of 2003, a recession. For this reason, the author concludes by stating that the country's economic growth is not enough to reduce inequality and poverty. In

order to reach the goals set out in Lula's social reform programme, it is important to improve the quality of the country's economic and political institutions.

The Lula Government's First Year: The Difficult Transition

Sonia Fleury

In this article, the author analyses the first year of Luiz Inácio Lula da Silva's Government and highlights the importance of this Government for the process of democratic consolidation in Brazil. The contradiction between maintaining an orthodox economic policy and the expectations of creating conditions for development and social inclusion have marked the first year of this Government, subordinating all public policies to the logic of controlling inflation, paying off public debt, and increasing credibility in the international market. The reality of this macroeconomic policy and the costs imposed on the Brazilian society reveal the discrepancies between the financial economy and the real economy. The public policies of the Lula Government have been marked by economic restrictions and conflicts between the different forces that make up the governing coalition. The Government introduced innovative measures with the creation of different channels of participation and social agreement. In 2004, the Government will have to confront the challenges involved in going from a monetarist policy to a policy of development and distribution of income.

Democracy and Development in Brazil: The Relevance of the Politico-Institutional Dimension

Eli Diniz

In this article, the author analyses the long process of Brazil's recent history, which has made it possible and feasible to construct an alternative project of power and culminated in Lula's victory in the 2002 elections: from the break with the country's previous trajectory and its transition to democracy, to the achievements reached in the macroeconomic sphere, which, nevertheless, have not prevented secular models of injustice and social inequality from being maintained. After making an assessment of the first year of Lula's Government, marked by continuity and orthodoxy in its macroeconomic policy, which has had a high social cost, and by innovation in the area of foreign policy, the author reaffirms the need to break with the inertia of the established policies and give priority to a new path committed to the national project, orientated toward a new strategy of sustainable development and

associated with an innovative form of international integration. Analysts increasingly reaffirm the idea that, despite the Government's need to meet its foreign commitments, it is possible for it to adapt to world circumstances without renouncing the changes essential to fulfilling the mandate conferred on it by the ballot boxes.

Federalism and Consocional Practices: The Lula Government, One Year On

Ferran Requejo Coll

The Lula Government in Brazil was understood as a commitment to a new way of dealing with policy, both with regard to domestic issues and to international ones. Brazil is the point of reference for the "spirit of Porto Alegre," an alternative conception of and movement in response to globalisation. It is also a point of reference in policies for combatting poverty and extreme inequalities and for fighting for a more integrated and solidary world. As concrete examples of the proposals of a new policy, the following two issues are analysed in this article. In the first place, there is the redefinition of Brazilian fiscal federalism, which, after a year of governing by Lula, has not progressed toward a federal and municipal decentralisation that would fairly and effectively make the different levels of government co-responsible in the areas of revenues and expenditures. In the second place, the Workers Party has had to get the sectors of productive and financial capital, as well as certain areas of the middle class, involved in its political project, in the process of establishing the bases for a consocional policy. Thus, in the social and federal spheres, the Lula Government remains situated in the area of expectations.

Foundations and Challenges of the Lula Government's Foreign Policy

Luis Fernandes

One of the most innovative dimensions of the Lula Government in the first year of its mandate has been the direction its foreign policy has taken. This article analyses the elements of continuity and change in this policy. To do so, the text first divides the country's foreign policy into State policy and Government policy. Then, it analyses how the traditional position of Brazilian diplomacy in defence of multilateralism has combined, in the current Government, with the understanding that the processes of multi-polarisation currently under way in the

international system constitute the most favourable course for defending and expanding Brazil's margin of independence in the world. The text debates the way in which this orientation has led the Government to strengthen its relations with different poles of power in the international system and to give real priority to the economic and political integration of South America. Finally, it calls attention to the tensions existing between the new orientation of Brazilian foreign policy and the orthodox profile of the policy of macroeconomic stabilisation adopted by the Government to fight the foreign exchange crisis which existed at the beginning of its mandate.

Brazil's Foreign Policy during the First Year of Lula's Presidency: A Framework for Future Analysis

Rafael Grasa Hernández

The initial thesis of this study is that the progressive disenchantment with what has been said, what has been hoped for, and what has occurred since the election of Luiz Inácio Lula da Silva as President of the Republic of Brazil is lower in foreign policy than in the areas of the fight against poverty and social exclusion, economic changes, and land ownership reform. From this point, the article is structured around three sections. In the first place, it outlines a contextual and theoretical framework that advocates concretely for demonstrating the advantages of applying the proposals and approaches that relate domestic structure and foreign policy to the case of Brazil. In the second place, it establishes an analytical guideline for the Brazilian case in general and for Lula's presidency in particular, with special attention given to three factors: the determining factors in Brazilian foreign policy, the elements that stem from Lula's general programme and from his international focus, and, finally, the elements that derive from the relationship between domestic structure and foreign policy. The third section deals with the large programme directives of Lula's first year. Finally, the author concludes his article with a pledge to conduct future research and analysis, with a conjecture and several questions as his starting point.

The Brasilia-Buenos Aires Axis: A Real Movement or a Virtual Leaning?

Alberto Arce Suárez

Argentina and Brazil find themselves in a situation in which the apparent agreement in their internal political changes and the harmony between their leaders seem to be

serving as triggering elements for the coordination of their foreign policies. Sharing, as they do, a series of common problems in their insertion into the multilateral sphere and the regional scene, they also have at their disposal initiatives (G-20) and institutions (Mercosur) through which to stage, develop and make stable certain cooperative lines which are very useful to them. The article also points out the risks involved in the continuation of a foreign policy coordination that is more rhetorical than real, on the basis of the historical experience of the last few years.

International Civic Organisations and Environmental Problems in the Caribbean. The Negotiation of a Sustainable Region

Basilio Verduzco Chávez

This article analyses the way in which international civic organisations contribute to the debate on environmental problems in Caribbean countries. It highlights the fact that these organisations have two well-identified ways of acting which have the purpose of influencing the way in which national and local governments understand the environmental problem. On the one hand, there is the means of diplomatic influence, in which their actions are aimed at shaping the drafting of international agreements and protocols in the area of environmental protection in the region; and, on the other hand, there is more direct participation in the discussion of specific cases of threats to the region's sustainability and to endangered landscapes and species. The objective is to show how, from an agenda structured around a few issues, international civic organisations maintain a segmented strategy of intervention in debates that allows them to simultaneously spread environmental activism in the region and change the orientation of governments' environmental policies.