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Wednesday, September 29, 2010

Life after Lula

Brazilian President Luiz Inacio Lula da Silva is a tough act to follow. Whoever succeeds him will have to figure out how to balance da Silva's expensive social programs with the country's budget.



Brazil's President Luiz Inacio Lula da Silva. (JEFFERSON BERNARDES/AFP/Getty Images)

TEXT OF STORY

KAI RYSSDAL: This coming Sunday is election day in Brazil. They'll be picking a new president to replace the incumbent, the wildly popular Luiz Inacio Lula da Silva. The frontrunner, as it happens, is Lula's chief of staff. But whoever does wind up winning will be running a huge country with a booming economy, a growing middle class and some big challenges too.

Annie Murphy reports.

ANNIE MURPHY: Mario Cabral is 24 years old. He grew up in Maranhao, in northeastern Brazil. It's one of the country's poorest states. Now he lives in one of Rio de Janeiro's favelas, or shantytowns, and works as a doorman in the middle-class neighborhood of Copacabana.

Though Mario himself is still struggling to join Brazil's growing middle class, he says things have improved during Lula's time in office.

MARIO CABRAL: My life changed a lot. It got better in terms of work, as well as wages, and the benefits that are available for the poorest people here, like the Family Allowance, that helped quite a bit.

The program gives stipends to Brazil's poorest families so that they can buy basics like appliances and food. Such initiatives allow more Brazilians to participate in the economy and it's helped fuel Brazil's growth, which is about 7 percent this year. Now, the big challenge is to keep that growth going and to bring more people like Mario into the middle class.

Marcelo Neri is a chief economist at the Gertulio Vargas Foundation, a think tank based in Rio de Janeiro.

MARCELO NERI: Good news is that inequality fell; the bad news is that inequality, and formality as well, are still very high. But I think everyone agrees that the main challenge is quality of education.

Which helps everybody have a shot at the higher-paying jobs. And then there's improving access to markets for the poor so they can get credit, find those jobs and buy homes.

NERI: Credit markets to labor markets to housing markets -- what people want is to make their own money. It's very

much like the U.S.-type of American Dream, something like that.

In addition to improving education and opening up the market to more Brazilians, the next president will also have to try to make Brazil's huge state more efficient.

Luiza Sallai is a retired secretary who thinks that all of Lula's social spending has put the next president in a bad spot.

Luiza Sallai speaking in Portuguese

Lula spent a lot, she says. Whoever comes next is going to have to perform miracles. Luiza throws up her hands in disgust.

Economist Marcelo Neri agrees the next president needs to make the sprawling Brazilian government more efficient, but he's optimistic.

NERI: Brazil is a heavy country -- we are no Asian tigers. We're not like an eagle like the U.S.; you fly. We go by the sea, we say we are a whale country. Slow movement. But the good thing is that we just keep on going.

Whoever takes over from President Lula will need the same kind of momentum -- addressing Brazil's internal problems even as they fulfill the greater role expected of the country as an emerging economic power.

In Rio de Janeiro, Brazil, I'm Annie Murphy for Marketplace.

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By Rita Winston
From Venice, CA, 10/02/2010

All the news coverage of the end of Lula's term about how much he improved Brazil's economy follows other news coverage of Brazil (in BRIC countries) having big economic growth while the rich countries are under recession. It all reminds of me of when Lula first won a presidential election, all the so-called experts told the news media that he would ruin Brazil's economy because all the foreign investors would run away because a member of the Socialist Party won.

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