

February 4, 2011

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It Might Be Time to Rebrand It the South American Dream

Sao Paulo, Brazil - Yesterday, I [wrote about](#) the main takeaway from my ongoing trip to South America -- how Chile and Brazil, the two countries I'm visiting, have, on key issues like defeating poverty, transcended the tired division between left and right the United States seems hopelessly mired in.

After my time in Chile, I flew to Brazil, which is in the midst of an economic expansion -- the Brazilian Boom. It's a boom made all the more remarkable because Brazil's problems were long thought to be intractable: high inflation, high crime rate, high income inequality, high birth rate. As the old joke went, "Brazil is the country of the future -- and it always will be." Well, the future has finally arrived.

The turnaround started with the 2002 election of President Luiz Inácio Lula da Silva, a left-wing, former union activist. When he assumed office, the country's elite feared a Brazilian version of Hugo Chavez. But he showed himself to be less of an ideologue and more of a pragmatist. "I'm not left or right," he said. "I'm a metal worker." Now, as he prepares to leave office next month, he'll be departing with a [popularity rating](#) of 80.5 percent.

During his time in office, the number of Brazilians living in poverty has [fallen](#) from 49 million to just under 29 million. And although Brazil still has one of the world's greatest income disparities, the country is on the verge of reaching its lowest income inequality level on record.

According to a [study](#) coordinated by Marcelo Neri, who heads the Center for Social Policies at the Getulio Vargas Foundation, between 2001 and 2009, the per capita income of the richest 10 percent of Brazilians grew 1.5 percent per year while the income of the poorest 10 percent grew 6.8 percent. "The most surprising aspect of the data," Neri told me when we had dinner Sunday night, "is that the historically most deprived groups, including blacks and those living in the northern parts of Brazil, have experienced the highest income growth."

Among the other greatest hits presided over by Lula: Wages have [gone up](#) more than 5 percent during his two terms; unemployment was [cut](#) in [half](#); young people [are staying](#) in school longer; the inflation rate [went](#) from 12.5 percent a year to 5.6 percent; exports have more than [tripled](#); and Brazil [now has](#) the eighth-largest economy in the world and is on track to [grow](#) 7.5 percent this year.

"The numbers are strong," Nelson Barbosa, Brazil's incoming executive secretary of the finance

ministry, told me at lunch on Tuesday, "but we should judge the success of economic policies not only by the numbers, but by the impact they have on the everyday lives of the people."

I got a small taste of that impact today when I visited one of the schools that is part of the Guri Project, a largely government-funded program created to teach music to mostly underprivileged children. I went to a performance 40 children had put together. Speaking to them afterwards, I was moved to hear so many of them talk about how the program -- and the connection to music -- had changed their lives. Some discovered discipline. Some tapped into a newfound passion for music. Some talked about how the program had helped keep them away from risky situations in dangerous neighborhoods. One girl teared up, telling me how the students had become like a family to each other. "Many of these kids," one of the music teachers told me, "have traded guns for musical instruments. And teachers have replaced drug dealers as their role models."

One of the most successful poverty-fighting programs has been the "Bolsa Família," or "Family Allowance" initiative. Under this program, poor families are given direct cash stipends (through the use of debit cards) if they continue to meet certain requirements, like sending their children to school and making sure they get vaccinations and regular medical check-ups. More than [12 million households](#) are currently enrolled.

The program, which Lula expanded when he took office, was almost universally embraced by candidates across the political spectrum in the last election. And it has been exported to several countries -- including the US, where it is the model for "[Opportunity NYC](#)" in New York.

As in Chile, much of Brazil's economic improvement is attributable to the government creating conditions that make it possible for the private sector to thrive. As Marcelo Neri told me: "We have maintained a balance -- combining an aggressive public commitment to addressing social issues with financial responsibility and a respect for what the private sector can do."

Franklin Martins, the outgoing minister for social communication, reiterated this. "One of Lula's major successes," he told me, "was to make certain issues, like poverty fighting, part of a shared national agenda -- accepted as such by both major political parties. These included a commitment to a sound currency, and a commitment to the kind of economic growth that would enable us to fulfill our goal of increasing social inclusion. This obligation to helping our poor is no longer limited to one particular party." Indeed, during the last campaign, the conservative candidate vying to succeed Lula called for a 13th month of the "Family Allowance" initiative -- in effect, trying to out-Lula Lula's own party.

Over dinner at Arminio Fraga's home in Rio, with his wife and two children (both of whom are studying for their PhDs in New York), the commitment to reducing poverty and its attendant suffering emerged as an accepted objective both by Arminio, who was the governor of Brazil's central bank during the conservative administration that preceded Lula's, and his wife, Lucyna, who has been working tirelessly for Friends of Renascer ("Rebirth"), an NGO that helps provide access to health care to underprivileged children. "When Arminio was governor of the bank," Lucyna told me, "we had the first fundraiser for Renascer here at the house." That may not be noteworthy in America, but in Brazil, where philanthropy has not traditionally been a big part of the culture, it was - - putting the spotlight on the lives of the millions who have not been on the radar screen of the country's elites.

Which is why I particularly wanted to meet Milu Villela, the largest shareholder in Itaú Bank, the second largest bank in Brazil, who has been a pioneer in promoting philanthropy and volunteerism - - especially among Brazil's young people. "Since 1995," she told me, "volunteering has been my life. I've created a center for volunteers and reached out to hundreds of companies and individuals in Brazil asking them to give back -- whether it's to the arts, to education, or to the environment. We have a long way to go."

Among all the changes in Brazil, the most transformative is the number of people entering the middle class. Between 2003 and 2009, [29 million people](#) took that step up the socioeconomic ladder, and more than half of the population is now considered middle class. As a [study](#) entitled "The New Brazilian Middle Class" puts it: "Brazil is becoming a nation of consumers, buying cars, computers, and houses with cash or on credit." Indeed, there are [1,000 new cars](#) on the road every day in Sao Paulo alone (the downside of this robust consumerism: the traffic in this city is horrible).

The strained infrastructure has not caught up with the economic boom). As a result of the economic good times, Brazilians have an exceptionally optimistic outlook on their future.

Indeed, in many ways Brazil has become like a photo negative of America. Brazilians are increasingly living the American Dream of upward mobility, while nearly two-thirds of Americans [no longer believe](#) their children will live better lives than they did. "You talk to families here," Arminio Fraga told me, "and there is a real sense of pride about how much better their children are doing than they are. You hear things like, 'I don't have a computer, but my daughter does.'"

Maybe we need to rebrand it the South American Dream.

So even as the U.S. remains mired in its stale left vs. right battle, countries like Chile and Brazil are recognizing that they cannot achieve economic growth and political stability without helping move millions from poverty into the middle class.

My South American journey has given a global dimension to my long-held belief that left vs. right is a hopelessly 20th-century framing. The 21st-century divide is shaping up to be North vs. South -- with our side digging in on the wrong side of history.

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