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Dilma Rousseff adviser charts a path for Brazil

Joe Leahy, São Paulo



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The secretariat of strategic affairs in Brasília lies in a nondescript ministry building in the middle of the *plano piloto* — the aircraft-shaped street layout of Brazil’s modernist capital.

The job of its new minister, philosopher and Harvard law professor [Roberto Mangabeira Unger](#), is to chart a long-term development plan for President [Dilma Rousseff](#), whose palace lies a kilometre away in the “cockpit” of the *plano piloto*.

It is not an easy task. Latin America’s largest economy is suffering increased turbulence from the end of the commodities super cycle and a credit-driven consumption boom. Economists forecast the [economy will shrink](#) nearly 1.5 per cent this year. Unemployment is increasing fast.

“The underlying frailty of the system that we built was its very low productivity,” said Mr Unger, one of Brazil’s best-known academics internationally who won tenure at Harvard Law School aged just 29 in 1976.

Mr Unger served in the same role under Ms Rousseff’s predecessor and mentor Luiz Inácio Lula da Silva between 2007 and 2009. His return comes as Brazil’s left-leaning Workers party-led government is urgently seeking new direction.

In power for 13 years, the party won votes through its social programmes but today it is facing increasing [protests](#). Brazil's new middle classes are demanding better public services, especially in education and health, and a return to economic growth.

Most blame Ms Rousseff's statist policies — including a prolonged budget stimulus and price controls, during her first term between 2011 and 2014 — for the depth of Brazil's economic hangover.

“It turned out that counter-cyclical vulgar Keynesianism ... was a blunt and largely ineffective instrument,” Mr Unger said. “So we come to this day of reckoning.”

[Lunch with the FT](#)

[Roberto Mangabeira Unger](#)

A radical philosopher who won Harvard tenure in 1976 when he was aged just 29, Unger has, since then, developed a reputation as a public intellectual unafraid to pick a fight.

Although he has a staff of about 120 and oversight of the government's premier research institute, Ipea, Mr Unger admits his role is mostly as an adviser.

“I really don't have any power, just the power to propose and instigate,” he said.

With an atmosphere of near crisis prevailing in Brasília — Ms Rousseff's popularity is rock bottom in the polls — he does not meet the president in person regularly but they communicate by email, he said. The crisis has made the administration more receptive to new ideas, more so than during the boom years.

The first step towards fixing the economy has been the government's fiscal adjustment, in which finance minister Joaquim Levy and his team are trying to restore the budget to a primary surplus — the balance before interest payments — after it suffered its first deficit in a decade last year.

But here Mr Unger hinted at differences with Mr Levy's economic team. The orthodox view was that the fiscal adjustment would revive financial confidence in [Brazil](#) and therefore investment and growth, he said. Ms Rousseff, however, believed it was not about financial confidence but about restoring the state's ability to manoeuvre, he said.

“We think that the doctrine of financial confidence has never really worked anywhere ... look at Europe and there it is delivered to the combination of austerity and stagnation.”

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- Roberto Mangabeira Unger

Beyond the fiscal adjustment, the longer-term task for Brazil was to develop the “supply side” of its economy by providing the mass of Brazilians with quality education and small businesses with credit, best business practices and access to high technology.

Traditionally, all of these have been the precinct of the rich and the powerful — even Brazil’s state-owned development bank, the BNDES, lends mainly to the largest conglomerates.

Mr Unger said the key problem was that most Brazilians remained stuck in jobs with “primitive” standards of productivity and disempowered by the “abysmal” quality of public education.

“In the third year of high school more than half of our students can barely read or understand a text,” he said.

Improving education would require replacing rote learning with an analytical approach. Mechanisms could be developed to allow the federal government to intervene in failing state education systems. Mr Unger said he wanted to step up the debate on education before Brazil decided on a new national curriculum next year.

[Rousseff hopes for domestic boost from US trip](#)



When China’s premier visited Brazil last month, the two sides announced a rash of extravagant infrastructure-related deals. By contrast, Brazil president Dilma Rousseff’s trip to Washington is expected to be lower key.

To boost Brazilian industry, particularly smaller companies, he was advocating the complete removal of tariff and non-tariff barriers on advanced capital goods. In agriculture, smaller producers should receive access to modern financial instruments, such as hedging, to enable them to better cope with risk.

Other changes would be more familiar — a flat rate value added tax to replace the current convoluted system and sorting out Brazil’s tangled environmental licensing procedures.

With little power, a key part of his role is what he calls having a “voice”. He eventually left Mr Lula da Silva’s government because, with an election looming at the time, he felt he was not being heard.

This time again the challenge is how to make a nation engage in a debate over its longer-term future when the short term is looking bad.

“The most common error in politics is to mistake the urgent for the important,” he said.