



Campos: a Brazilian liberal in London

Why is economic liberalism so taboo in socially liberal Brazil?

“ADMITTING to liberalism explicitly,” wrote Roberto Campos, a Brazilian politician, diplomat and swimmer against the tide who died in 2001, “is as outlandish in a country with a dirigiste culture as having sex in public.” His observation still holds for Brazil, where economic liberals (in the British, free-market sense, not the socialistic American one) are as scarce as snowflakes. Government revenue as a share of GDP has risen steadily in the past decade, and is now closer to the level in rich European countries than that of Brazil’s middle-income peers. Despite this, none of the likely candidates in the presidential election due in October talks about cutting taxes. The two leading candidates are both on the tax-and-spend centre-left.

Brazil’s shortage of economic liberals is even stranger given the country’s history. In Chile economic liberalism was tainted by association with military rule. But Brazil’s 1964-85 military dictatorship chose an economic model built around state planning and restricted imports. It is necessary to go back to the 19th century, when Brazil’s then monarchy was briefly in thrall to Scottish economists, to find something like classical liberalism there.

One reason why liberals have been so muted since Brazil became a democracy again is that voting in elections is compulsory. This means that a large number of poor voters, who pay little tax but benefit from government welfare spending, help to push the parties in the direction of a bigger state. If the same system were to be applied to America, the Democrats might well enjoy a permanent majority. Also, many of today’s leading Brazilian politicians played a part in the opposition to military rule. This world of intellectual and sometimes violent resistance was dominated by various shades of left-wing thought, seasoned with anti-Americanism (the United States welcomed the 1964 coup that brought the generals in). During the dictatorship today’s president, Luiz Inácio Lula da Silva, was a trade-union boss; his predecessor, Fernando Henrique Cardoso, was a Marxist academic. The front-runner in the presidential polls, José Serra (from Mr Cardoso’s Social Democrats), was an exiled former student leader. His main rival, Dilma Rousseff (from Lula’s Workers’ Party), was a Trotskyist. That said, all of these people have proved to be pragmatists when in office. Mr Cardoso’s government, in which Mr Serra was health minister, mixed liberalism and social democracy in similar quantities to Tony Blair’s government in Britain. Lula’s, in which Ms Rousseff is his chief of staff, has continued in like vein.

What will happen when this generation is succeeded by a younger one? Carlos Alberto Sardenberg, a broadcaster and author of a recent plea to rehabilitate liberalism, called “Neoliberal, no. Liberal”, fears that Brazil’s schools and publicly funded universities are so ideologically skewed that their worldview is likely to reproduce itself in the next generation.

However, things may not be so bad. For a start, the institutions that carry out economic policy are more liberal, in the sense of being free from government interference, than they have been for a long time. The Central Bank is independent in practice if not in law and the real floats freely against other currencies. Since President Fernando Collor eased restrictions on imports in 1990 Brazil has become more open to trade. Just as in India, which saw a similar opening at the same time, companies have improved productivity as a result of foreign competition, and some big firms have expanded successfully abroad.

This recent advance has encouraged those who would like Brazil to move further in this direction to make more noise. The Liberty Forum, an annual gathering in the southern city of Porto Alegre, attracts the most dedicated members of this tribe. But they can also be found in the Movement for a Competitive Brazil, a lobby group founded by Jorge Gerdau Johannpeter, a steel baron; within the influential economics faculty of PUC-Rio, a university; and among the bankers and senior managers of Brazilian firms engaged in trade.

No home to call their own

As in many democracies, Brazil’s liberals lack a party where their views are welcome. The fading Democrat party (previously called the Liberal Front) tried to become this, but struggled to escape its origins as an old-fashioned, pork-barrel, machine party. The latest blow to its attempt at transformation came in November when police launched an investigation into an alleged kickback scheme involving José Roberto Arruda, the Democrat governor of Brasília (he denies wrongdoing). Brazil’s small band of economic liberals, marginalised in politics, can console themselves that at least their country is among the most socially liberal. All sorts of religious minorities worship freely; São Paulo hosts the world’s largest gay-pride march. Cultural conservatives pushing in the opposite direction are disorganised and uninfluential. For now, though, people who want to practise economic liberalism are advised to do so in private. Roberto Campos’s critics often dismissed him as “Bob Fields”, an English translation of his name, implying his ideas were foreign. A politician pushing his ideas now would still be viewed as a bit eccentric.