



## **BRAZIL-U.S. BUSINESS COUNCIL SPECIAL REPORT: The Incoming Rousseff Administration**

### ***President and Vice President***

Brazilians this week inaugurated their first woman president, **Dilma Rousseff**, 63, of the left-leaning Workers' Party (PT). She was chosen by 56% of voters in a runoff election in October and will replace her mentor, the immensely popular Luiz Inácio Lula da Silva. Rousseff is a native of Minas Gerais, Brazil's second largest state, but she made her government and political career in the southern state of Rio Grande do Sul. She holds an economics degree from the Federal University of Rio Grande do Sul. During the eight-year Lula administration, she served first as Energy Minister and then as the president's Chief-of-Staff. Before her 2010 presidential race, Rousseff had never been a candidate for public office. Her entire political career was based on staff and agency positions. Starting in the late 1960s, Rousseff was an active member of a leftist revolutionary group combating Brazil's military dictatorship. From 1970 to 1973 she served a prison term for violation of the National Security Act. The 1979 Amnesty Law allowed her to begin a career of government service. Rousseff will be aided over the next four years by Vice President **Michel Temer**, 70. A lawyer and former law professor from São Paulo, Temer served as a prosecutor and public safety official before election to Congress in 1986. He is a 24-year veteran of the Chamber of Deputies and served three times as the Chamber's Speaker. He is also a former National Chairman of the powerful Brazilian Democratic Movement (PMDB), Brazil's largest political party and the PT's main coalition partner. He is likely to play a major role in congressional relations, patronage and management of the government's diverse party coalition.

### ***Congress***

In October, Brazilians also elected two-thirds of the 81-member Senate and all 513 members of the Chamber of Deputies. They gave a powerful mandate to the PT and to political parties allied with the Rousseff administration. In the Senate, the PT will control 14 seats and will boast the second largest caucus. Key ally, the PMDB, will have the largest number of seats at 22. The PT plus the PMDB plus six other parties supporting the administration will have a total of 60 of the 81 Senate seats, far more than the three-fifths majority of 49 needed to pass constitutional amendments. The Rousseff administration's position in the lower house is even stronger. The PT will be the largest party in the Chamber of Deputies, with 88 seats, followed by the PMDB at 79. The government coalition will control a total of 402 of the 513 seats, leaving the opposition Social Democrats (PSDB) isolated.

### ***Cabinet***

President Rousseff has appointed a Cabinet long on experience and strong in political clout. The average age of the 34 civilian Cabinet members is 56. The youngest is 39 while the oldest is 80. Twelve of the 34, or more than one-third, previously served in Cabinet positions. Indeed, seven were simply re-appointed to the same posts they held under Lula. A total of 15 are PT leaders while six come from the PMDB. Six others come

from smaller coalition parties while seven have no party affiliation. More than half, 18, have served in Congress. The group is brainy. Eleven hold advanced degrees, including eight doctorates. Five hold advanced degrees from universities in the United States or Europe. Nine are former university professors, favoring economics and sociology. Nine Cabinet members are women. The Cabinet can be grouped as follows:

- **Economic Policy.** The critical area of economic policy-making will be led by Finance Minister *Guido Mantega*, 61. A University of São Paulo PhD and former Getulio Vargas Foundation professor, Mantega has held the Finance Ministry job since 2006. He is given credit for the counter-cyclical spending and monetary policies that helped Brazil cope with the 2008-09 global financial crisis. In the new administration, he is expected to champion greater fiscal austerity. He will be assisted by Planning Minister *Miriam Belchior*, 54, who is pledged to steep cuts in government spending. Belchior is especially close to President Rousseff and once served as a top aide on the new president's staff. Another key player will be *Alexandre Tombini*, 47, President of Brazil's semi-autonomous Central Bank. Tombini holds an economics PhD from the University of Illinois and is one of the authors of Brazil's inflation-targeting program, which ties monetary policy to inflation goals. Tombini is expected to follow the tough monetary line inspired by his mentor, former Central Bank President Henrique Meirelles.
- **Foreign and Defense Policy.** Brazil's new Foreign Minister is *Antonio Patriota*, 56, a veteran Foreign Service member and a former ambassador to the United States (2007-09). The soft-spoken, scholarly Patriota holds an advanced degree in philosophy from the University of Geneva. In the 1970s, he graduated first in his class from the Rio Branco Institute, Brazil's Foreign Service training ground. His views are considered more moderate than those of flamboyant predecessor Celso Amorim. Rio Grande do Sul lawyer and PMDB leader *Nelson Jobim* will continue as Brazilian Defense Minister. Jobim, 64, is given credit for improving air traffic conditions following a period of disastrous plane crashes and chaotic airport management earlier in the decade. He is a former law professor, congressman and Supreme Court justice.
- **Presidential Staff.** The new president's staff will be led by veteran São Paulo congressman and PT organizer *Antonio Palocci*, 50, as head of the so-called Casa Civil, which coordinates policy. A former Finance Minister, Palocci was forced to resign that post in 2006 over allegations of bank account tampering, later dropped. A trained medical doctor, Palocci is noted for moderate views and a low-key style. He will be assisted by *Gilberto Carvalho*, 59, President Lula's former personal secretary. Carvalho will handle administrative affairs associated with the president's office. The third in a triumvirate of key advisers is *Luiz Sergio Nogueira de Oliveira*, 52, a former Rio de Janeiro union leader and congressman who heads the Office of Institutional Affairs. Oliveira will be in charge of pushing the administration's program through Congress. As in the Lula Administration, the new president will be assisted by a number of aides focused on specific policy areas. These include Espirito Santo Congresswoman *Iriny Lopes*, 54, as the

government's main advocate for women's rights. *Helena Chagas*, 49, a professional journalist with no party affiliation, will be in charge of press relations. Rio Grande do Sul PT Congresswoman *Maria do Rosario*, 44, will be the government's chief human rights advocate. *Luiza Helena Bairros*, 57, a Bahia university professor with a PhD in sociology from Michigan State, will work for greater racial equality in Brazil. Former Rio de Janeiro Governor *Wellington Moreira Franco*, 66, a powerful figure within the PMDB, will advise the president on long-term strategic affairs.

- **Line Ministries.** Power sharing between the PT and its coalition partners is most evident in the area of line ministries, with the PT holding nine, the PMDB four and the Socialist Party (PSB) two. Leading the charge for the PT is Justice Minister *Jose Eduardo Cardozo*, 51, a São Paulo lawyer and congressman. Cardozo was one of the main coordinators of Rouseff's 2010 presidential campaign. Another political heavyweight is former Santa Catarina Senator *Ideli Salvatti*, 58, who will serve as Minister of Fishing. Salvatti was a key defender of the Lula Administration in Congress as PT floor leader. A third PT heavyweight is former congressman and Planning Minister *Paulo Bernardo*, 58, of Parana. Bernardo will take on the Communications Ministry, where he will clean up Post Office mismanagement and preside over a massive expansion of Brazilian broadband Internet services. Another major PT figure is new Science and Technology Minister *Aloizio Mercadante*, 56, a former congressman and senator from São Paulo. Mercadante was a founder of the PT in 1980 and was its vice presidential nominee in the election of 1994. Hailing from Brazil's second biggest state of Minas Gerais, *Fernando Pimentel*, 59, is another major PT figure. A former Mayor of Belo Horizonte, Pimentel will head the Trade and Development Ministry. Like Rouseff, Pimentel contested Brazil's 1970s military dictatorship as a leftist radical, serving three years in prison. The other four PT line ministers are Social Development Minister *Tereza Campello*, 48, of Rio Grande do Sul, *Alfonso Florence*, 49, a PT congressman from Bahia, as Minister of Agrarian Reform, Education Minister *Fernando Haddad*, 47, of São Paulo, and *Alexandre Padilha*, 39, of São Paulo, who was shifted from Institutional Affairs to the Health Ministry. A major PMDB figure in the new administration is *Garibaldi Alves* of Rio Grande do Norte. Alves, 63, is a 40-year veteran of civil service and political jobs. He will take over the deficit-ridden Social Security Ministry. Alves is a former Senate president. Another PMDB heavyweight is Maranhao Senator *Edison Lobão*, 74, who is returning to his previous post as Energy Ministry. Lobão's clout comes from his close association to Senate dean and former Brazilian President Jose Sarney. Lobão has loudly taken credit for a raft of bills in 2009 and 2010 setting rules for development of Brazil's huge offshore oil reserves. The two other PMDB Cabinet members are Maranhao Congressman *Pedro Novais*, 80, as Tourism Minister, and Agriculture Minister *Wagner Rossi*, 67, an agribusiness leader from São Paulo. Like Lobão, Novais is closely associated with PMDB patriarch Jose Sarney. The two PSB Cabinet members are *Leonidas Cristano*, 53 year-old former mayor of Sobral in Ceara state, as Minister of Ports, and *Fernando Bezerra Coelho*, also 53, former mayor of Petrolina in

Pernambuco state, as Minister of National Integration. Three smaller coalition parties will each have one Cabinet representative. These include *Alfredo Nascimento*, 58, of the Republican Party, in a return engagement as Minister of Transportation; *Carlos Lupi*, 53, National Chairman of the Democratic Labor Party (PDT), retained as Labor Minister; and Bahia Congressman *Mario Negromonte*, 60, of the Progressive Party (PP) as Minister of Urban Affairs. Among line ministers are two chosen for their expertise, rather than any party affiliation. Both are women. One is the new Culture Minister, singer and actress *Ana de Hollanda*, 62, who previously served in a number of state and federal posts related to cultural development. The other is Environmental Affairs Minister *Izabella Teixeira*, 59, who holds a PhD in environmental studies from the Federal University of Rio de Janeiro.