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BLESSED INHERITANCE

Without party bias, and simply looking at the facts from the perspective of national economy, it is important to reflect on some things at the beginning of this year – especially so that in the future we can better assess results and the positioning of our current government.

At the beginning of Luiz Inácio Lula da Silva's first presidential term, a lot was discussed among top members of the Workers' Party (PT) about the "damned legacy" inherited from previous government administrations. The question is understanding what this expression referred to and show what this damned inheritance effectively is.

The 90s, for those who kept up with the country's economy, was defined as one of the periods of major economic reform and inflation control, upon implementation of the Real Plan. Despite the results, many members of the current administration were against the economic measures of that decade.

The economic model of the Fernando Henrique Cardoso (FHC) administration was based on three pillars:

(i) primary surplus;
(ii) floating exchange rate;
(iii) inflation goals.

This model gave Brazil something it had dreamed of for a very long time: economic stability. Externally, the country also conquered something unprecedented from international investors: trust in the economy. Therefore, history confirms with all the facts that the success of Brazil's economy in 2000-2010 was fruit of the economic policy of the FHC administration.

Would trust and stability, therefore, be the damned inheritance that some members of the current government party referred to? Wouldn't blessed inheritance be the more appropriate term? The legacy of the FHC government was one of the few that gave Brazil long-term economic fundamentals. A result that we haven't yet seen with the current economic policy.

In addition to results projected not having been achieved, we continue facing a huge public administration that is even more inefficient and paralyzed. Infrastructure conditions are decadent: we do not have ports, airports, railways, waterways and 50% of highways are in terrible conditions. Inflation conditions are not fooling investors, businessmen and, soon, consumers will also no longer believe in the successful future of Brazil's economy. Energy supply conditions turned on the yellow light. We also run the risk of fuel shortage, due to unsuccessful projects in new oil refineries.

Additionally, there was a lack of transparency on the part of the current economic team that came in the form of decrees to adjust government accounts in the finishing hours of 2012. To show that it was concerned about its accounts – and justify "good management" –, the Ministry of Finance made some arrangement to close its fiscal year. Some of the absurd accounting maneuvers include: (i) the National Bank of Economic and Social Development (BNDES) purchased Petrobras shares that were in the Investment and Stabilization Fiscal Fund (FFIE); (ii) Caixa Econômica Federal dividends were anticipated; (iii) as were BNDES dividends, amounting to R$2.3 billion. How can this be accepted? Where is the current administration's long-term development vision? What we in fact have is a short-term vision over the consumer and indebtedness bases of Brazilians, who are immersed in easy credit and committing a major part of their income. And, by the way, this has short-term validity. In view of the scenario, economic expectations, which are fundamental for Brazilian and international businessmen to invest, melt away. There is still time to rethink and revise these actions. We hope that these attitudes be analyzed by Brazilians in a critical manner, since it is always us who foot the bill. ■