

Don't Mess With Dilma

Sep 18, 2011 10:00 AM EDT

A woman is president in booming, macho Brazil. And she's calling all the shots.

Of the many war stories that Dilma Vana Rousseff tells of her rise from revolutionary to career bureaucrat to president of Brazil, one in particular stands out. It was early in the race to succeed Luiz Inácio Lula da Silva, and most Brazilians were waking up to the idea of life without their hyperpopular leader, the “father of the poor.” One day in a crowded airport a woman and her young daughter tentatively approached Rousseff to get a closer look at the upstart female frontrunner. “Can a woman be president?” the girl—whose name, fittingly, was Vitória—wanted to know. “She can,” Rousseff answered. With that Vitória thanked Rousseff, raised her chin, and walked off a few inches taller.

Rousseff smiled as she recalled the episode in an interview with *Newsweek* at Brasília's presidential palace. It was close to 6 p.m. and the fierce sun over the Brazilian central plateau was already dimming, but Rousseff's day was far from done. Flash floods in the south had left thousands homeless. Construction work for the soccer World Cup, which Brazil will host in 2014, was lagging. The press was still feasting on the carcass of corruption scandals and a cabinet flap that had cost her five ministers in less than nine months. And yet Rousseff, in a fuchsia jacket, black slacks, and oversize pearl drop earrings, looked unflustered as she spoke about Brazil, the world economy, poverty, and corruption. Her hair was thick and lustrous, her cheeks flush, with no trace of the grinding sessions of chemotherapy she underwent to treat a lymphoma she discovered in 2009. For nearly an hour she held forth, firing off data points and toggling easily from job creation (“We've generated 1,593,527 in the first six months”) to T. S. Eliot (“Ash Wednesday” is a favorite) to how women can rewrite the rules of political engagement. “When I was little I wanted to be a ballerina or a firefighter, full stop,” she said. “I don't know if it's a new world, but the world is changing. For a girl even to ask about being president is a sign of progress.”

For those still in doubt, the U.N. General Assembly that convenes in New York this week is a portrait of a new world order. Hillary Clinton will be there, and so will Angela Merkel, the German chancellor, whose word may ultimately determine the fate of the stricken European Union. More remarkably, perhaps, four of the 20 women heads of state today (12 of whom are expected at the Assembly) hail from the Americas; the others are Argentina's Cristina Kirchner, Laura Chinchilla of Costa Rica, and Kamla Persad-Bissessar of Trinidad and Tobago. And on Sept. 21, when Rousseff takes the podium, she will be the first woman to deliver the opening address to this global sea of suits since the U.N. was founded.

Rousseff's rise jibes with Brazil's. Once a chronic underachiever, Brazil is on a roll. Last year the economy grew by 7.5 percent, twice the world average, and it will post a respectable 3 to 3.5 percent in bearish 2011. It's telling that while the richest nations are scrambling to avoid a double-dip recession, Brazil is trying to cool its scorching economy. Its currency is stable; its justice system—while flawed and plodding—functions; and its media are among the scrappiest in the hemisphere.

With the richest nations stalled and the Arab world in revolt, this booming, democratic nation is breaking its

hemispheric bounds. Last week Brazil even floated the idea of joining a euro-zone bailout. “We need to study a way for emerging nations with greater firepower to help Europe,” said Rousseff’s finance minister, Guido Mantega, who will meet with fellow officials of the BRICs (Brazil, Russia, India, and China) at the annual IMF–World Bank gathering in Washington this week. “In 2008, we helped raise the IMF’s funding capacity from \$250 billion to \$1 trillion. We can do something like this today.” No one seriously expected Brazil to save Greece. (Reuters called Mantega’s offer a “hollow power play” and a low-risk way to “enhance Brazil’s international status.”) But who’d have imagined this from the land that 15 years ago was a brittle link in the world financial order? “For so long, you were called a country of the future,” Barack Obama told a packed opera house in Rio de Janeiro in March, quoting the old saw that Brazil was the country of the future and always would be. “The people of Brazil should know that the future has arrived. It is here now.”

It’s been a long journey. When Rousseff took office in January at the age of 63, no one knew what to expect. She was a political neophyte, known best for her woolly past as a Marxist guerrilla during the Brazilian dictatorship and then as a laptop-toting bureaucrat. She had never run for elected office until Lula tapped her to succeed him as president. How would she follow in the footsteps of “the most popular politician on earth,” as Obama, in a famous piece of flattery, once hailed Lula, a man whose rise from lathe operator to president is the stuff of legend?

Barred by law from seeking a third consecutive term—he would have won in a heartbeat—Lula not only launched Rousseff’s campaign but essentially invented her as a candidate, a Pygmalion in the tropics. But while he was all charisma and rough-hewn populism, she was a number cruncher, more at home running PowerPoint than the affairs of state. Could a wonk become a wizard and complete the job of shepherding Latin America’s giant into its long-cherished role of global powerhouse? Or would Rousseff play Dmitry Medvedev to Lula’s Vladimir Putin, warming the seat for her maker’s return in four years?

Luiz Maximiano for Newsweek



We have a verdict. Barely nine months in office, Rousseff has stamped her understated style on a country Lula had owned. “She’s a seasoned administrator who likes efficiency. Work is her hobby,” says energy and mining billionaire Eike Batista. Another Brazilian tycoon, Nizan Guanaes, agrees. “She’s not playing politics or marketing herself. I think the country has the feeling that there’s someone in charge,” says Guanaes, CEO of Grupo ABC, Brazil’s largest marketing-services company. “Brazil has been run by a prestigious professor, a union leader, and now a woman, an extraordinary sign of maturity. It’s telling that our man of the year is a woman.”

Not everyone is so adoring. Energy expert Adriano Pires, of the Center for Brazilian Infrastructure, faults her for micromanaging. When her powerful chief of staff was charged with having made a fortune from government clients in the run-up to her election, Rousseff’s foes charged that she damaged her credibility by taking too long to fire him. Since then she has snapped into damage-control mode, hushing critics by quickly sacking three other ministers caught in corruption scandals.



In office barely nine months, Rousseff has stamped her understated style on a country her predecessor Lula had owned., Luiz Maximiano for Newsweek

Twice divorced and a grandmother, Rousseff keeps a lid on her private life. She lives with her mother, also named Dilma (“the original Dilma,” Mom jokes), an aunt, and a black Labrador at the Alvorada Palace, her official residence. She rises early for a walk around the gardens, devours a digest of news clips on her iPad, and is at her desk by 9:15, where she’ll stay until 9 p.m. She is in close touch with her ex-husband Carlos Araújo, who flew to Brasília when he learned Rousseff had been diagnosed with cancer. Though she shields her family from the public gaze, she dandled her year-old grandson on her knee as she presided over Brazil’s Independence Day pageant on Sept. 7.

At work she is unsentimental, even taciturn, with a storied short fuse. Rousseff does not suffer fools or underachievers, says a senior aide, and tales abound of bureaucrats reduced to silence or tears after a presidential tongue-lashing. Development Minister Fernando Pimentel, who has known Rousseff since they were guerrillas on the lam, explains the Iron Lady lore. “Dilma often says that she’s the lone tough woman surrounded by sweet cordial men,” he says. “Sometimes you have to be incisive to prevail.” João Santana, the spin doctor who managed her campaign, goes further. “Dilma is the new face of Brazil: sure of herself, less anxious to please, generous but not fawning. She knows her worth.”

That resilience has served her well in Brasília. The fractious 10-party coalition led by the potent Workers Party

that brought her to power (and might have unhorsed a lesser politician) is largely under control, its demands for pork met with adamant resistance. She turned the corruption scandals into a political victory, using them as an opportunity to purge tainted officials who had been foisted upon her. In their place, she named longtime confidants and colleagues, led by women, including chief of staff Gleisi Hoffmann, Planning Minister Miriam Belchior, and Minister of Institutional Relations Ideli Salvatti.

Women make up a third of Rousseff's cabinet, a matriarchy in the heart of macho Brasília, whose leitmotif is loyalty to Rousseff, not to party grandees. Even Lula, never one to be upstaged, is sounding demure. "Four years is not enough for someone who's going to govern for eight years," he said recently. Dilma, the proxy president, has become Brazil's alpha politician. "This is Pygmalion in reverse," says political analyst Amaury de Souza. "The creature is devouring the creator."

That may be only a slight exaggeration. Although Rousseff rarely misses a chance to praise her political godfather, she has never been the political innocent that rivals made her out to be. Ask José Serra. A year ago the former São Paulo governor and top aide to President Fernando Henrique Cardoso, the Social Democrat credited with rescuing Brazil from hyperinflation in the 1990s, was a sure bet to succeed Lula. He waved off rookie Rousseff as "the empty envelope." She whipped him in the election by 12 percentage points, taking 56 percent to Serra's 44 percent.

That career started in a blaze of radical protest. Rousseff was a high-school student in upscale Belo Horizonte when the military launched a dictatorship in 1964 that would last 21 years. Like many bright, privileged kids of her day, she was angry. She joined the student movement and, when that was outlawed, signed up with the Palmares Revolutionary Armed Vanguard (Var-Palmares), a far-left group dedicated to overthrowing the junta.

Rousseff says she never used guns (though she was good at cleaning them), because she was too nearsighted to shoot. But she helped lay out strategy for the group, which pulled off a series of brazen bank heists. The police arrested her in 1970, during the darkest moment of the military period. In São Paulo, Rousseff's jailers applied electric shocks, beat her, and—a Brazilian favorite—hung her upside down from a high bar called the parrot's perch. She was battered but, it seems, never broken, giving her captors false names and leads. From the torture wards she was transferred to São Paulo's Tiradentes prison, named, ironically, for a Brazilian independence hero. When she was released three years later, she had lost 22 pounds and her thyroid gland had been destroyed. She was 25.

Militants like the young Rousseff would become the new political generation for Latin America's nascent democracies. They also wanted power. And while many clung to their leftist ideology, realism prevailed. Lula ran for president three times as a political firebrand and always lost. Finally he trimmed his beard, put on a suit, and broke bread with investors and the middle class. He then won.

A college graduate with a degree in economics, Rousseff had honed her leadership skills in jail, holding discussions with other prisoners and devouring the few titles the censors allowed. "Can you believe they let through *The Agrarian Question* by Karl Kautsky?" she said of a Marxist classic. Her discipline served her well when she moved to Porto Alegre as a political organizer. There her head for numbers and knack for persuading "companheiros" caught the mayor's eye. She thrived in the civil service, rising from city finance secretary to

state energy and communications secretary, earning a reputation as a taskmaster, pulling out her laptop to troll for numbers and to silence blusterers. Lula was so impressed that he cherry-picked her, a party newcomer, to become energy minister, just as Brazil announced a gigantic find of offshore oil. Despite her reputation as an economic nationalist, foreign investors queued at her door. “She was pragmatic, very direct, though not always easy,” says PepsiCo vice president Donna Hrinak, a former U.S. ambassador to Brazil. “U.S. companies liked working with her because she made a real effort to understand their issues. You always felt she was making decisions based on sound technical and economic criteria.”

When a political payola scandal rocked the government in 2005, toppling Lula’s right-hand aide, the president made Rousseff his chief of staff—a position from which she practically ran Brasília, as Lula ramped up his hyperactive diplomacy in a mission to brand Brazil as a force on the world stage. Rousseff was already his heiress apparent.

Lula’s imprimatur may have helped Rousseff win the election, but running Latin America’s unruliest democracy requires more than a powerful backer. Lula had found success by combining conservative economics with aggressive social spending. He also got a fillip from the world commodities boom and a tide of liquidity sloshing around the international market looking for good deals and a safe harbor. That cushion helped when the world economic crisis hit in 2008. Rousseff has stayed faithful to those policies, but as the global economy slows, she knows her learning curve will become even steeper.

“We know we are not an island,” she says. “I open the newspaper and read about it every day. Greece is unable to pay back its bailout package. Spain is in trouble. So is Italy. The U.S. is not growing. This has a negative impact on the rest of the world.” Rousseff pauses half a beat, for effect. “You know what the difference is between Brazil and the rest of the world?” she asks. “We have all the instruments of policy control intact to fight slower growth or even stagnation of the world economy.” Thanks to cautious lending and rigid oversight by the central bank, “we can still cut interest rates, while other countries cannot because their lending rates are already approaching zero.”

She is on a roll now, ticking off bullet points on how Brazil morphed from Latin America’s sick man to its juggernaut. “We are a large economy, rich in resources and with a huge internal market. Thanks to our social policies, we’ve raised 40 million people out of poverty and into the middle class since 2003. That’s the equivalent of one Argentina. Domestic demand has been so repressed for so long, we have an immense potential for growth. We have a construction boom but no bubble. This internal market will allow us to accelerate growth.”

No one expects a political revolution from Rousseff. It takes three fifths of each house of Brazil’s Congress to reform the loss-making pension system or enact a new tax code. “But there is much she can do working the margins,” says University of São Paulo political scientist Matthew Taylor. Bringing the nation’s lopsided public service into the 21st century would be a start. For years, she says, “the state was too bloated in some areas and too lean in others. We must respond to the demands of a growing country by professionalizing public service, promoting people on the basis of merit. No country that has reached an elevated level of development has done so without reforming public service.”

Rousseff offers little joy to the tax-and-spend lobby. “The 1988 Constitution promised universal, quality health care, free of charge,” she says. “Nowhere in the world can you manage to do that without money.” And to politicians accustomed to feeding at the official trough and passing on the bill to taxpayers, she recently left a terse message: “I don’t want any Greeks bearing gifts.” Delfim Netto, the former economic czar under the military government, is impressed. “Dilma has a vision for Brazil, but she also knows not to violate the principles of international accounting.”

Balancing books may not be an article of faith in Brazil, but Rousseff says that will take time. It’s a lesson she learned years ago, back when her address was not the marble palaces of the Planalto but the lockup in São Paulo. “In jail you learn to survive, but also that you can’t solve your problems overnight. In prison you do a lot of waiting. Waiting necessarily means hope, and if you lose hope, fear takes over. I learned how to wait.”