



The Lula Government: First 100 Days

April 2023



What's been accomplished?

Analysis of the first 100 days of President Lula's third term reveals a troubled political scenario, marked by external events and relative immobility in the implementation of new policies.

Despite some efforts to relaunch successful social programs of the past, such as “Minha Casa, Minha Vida” (housing program) and “Bolsa Família” (social aid program), the Government faces criticism for a lack of concrete results and paralysis in Congress, which has not yet approved any important measures.

Furthermore, growing tension between Lula and the president of the Central Bank, due to disagreements over interest rate policy, adds an element of uncertainty to the economic scenario.

Against this backdrop, approvals of the New Fiscal Framework and the first part of the Tax Reform represent the Government's highest expectations for this semester, though even these approvals may prove difficult without a clear base in Congress.



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Political Environment

Institutional conflict between the House of Representatives and the Federal Senate has marked the beginning of the new administration. While the Speaker of the House, deputy Arthur Lira, supports continued deliberation over provisional measures in the format that was established during the pandemic, the Speaker of the Federal Senate, Rodrigo Pacheco, wants the return of a joint committee.

Conflict between the leaders of the Houses, however, is not new. At the beginning of the Legislature, when there were elections for their Speakers, Lira was elected by a large majority but Pacheco faced significant competition from an opposition representative, Senator Rogério Marinho (PL/RN). Lira, though discreet, was inclined toward Marinho, further alienating the representatives of the Legislative. The conflict continues without effective resolution.

So far, the Government has coordinated the voting process for five provisional measures under the previous system via a joint committee, which was advocated for by Pacheco.

**Ministerial
Structure**

MP 1154/230

**Minha Casa
Minha Vida**
Housing
Program

MP 1162/23

Bolsa Família
Social Aid

MP 1164/23

**Mais
Médicos**
Health

MP 1165/23

**Food
Acquisition
Program**

MP 1166/23



The other provisional measures edited in the Lula administration will be sent in the form of bills with constitutional urgency and may enter as amendments to the Provisional Measures (MPs) that will be processed in committee.

The Minister of Institutional Relations, Alexandre Padilha, emphasized that the Government intends to approve the content of all the measures.

Cooking Gas Aid

MP 1155/23

Extinction of the National Health Foundation FUNASA

MP 1156/23

Fuel Taxation

MP 1157/23
and
MP 1163/2023

Relocation of the Financial Activities Control Council COAF

MP 1158/23

Changes in Taxation - PIS and Cofins Calculation Rule

MP 1159/2023

Council of the Investment Partnerships Program of the Presidency of the Republic CPPI

MP 1161/2023

Qualifying vote on the CARF Tax Board

MP 1160/2023

Extension of the adaptation period to the new Bidding Law

MP 1167/23



Tax Framework

The text of the New Fiscal Framework, although already presented by the economic team, has not yet been sent to the House of Representatives. To make room in the budget without increasing the tax burden, the Government intends to expand the tax base. Included in this package was the taxation of sectors considered “little or not taxed at all,” such as digital platforms and the sports betting sector.

Economy

Lula’s economic agenda has focused on increasing Union revenues and finding space in the budget for programs promised during the electoral campaign. To those ends, the administration resumed discussions on tax reform and the preparation of a New Fiscal Framework. As an alternative to those solutions, the Administrative Council also took a vote on Tax Appeals (Carf) via provisional measure (MP 1160/23), which passed in January.

In the first 100 days, the Planalto had renewed energy to push forward on structuring agendas, however, the concrete results are still unclear. President Lula has pointed to the high-interest rates of the Central Bank as one of the factors in the country's economic stagnation. As a result, the first months were also marked by clashes between Planalto and the bank’s president, Roberto Campos Neto.

Tax Reform

The Government signaled its concern with the Tax Reform by creating a Special Secretariat dedicated exclusively to the agenda. The appointment of Bernard Appy to lead the body reiterated Planalto's position regarding the reuse of PECs that were already being processed in the Legislature, with a focus on PEC 45/19, which was technically authored by Appy. For the time being, discussions and decisions are centered in Congress, especially in the House of Representatives, which set up a working group to address the issue.



Social Policies

Regarding public policies with a social focus - the greatest pillar of Lula's administration - current measures are based on the resumption of past programs.

1. **New Bolsa Familia:** The social aid program was revised via provisional measure. In addition to an increase in the benefit's value, which went from R\$ 400 to R\$ 600, the upper threshold of per capital income for receiving the benefit was raised. Considered a priority by the Government, there is an agreement for the installation of the parliamentary committee of the "Bolsa Família" Provisional Measure.
2. **Minha Casa, Minha Vida:** The housing program was relaunched via provisional measure. The delivery of housing developments in these 100 days has been one of the Government's main priorities.
3. **Food Acquisition Program (PAA):** The program, which consists of buying food produced by family farmers and donating it to people in socially vulnerable situations, also returned via a provisional measure. The MP's joint committee should be installed in April.
4. **Water for All:** The program includes both preventive and corrective measures to deal with drought. It hasn't been relaunched yet, but it's expected to happen in April.

Infrastructure

The general assessment is that actions aimed at paralyzed road works were the main focus of the Government in its first 100 days, especially on highways. Even so, its performance fell short of its proposal. Of the works listed, few were actually resumed, with emphasis on the BR 101-SE.

In order to boost the sector, the Government has announced the new **Growth Acceleration Program (PAC)**. The initiative, created in Lula's second presidential term (2007-2010), was well received in previous Worker's Party (PT) administrations. Its relaunch is scheduled to happen by April 28. The Ministry of Finance has also been working on a new framework for public-private partnerships.





Health

At the beginning of the administration, the Ministry of Health was overwhelmed by the humanitarian crisis in the indigenous territory of the Yanomami. The episode confirmed the Government's rhetoric on the lack of medical access in remote regions, which strengthened the relaunch of **Mais Médicos Program** via provisional measure (MP 1165/23). A Government priority, the measure was one of those chosen to be discussed in the National Congress in a joint committee, which is likely to be established in April.

The Ministry also prioritized the reduction of service queues in the Unified Health System (SUS) and the National Movement for Vaccination, which was launched at the end of February.

The vaccination campaign, however, appears to be the only one with noticeable results, though even these fell short of expectations. Minister of Health Nísia Trindade has called out *fake news* about the bivalent vaccine as one reason for low vaccination numbers.



Addressing school violence also gained momentum on the agenda due to two recent tragedies. A working group was set up to propose public policies aimed at the issue. At the 100-day ministerial meeting, President Lula reinforced his desire to expand full-time teaching and connectivity in schools.

Education

The focus of the Ministry of Education has been on structuring the agency's programs so that they are launched within the 100-day mark. Among the portfolio's main initiatives, basic education was the center of priorities. The following movements in these first months stand out:

1. Readjustment of research grants
2. Readjustment in the values of the National School Feeding Program (PNAE)
3. Return of the National Education Forum
4. Cancellation of programs considered ideological, such as the National Schools Program and Civic-Military (PECIM)
5. Return of the Secretary of Diversity
6. Suspension of the New High School schedule and changes in Enem (National High School Exam)

Environment

The reestablishment of the **Amazon Fund** on the first day of the Lula administration signaled to the world that the president-elect would take the environmental and climate agenda as a *de facto* priority.

The fight against deforestation, especially in the Amazon, was one of the main pillars in recent months. To that end, the Permanent Interministerial Commission for the Prevention and Control of Deforestation and Burnings was also created, which presented, in early February, the new federal government framework for combating deforestation.

The humanitarian crisis in the Yanomami indigenous territory also received special attention from the Ministry at the beginning of Marina Silva's term. The expansion of civil society participation in the Ministry's collegiate bodies, specifically in the National Council for the Environment (Conama) and in the deliberative council of the National Environmental Fund (FNMA) was another priority agenda.

Despite efforts, there are no signs of effective results from the Ministry's actions. Some guidelines that, in theory, would be within the scope of the body, such as the issue of carbon credits, also ended up migrating to other ministries, such as the Ministry of Development, Industry, Commerce, and Services.





Efrain Cruz – Executive Secretary of the
Ministry of Mines and Energy

Energy and Fuels

The slow appointment to important positions in the Ministry of Mines and Energy led to the stagnation of the portfolio in the first 100 days. The agency's executive secretary, Efrain Cruz, was appointed only at the end of March. The command of the Mining Secretariat was not defined until the first week of April.

As a result, important issues, such as changes in the National Biofuels Policy (RenovaBio), remain at a standstill.

The agenda of high fuel prices continue to haunt the Government. Still, without an effective solution, the Executive branch proposed two provisional measures on the subject: (1) at the beginning of the administration, it extended the reduction of the rates on fuel for two months (MP 1157/23), and (2) in February, it gradually reinstated taxes on the sector (MP 1163 /23).



International Relations

Recognized for having good relations with global leaders, Lula also included in his agenda international trips and conversations.

In the first 100 days, he was in Argentina, Uruguay, Portugal, Egypt, United States and will be in China this month. During this period, Brazil received important delegations, notably the Prime Minister of Germany, Olaf Scholz, and the special envoy of the President of the United States for climate issues, John Kerry.

The result of the relationships has been noticed mainly in the environmental agenda.

Democracy and Misinformation

After the January 8 attacks the agenda of defense of democracy, already explored during the electoral period, gained new impetus. In this scenario, the Government leveraged the debate on combating misinformation on the internet.

During this period, there were indications that a proposal to regulate digital platforms would be proposed by the Executive branch, which soon fell to the ground.

Currently, with the support of the Government, the discussion is in the scope of the House of Representatives.

Agribusiness

Despite the Government's indication of prioritizing small and medium-sized rural producers, the biggest highlight in these 100 days was the trip to China by the Ministry of Agriculture and Livestock. The Ministry business entourage took 88 businessmen from the sector to the country.

Social Media Thermometer

Over the first three months of 2023, the opposition has shown strength on Twitter and continues to engage its followers. With a greater number of followers and more engaged fans, several tweets made by deputy Nikolas Ferreira (PL/MG) and by senators Sergio Moro (União /PR) and Marcos do Val (PODE/ES) were among the 100 most shared tweets, along with tweets made by President Lula.

The polarizing language seen in the presidential campaign (and before it) still holds. Opposition congressmen attack government officials or programs and seek to engage their followers with aggressive rhetoric.

Lula's most shared tweets were the tweets made shortly after January's inauguration ceremony, with a festive and optimistic tone, in addition to the posts condemning the attacks on public buildings during the January 8 demonstrations in Brasília, in which Lula criticized the Bolsonaro administration and its initiatives.

The January 8 demonstrations and the issues arising from them were mentioned repeatedly by members of the Government, including Lula and Alckmin, as well as the opposition.

Considering the repercussions on Twitter, government plans and programs did not generate significant engagement during the first 100 days of the government. The debate is still polarized and the topics covered are not linked to the Government's efforts but to isolated actions, such as Lula's speeches about the threats suffered by Moro and accusations of corruption against Lula.



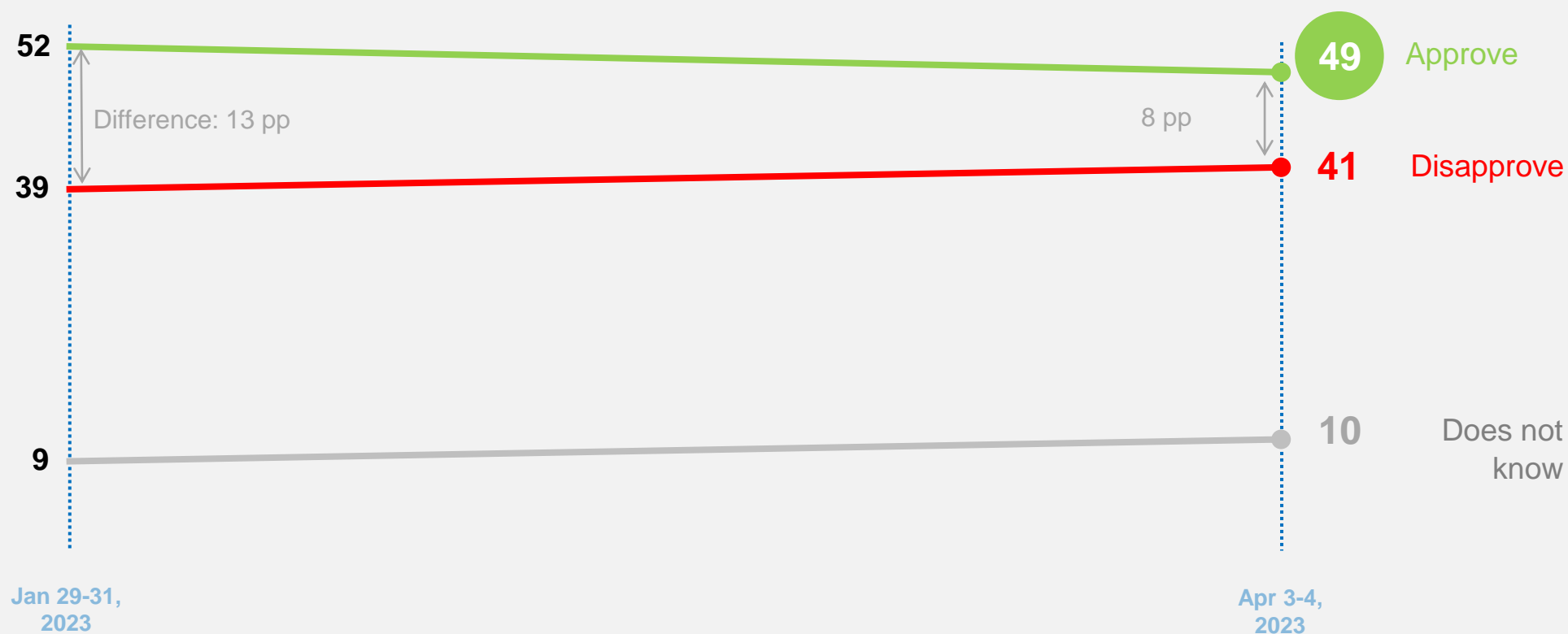
Performance on Social Media

			
Lula President	Nikolas Ferreira Federal Representative	Sergio Moro Senator	Marcos Do Val Senator
PT/SP	PL/MG	União/PR	Podemos/ES
7.6 million followers	2.3 million followers	4.2 million followers	253K followers
34x among the 100 tweets most shared	26x among the 100 tweets most shared	8x among the 100 tweets most shared	6x among the 100 tweets most shared
1031 tweets	350 tweets	281 tweets	183 tweets



Approval of the Lula Government

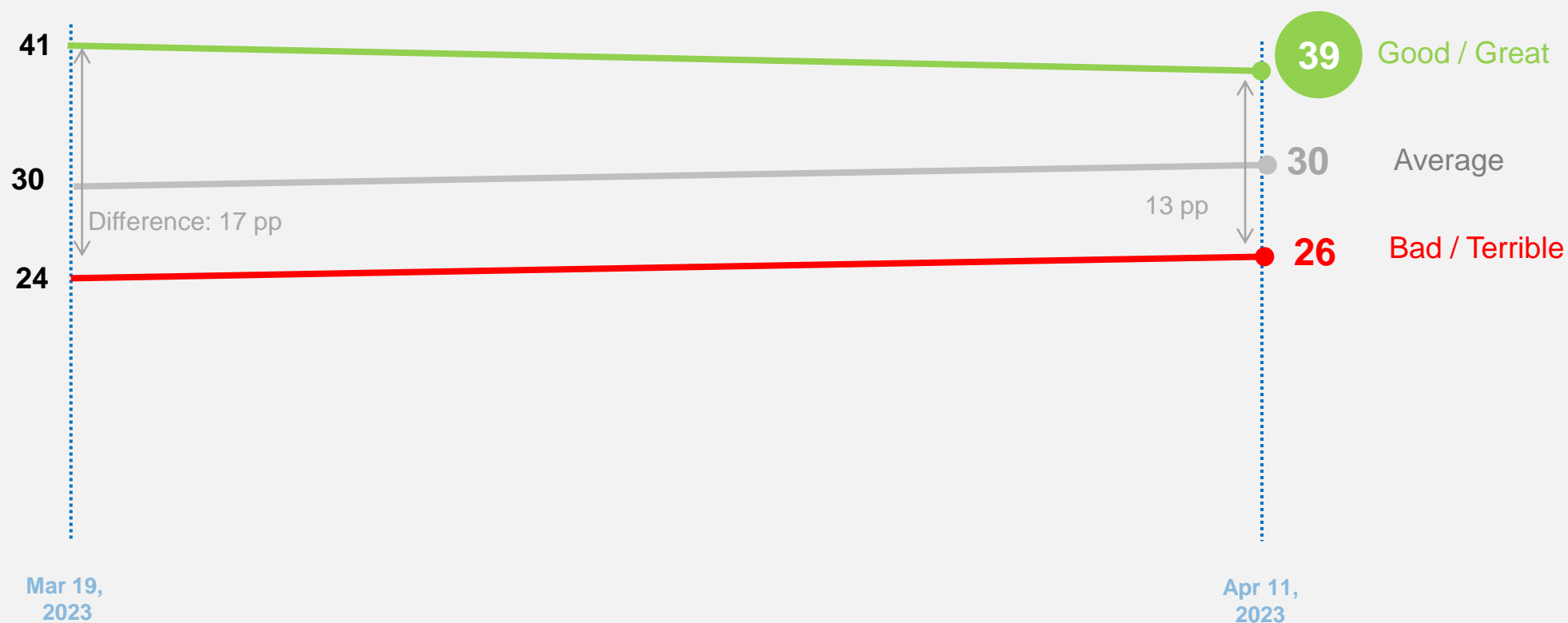
Do you approve or disapprove of President Lula's Government?





Approval of the Lula Government

How do you rate President Lula's Government?





REUTERS/ADRIANO MACHADO

Conclusion

The current conflict between the House of Representatives and the Senate is causing the government difficulties setting its priorities. The disagreement over voting on provisional measures is causing delays and blocking other discussions. There are also disagreements within the Government, resulting in some proposals needing more internal agreement and ministers being overruled after announcements. Moreover, the delay in appointing personnel to critical positions hinders the ministries' functioning. As a result, there is a feeling of stagnation in Brasilia.

Hope lies in laying the groundwork as soon as possible and resolving the conflict between the speakers of the House and Senate. If the *status quo* remains, the Government will need to rethink proposing provisional measures to Congress and, instead, follow the guidance of Arthur Lira (PP/AL), President of the House of Representatives, to send proposals to Congress with constitutional urgency (a legislative procedure that obliges Congress to vote a bill in a limited period). In the worst-case scenario, the Government may face a significant period of paralysis because, unlike provisional measures, bills only come into force after being approved by both Houses and sanctioned by the President.

These first 100 days, therefore, have yet to meet expectations. In general, the feeling in Brasilia is one of disorganization, both structurally and in terms of priorities. This can be seen in the absence of effective measures, the lack of approval of proposed actions, and the need for a strategic plan for the upcoming months.



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