

How Neo-Developmentalism Can Contribute to the Development of Developing Countries: An Example From the Economic Policies of President Lula's Administration in Brazil

Xiran Cui*

University of International Business and Economics, Beijing, China

* Corresponding Author Email: 202024001@uibe.edu.cn

Abstract. Since many developing countries face poverty problems, economic imbalance, and a wide gap between rich and poor in society, implementing neoliberalism cannot meet the needs of their economic and social development. This paper examines the impact of neo-developmentalism on developing countries from the case of Brazil. The report analyzes the Zero Hunger Policy, the most important economic and social policy of neoliberalism during the Lula presidency in Brazil, and through the analysis of the program itself, analyzes its social and economic impacts on Brazil while also pointing out some of its limitations. Finally, this paper argues that neo-developmentalism can narrow the gap between the rich and the poor, improve the quality of life of the people in developing countries, and at the same time, it is also conducive to the strengthening of the role of the government in the market, and promote the economic development of developing countries.

Keywords: Neo-Developmentalism, Developing country, Zero Hunger Program

1. Introduction

Economic development is a goal pursued by every country, especially developing countries, where economic growth is seen as the key to reducing poverty, improving people's living standards, and achieving sustainable development. However, developing countries often face challenges, such as a lack of resources, backward technology, inequality, and social instability. In this context, new developmentalism became a theoretical framework for exploring economic development, which emphasized increasing government involvement and developing strategic industries to promote economic growth and narrow the gap between developing and developed countries. This paper will take Brazil as a case study to explore how new developmentalism can empower the economic development of developing countries. Brazil is a typical developing country, rich in natural resources and potential, but also facing problems of social and economic inequality. The neoliberal economic policies implemented by the Cardoso government can do an excellent job of solving Brazil's social inequality in employment, Increased risk of financial crisis, and Increased poverty and other issues. However, since the Workers' Party led by Lula came to power, Brazil has adopted the new developmental policy and made remarkable economic and social development achievements.

This paper will first introduce the basic principles of the new developmental theory and explain its importance in the context of developing countries. Next, a detailed analysis of the measures taken and the results achieved in implementing the new developmentalist economic policy in Brazil will be detailed. Finally, this paper will summarize the results of implementing the new developmental policy in Brazil and discuss the existing challenges and problems. Through the case study of Brazil, this paper aims to gain an in-depth understanding of how new developmentalism has positively affected the economic development of developing countries and provides valuable experience and enlightenment for other countries in similar contexts. This paper can better understand the enabling role of new developmentalism in the economic development of developing countries and provide policy suggestions and reference experience for the future economic development of nations. Combining the theory of new developmentalism with the practice of Brazil can help promote more developing countries to achieve the goals of economic prosperity, social progress, and sustainable development.

2. Literature Review

New developmentalism is a theory proposed by Latin American scholars to replace developmentalism and neoliberalism.^[1] Not a pure economic theory, but a national development strategy, "which builds on existing economic theory and tries to come up with a strategy that will gradually bring all the peripheral countries up to the level of development of the central countries." New developmentalism is the "third theory" between national developmentalism and neoliberalism. It is different from developmentalism advocated by populism and neoliberalism. It is a set of institutional reform and economic policy proposals for developing countries such as Brazil and Argentina to catch up with developed countries in the 21st century. New developmentalism has been rising throughout Latin America and is practiced in countries like Argentina. New developmentalism does not base growth on exporting low-value-added primary products but advocates exporting manufactured goods and high-value-added primary products. It rejects growth based on demand and public deficit. It advocates fiscal balance, reducing public debt, and transforming short-term debt into long-term debt. It believes that the state is the best tool for collective action, that the state has a strategic role, and that the role of the state should be strengthened. New developmentalism pays more attention to interest rates and exchange rates and believes that fiscal adjustment is not only to achieve fiscal surplus but also to achieve positive public savings and reduce interest rates and current expenditure. The central bank has two tools: the interest rate and the purchase of savings or the supervision of capital income. Central banks have three functions: to control inflation, Maintain the exchange rate at the level needed to facilitate the balance of payments and stimulate investment and exports, and advocate a floating exchange rate, but it should be regulated to prevent "Dutch disease," and promote employment. In terms of economic development strategy, unlike neoliberalism, which advocates weakening the state and strengthening the market, giving the state a small role in investment and industrial policy, and advocating open capital accounts and growth dependent on external savings, new developmentalism advocates strengthening not only the market but also the state. Because a state with efficient policy instruments and a legal system can be an instrument of society, protecting property and contracts and developing national development strategies that encourage entrepreneurial investment and prioritize exports and knowledge - and technology-intensive industries with high added value to achieve development is necessary. The eight years of Lula's administration are of crucial significance in the history of Brazil. In terms of economic policy inheritance and innovation simultaneously, effectively adhering to the inflation target system, primary fiscal surplus system, and floating exchange rate system are three significant policies. Macroeconomic stability was achieved. At the same time, measures were introduced to solve the bottleneck of Brazil's development, including foreign debt, and lay the foundation for Brazil to pursue independent and sustainable development. The eight years of Lula's administration from 2003 to 2008 were eight years of significant changes in Brazil's economic and social landscape. In terms of economy, Brazil's average annual economic growth rate is 4.06%, the fastest economic development in Brazil in the past 30 years. Brazil's GDP increased from 504.4 billion US dollars in 2002 to 2,143.9 billion US dollars in 2010. Per capita GDP increased from US \$2,860 to US \$11,094; Brazil has risen from the world's 12th largest economy to the 7th largest. Since the 1980s, Brazil's economy has been plagued by high inflation, high debt, and external financial crisis for a long time, and the macroeconomic environment is volatile and volatile. The Lula government knows that achieving economic stability is the overriding priority. Therefore, first, he more firmly implemented the three macroeconomic policies, successfully achieved economic stability, and made more flexible and diversified use of monetary and fiscal policy tools, highlighting discretionary choices. Second, seize the opportunity to leverage Brazil's strengths and reduce external vulnerabilities. External vulnerability has always been the Achilles of Brazil, and it is also one of the decisive factors for the frequent external economic and financial crises in the history of Brazil. Finally, this research gave priority to the development of state-owned enterprises, enhanced the influence of the state on the economy and the ability to cope with crises, paid more attention to the role of state-owned enterprises in the macro-control of the country, and improved the effectiveness and influence of the

government's macro-control. It played an essential role in Brazil's counter-cyclical policies in response to the international financial crisis.

3. Background and specific contents of the Zero Hunger Program in Brazil

Brazil's income distribution has long been highly polarized on the social front, with the Gini coefficient among the highest in the world, better than only a few African countries. The problem of poverty has become the key to the game of successive Brazilian governments and the "bottleneck" in Brazil's social progress. According to a survey by the labor office of the Brazilian city of São Paulo, the current unemployment rate of young people between the ages of 15 and 24 in Brazil is twice the national average unemployment rate, and the current youth unemployment population in Brazil is as high as 6 million. [2]

The most notable movement is the "Brazilian Landless People Movement," founded in 1985, which has become a force that the Brazilian government cannot ignore and affects the political power and social stability. The group often calls on landless farmers to camp on both sides of roads and block them. Seizing land from businesses and institutions creates a nationwide sensation to draw the government's attention to poverty. [3] The rise and growth of the "landless peasant movement" also reflects the severity of poverty in Brazil to a certain extent.

On the economic front, in 1994, measured in the 12 months to June 1994, Brazil's inflation rate reached 6,100 percent. Cardoso, then Brazil's finance minister, believed that austerity policies could not wholly and fundamentally solve the inflation problem and thus formulated the "real plan." [4] The Real Plan, which pegged the Brazilian currency directly to the dollar, successfully controlled inflation. The policy raised the value of the local currency but did not achieve the corresponding level of economic development, equivalent to increasing workers' income. In addition, the overvaluation of the currency provided speculative opportunities for traders who made profits by buying and selling the money in the financial market. Under the continuous attack on the natural, much capital fled, and the stock market plunged, resulting in the currency crisis in Brazil. This opportunity has plunged Brazil's economy into a downturn again, further widening the gap between the rich and the poor and bringing severe social problems. Before Lula came to power, to solve the problem of eating for poor people, the Brazilian government launched the "minimum income guarantee plan" successively in 1993, issuing "mutual aid vouchers," "school incentives," and "food cards" [5]

Since January 2003, when the new government of the Brazilian Workers' Party came to power, it has promoted the "Zero Hunger Campaign," that is, centering on the three major themes of anti-hunger, poverty eradication, and poverty alleviation, using government funds and social support. Work to solve the problems of hunger and poverty. [6] The Zero Hunger program focuses on food security, agricultural development, nutrition and health, and education, assisting low-income families through subsidies and the distribution of food stamps to meet the basic food needs of residents. By providing technical assistance, financial support, and market access, it aims to improve the livelihoods of farmers and the productive capacity of agricultural products and promote the growth of agricultural production and the development of rural areas. In nutritional health, the plan strives to ensure the basic health needs of vulnerable groups through measures such as expanding health insurance coverage and providing a free school meal scheme for children. In education, improve the skills and capacities of low-income families by providing them with vocational training, entrepreneurship support, and social assistance, thereby obtaining employment and increasing income. In this campaign, the government mobilized domestic and foreign forces and resources to fully mobilize the masses, timely publicize the status of the activities to the public, accept supervision and feedback from all sectors of society, and strive to achieve sustainable poverty alleviation. 2006, the Bolsa Familia program spent about 0.5 percent of Brazil's GDP. 5% and 2.2% of total government expenditure. 5%, while 44 million people benefited. [7] In the ten years from 2001 to 2011, about 26 million people were lifted out of poverty, and 36 million people were added to the middle class. [8] The remarkable achievements of Lula's government in poverty alleviation also led his successor,

fellow Workers' Party President Dilma Rousseff, to launch the "No Poverty Program" upon taking office. It aims to help lift Brazil's absolute poor out of poverty by creating more jobs through cash transfers and other supportive policies. This is a continuation of Lula's policy philosophy of further reconciling economic growth and social development and striving for all citizens to enjoy the benefits of economic growth.

4. Positive impact of the implementation of the Zero Hunger Program on the Brazilian economy and society

New developmentalism does not believe that the market can solve everything, nor does it think that institutions should only guarantee the enforcement of private property and contracts. It emphasizes the importance of the state's role and believes that effective administration is necessary for the state to achieve development goals. New developmentalism recognized the crucial economic role of the state in ensuring the good functioning of markets. It focused primarily on middle-income countries, providing capital accumulation conditions in education, health care, and transportation. According to Luiz Carlos Bresser Pereira's definition of new developmentalism, Economic development turns into human development when, besides improving the standards of living, advances in the realization of the political objectives that modern societies defined for themselves - two procedural goals (national autonomy and democracy) and five, final objectives: security, individual freedom, economic development, social justice and protection of the environment. [9] Lula's Zero Hunger program is a policy expression led by the New developmentalist ideology, which focuses on balancing economic growth and social development. While new developmentalism focuses on economic growth as an essential means of achieving social development and poverty alleviation and advocates an active role for the State in economic and social development, Lula's Zero Hunger program aims to create conditions for economic growth in Brazil through measures such as promoting agricultural production, promoting sustainable rural development and providing market access. Unlike the complete freedom of neoliberalism, the release and implementation of the plan rely heavily on government intervention and support and promote the provision of social welfare and public services through policy regulation, resource allocation, and social assistance. New developmentalism emphasizes economic growth, focusing on social justice and inclusive development. At the same time, Zero Hunger aims to eradicate hunger and poverty and address social inequalities in economic growth by providing food security and improving health and education conditions. Since the implementation of the "Zero Hunger campaign," specific achievements have been made, reducing the economic pressure and food security problems of low-income families, helping vulnerable groups to integrate into society and the labor market, improving the health and medical conditions of the vulnerable groups, promoting social inclusion and agricultural development has improved the education level and quality of life of the poor, enhanced their autonomy and sustainable development capacity, and also improved their quality of life and future development opportunities, narrowing the gap between the rich and the poor in society to a certain extent, winning broad support from the Brazilian culture, receiving good results, and establishing the image of the Lula government as a friendly people. It also further strengthened Lula's confidence in implementing the poverty alleviation plan.

5. Risks and limitations of Neo-Developmentalism

The implementation of the Zero Hunger Program has not been smooth. From the beginning of the program's implementation, it has been hampered by three problems. Its strong emphasis on social organisations, which were to precede implementation of the programme, Problems of coordination and the choice of an inefficient programme— the Food Card – as the public policy anchor. The programme joined the three existing programmes, creating even more redundancy and overlap. [10] In fact, it's not just that one program. Many things could be improved in the implementation of new developmentalism in Brazil. The first is that the new developmentalist policies have made the

Brazilian economy, to a certain extent, dependent on the international market and external factors. At a time when global economic conditions are volatile, the Brazilian economy faces external shocks, which create a certain degree of uncertainty for economic growth and development. In addition, although the new developmental policies have promoted economic growth to a certain extent, Brazil's economic structure is still unitary; that is, it relies on agriculture and resource extraction sectors, and the industrial system is still imperfect, which makes the Brazilian economy vulnerable to the impact of global market fluctuations, and hinders the sustainable development of the economy and structural diversification. The second is the lack of oversight, which under Lula's government has been characterized by weak leadership, corruption, and a crackdown on criticism and opposition because of the government's strength and concentration of power. This limits the effective implementation and monitoring of policies and can lead to opaque and unfair decision-making.

However, with the impeachment and removal of President Dilma Rousseff of the Labor Party, the new developmental political front has broken down, and the most crucial point is that the interests of various factions within the bourgeoisie cannot be reconciled. The conflict between the comprador big bourgeoisie (i.e., the upper middle class) and the domestic big bourgeoisie (the lower middle class) has been the key to the partisanship that has dominated Brazilian politics in recent years. In Brazil's political history, the upper middle class has supported the neoliberal program, while most of the lower middle class (mainly government workers) have preferred the new developmentalist program. [11] The new developmentalist economic policy represents the interests of the big bourgeoisie in Brazil. It aims to stimulate economic growth and reduce poverty through state intervention, which meets the limited expectations of the domestic bourgeoisie. However, it fails to benefit the comprador bourgeoisie and thus is opposed by them. The comprador bourgeoisie, being politically conservative, opposed this social policy of improving the lives of the masses. In their view, this policy will make the middle class pay more taxes to raise government spending, benefit more poor people, and endanger their privileged position in Brazilian society.

The new developmentalism faces the threat of external hostile forces and contradictions within its ruling party. The Workers' Party government helped establish the leadership of the domestic big bourgeoisie, which remained wobbly in the face of foreign capital. The new developmental policies favor only some organized and incendiary workers. In contrast, some marginalized groups of workers benefit the most from social policies but need to be more politically cohesive and belligerent. That is why, although they are loyal supporters of the Labour government, they have little support for it in times of crisis. Still, others see Lula as a new form of populism, but one in which the masses do not embrace populist policies out of ignorance but rather that such policies formally serve their interests. Moreover, the majority of the ordinary people, with their limited thinking and vision, have always placed high hopes on the bourgeois government, believing that the government should and could take the initiative to improve the quality of work and life of the working class.

6. Conclusion

The Brazilian Labor Party government, through the implementation of subsidies and precise technical, educational, financial, and medical assistance to the poor people, has, to a certain extent, alleviated the economic pressure and food problems of low-income families, narrowed the gap between the rich and the poor in the society, solved the problem of successfully helping the poor and disadvantaged groups to integrate into the development of the community, and improved the primary medical and health care, and has also enabled Lula's political party to win the hearts and minds of the public widely, and established a labor party government's good image. However, there are still risks and challenges for NDP, as the government is too centralized and powerful, corruption is serious in all classes, and NDP policies do not care for the dominant bourgeoisie or the working class, which ultimately did not last long.

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