



BRAZIL ALERT **From the Municipal Elections of 2000 to the Presidential Succession in 2002**

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GUIDE TO BRAZILIAN POLITICAL PARTIES

MST-Movement of the Landless
PCdoB-Communist Party of Brazil

PFL-Liberal Front Party

PMDB-Party of the Brazilian Democratic Movement

PPB-Brazilian Progressive Party

PT-Workers' Party

PTB-Brazilian Workers' Party

PTD-Democratic Workers' Party

PSB-Brazilian Socialist Party

PSDB-Brazilian Social Democratic Party

PV-Green Party

Overview

- The two administrations of President Fernando Henrique Cardoso have compiled a positive record of necessary fiscal austerity and liberalizing reforms.
- However, as Cardoso enters his last two years in office, the question of who will succeed him in the general elections of 2002 will come to increasingly dominate the Brazilian political scene.
- Current public opinion polls and the results of last October's municipal elections indicate that the leftist opposition is in a strong position.
- Moreover, the present ruling coalition of parties lacks a unifying candidate and is showing some signs of instability.
- Yet, startling changes characterize the kaleidoscopic world of Brazilian politics in the run up to general elections. The fundamental question is whether the final outcome will permit positive changes of the past to continue into Brazil's long-term future.

Beyond the October 2000 Election

With the conclusion of last October's balloting in all 5530 of Brazil's municipalities and a new congressional session convening in March 2001, the government of President Fernando Henrique Cardoso will now be entering, arguably, into its "lame-duck" phase. After a very successful first term, capped by an impressive re-election victory in 1998, his second administration was weakened from its beginning by the devaluation crisis of January 1999 and ensuing recession. The president's theretofore-strong approval ratings with the Brazilian public plummeted to near single digits during the middle of that year and, although they have resurged to the 20+ percent range with the subsequent economic upturn, he has never fully recovered the political vigor previously enjoyed. As a result, the ambitious liberalization program that had been the hallmark of his presidency has been slowed significantly-indeed, gradually placed on the defensive over the course of the past two years.

Municipal elections in Brazil-heavily influenced by local circumstances, issues, alliances, and personalities-were never likely to provide a particularly accurate bellwether of the balance of political power at the national level between the president's centrist coalition and its growing leftist opposition. Nor did their outcome directly impair his ability to govern during the remaining two years of his term. But the cumulative result from these contests predictably reflects the dramatic

shift in public opinion since 1998-and also helps set the stage for the 2002 general election campaign, which is already becoming the principal focus of attention for the country's political class.

Overall, the government did not lose ground in terms of the number of city halls controlled by parties supporting it (at least nominally) in the Brazilian Congress. In fact, with the number of municipalities having grown from 5378 to 5530 since 1996, both the government coalition and its opposition have slightly increased their mayoral ranks, and the Planalto-oriented parties retained an overwhelming advantage (4266 to 758)-especially among the many smaller towns of Brazil's vast hinterland.

In the larger, much more populous urban venues, however-where most Brazilians now live and which tend to set future trends-the outcome was considerably different. Here, the overall result in terms of both percentage of the total vote and number of mayors elected was a virtual tie, with the government parties losing considerable ground from 1996. The vote put 4 of Brazil's 7 most important cities-São Paulo, Belo Horizonte, Recife and Porto Alegre-in the hands of the left beginning January 1, 2001. Moreover, the president's own Brazilian Social Democratic Party (PSDB) did not secure a single triumph in these largest venues, and the degree to which candidates from the ruling coalition ran away from his record during the course of these campaigns was among their most notable features.

Cardoso's Condition

The Cardoso administration has compiled an impressive macroeconomic record-implementing competitiveness-enhancing structural reforms, privatizing many key productive sectors, and enforcing much-needed austerity measures-especially considering the difficult nature of Brazil's highly fractious political system. Yet, it has not been able to complete the process and, under current circumstances, is quite unlikely to do so by the end of its tenure. Significant components of national opinion have become increasingly resentful of, and resistant to, continued sacrifices in the furthering of Cardoso's past policies. Thus, the opposition is finding progressively greater success in criticizing and obstructing them. In fact, his administration has noticeably trimmed its sails since the beginning of 2000 in an effort to preserve some reasonable level of popularity and influence over the succession process. For example, it backed away from real privatization of the huge Furnas electric utility, turned the national development bank (BNDES) away from supporting this kind of activity, and adopted potentially expensive social programs as its future priority. Even so, the administration remains beset by pressures and problems that will tend only to increase in the wake of results from the recent municipal elections and as the day approaches for the president to leave office.

Brazil's economy must continue to perform well for President Cardoso to complete his term in a reasonably strong fashion. It registered slightly over 4 percent growth-with inflation at the government's 6 percent target-during 2000, and there is no reason why that pace cannot be maintained into the foreseeable future. In fact, optimism that this performance can even be improved upon over the course of 2000 is now the reigning attitude. Yet, with the reform process still incomplete, Brazil requires a very large (US\$ 40-50 billion) and continuous influx of capital each year. Any untoward developments that might constrict this flow would certainly comprise a serious threat to the country's ongoing expansion. Thus far, the confidence of investors and world capital markets has held up quite well. However, Brazil's hopes of running a substantial trade surplus to reduce the dimensions of its vulnerability-raised by the sharp devaluation of the real in 1999-were sorely disappointed last year. Ongoing tension in the Middle East and continued high oil prices are plainly negative factors. Argentina, its principal partner in Mercosul, is passing through a period of crisis. The cooling off of the United States' economy could augur a period of slower international growth. Internally, privatization revenues are likely to be lower next year, while building socio-political pressures test Cardoso's traditional commitment to austerity.

Meanwhile, opposition efforts aimed at frustrating Cardoso administration policies and discrediting the government during the run-up to the 2002 election campaign will steadily escalate. Numerous scandals (some, to one degree or another, involving the executive branch) and internal wrangling are certain to make it difficult to focus congressional attention on a large backlog of pending business. Some progress may yet be made in discrete areas of tax, social security, and political reform. But social protests-particularly those led by the Movement of the Landless (MST)-have been mushrooming over the past year. Labor unrest on the part of public employees and unions in the industrial and banking sectors can be expected to rise to new heights. And the nation's courts have been more regularly handing down decisions that make the government's tough job even more difficult.

Under these circumstances, keeping the ruling coalition working together in an effective manner will prove a progressively greater challenge. Many members of the president's own PSDB-obviously chagrined and alarmed at being seen by much of the public as the enforcer of harsh neo-liberal economic policies-hanker for a return to its social democratic roots. Certain elements of the Liberal Front Party (PFL)-especially that headed by current Senate president, Antonio Carlos Magalhães-have shown a growing inclination to pursue a more independent course. The Party of the Brazilian Democratic Movement (PMDB) is now comprised of a welter of somewhat aimless factions, many of which are so little committed to present policy that they are capable of defection. The Brazilian Progressive Party (PPB) is in apparent decline nationally-especially after Paulo Maluf's train-wreck in the São Paulo mayoral election. The Brazilian Workers' Party (PTB) is a

notoriously opportunistic, flag-of-convenience party that could easily accommodate itself to other allegiances. Although this alliance might be held together for some time on the basis of government favors and fear of a rising leftist tide, it needs to see a common candidate capable of winning in 2002 if it is to endure until that date. A break-up could occur even sooner than feared because of internecine disputes like that which recently involved the "big three" (PSDB, PFL, and PMDB) over the presidencies of the Senate and Chamber of Deputies in the next session of Congress.

The 2002 Presidential Race

This situation is aggravated by the current lack of a popular, unifying, future standard-bearer from among the ranks of the ruling coalition. There are individuals within the president's own PSDB (like finance, health, and education ministers Pedro Malan, Jose Serra and Paulo Renato de Sousa, respectively), who certainly seem interested in the nomination. But only the Ceara governor, Tasso Jereissati, appears potentially capable of attracting support from the other government parties. Meanwhile, the PFL's Antonio Carlos Magalhães may prove too old and controversial to head a winning ticket in 2002, while representatives of its next generation (such as Maranhão governor Roseana Sarney or Paraná governor Jaime Lerner) have yet to make a strong enough impression on the national public. It is most unlikely that any PMDB figures—for example, ex-president Jose Sarney, or the already-declared Rio Grande do Sul senator, Pedro Simon—would constitute a sufficiently inspiring choice. It is true that much time remains between now and the beginning of the formal 2002 campaign season, and that very surprising things often happen in the kaleidoscopic world of Brazilian politics. (During three of the four presidential contests since 1984, dramatic developments completely altered prospects within six months of election day.) And what a left-of-center government would really mean for Brazil in this day and age is a difficult question to answer. At the starting gate, the quest for a successor to President Cardoso who can keep alive the process of economic political modernization, so hopefully begun, represents a challenge of the greatest possible importance to Brazil and the remainder of the Western Hemisphere.

About the Author

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