



BRAZIL ALERT
Lula President
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Overview

- After three weeks of relatively uneventful campaigning in the wake of the first round, Luiz Inácio "Lula" da Silva (PT) scored an overwhelming 62 to 38 percent victory over PSDB/PMDB standard-bearer José Serra in Brazil's October 27 presidential runoff.
- But this pattern did not carry over into the gubernatorial contests remaining to be decided that day. Adding their results to those secured on October 6, the PSDB will control 7 of 27 state houses (counting that of the Federal District), the PT only 3, with the remainder spread among the PMDB (5), PFL (4), PSB (4), PPS (2), PTD (1) and PSL (1).
- This division of power will tend to reinforce President-elect da Silva's need to form a broad-based government in line with his campaign promises of moderation and sew together a multiparty congressional coalition before taking office on January 1, 2003.

The last three-week phase of Brazil's long presidential marathon, culminating in the decisive October 27 runoff, unfolded with no real surprises at all. Workers' Party (PT) standard-bearer, Luiz Inácio "Lula" da Silva, had already garnered 46.4 percent of the vote in the October 6 first round. Endorsed by the two major contenders eliminated on that day—Anthony Garotinho of the Brazilian Socialist Party (PSB) and the *Frente Trabalhista's* Ciro Gomes (PPS)—he jumped to a commanding 60 to 30 percent lead over Brazilian Social Democratic Party (PSDB)/Party of the Brazilian Democratic Movement (PMDB) coalition's José Serra in all public opinion polls.

Serra tried for a time to develop a tougher message. One focus was his opponent's lack of formal education and government experience. (Lula did not finish elementary school and was a federal deputy for only a single term in the 1980s, whereas Serra boasts a Ph.D. from Cornell University and has served continuously in both houses of Congress and as a cabinet minister in the administration of President Fernando Henrique Cardoso since that time.) In addition, the dangers of a PT government upsetting Brazil's relative economic stability of the past eight years was more directly addressed—accented by the *real's* decline to the four-to-the-dollar range by mid-month (although its value subsequently leveled off). Moreover, Serra pressed for more in the way of televised debates, hoping to trip up the front-runner through direct, face-to-face confrontation.

But the effect of these efforts proved virtually nil as the days sped by. The PT's president emeritus continued to stand pat with his long-established approach—insisting on the need to change the liberalizing policies of the Cardoso administration, but in a moderate way that would not endanger the country's economic stability. Personal criticisms, long familiar from his three previous presidential campaigns, had little effect on Lula's standing in the polls. He did consent to meet his rival on TV again in an anodyne format on the eve of the balloting. But, as the numbers had hardly budged at all, that event proved anticlimactic, seeming almost to confirm Serra's accommodation with defeat. Indeed, many PSDB and PMDB politicians were already looking forward to the need to make their peace with a new PT administration.

Results on election day promptly confirmed that presentiment. Lula piled up impressive majorities across the country, winning in 25 of 26 states, plus the Federal District and ending up with 62 percent of the valid votes. Serra received the other 38 percent and prevailed only in the tiny state of Alagoas. Somewhat surprisingly, however, this pattern did not carry over into the 14 gubernatorial contests remaining to be decided on October 27. In fact, especially considering that it had candidates in eight of these runoffs, the PT did quite poorly-losing all the most important races (some narrowly) and adding only remote Mato Grosso do Sul to its bag of two small states secured in the first round. Serra's (and President Cardoso's) PSDB, on the other hand, scored a surprisingly large number of triumphs (five) bringing its total to seven governorships, including the country's two most populous venues, São Paulo and Minas Gerais. The PMDB also did well on October 27, taking four significant state houses-highlighted by upset victories in Rio Grande do Sul (over the PT) and Santa Catarina (although its narrow win in the Federal District may be challenged in court). At the same time, single governorships were picked up by the PFL, PTB, and PSB.

Thus, combining first- and second-round results, the PSDB's seven governors give it the highest number, followed by: PMDB, five; PFL, four; PSB, four; PT, three; PPS, two; and PTB and PSB, one each. This represents a general erosion of strength on the part of the "big three" parties that had comprised the pillars of the Cardoso coalition (PSDB, PMDB, PFL), which had won a total of 21 governorships in 1998. Correspondingly, parties from its leftist opposition-particularly the PSB and PPS-improved their position. But the PT itself only managed to hold onto its previous total of three (and might be said to have lost ground, since it traded progressive, populous Rio Grande do Sul for Brazil's poorest state, Piauí). Overall, there emerged a more equal intra-party division in terms of numbers of governors-who play an important role within an authentically federal system. This fact, combined with the PT's minority standing in Congress, should further impel a conciliatory attitude on the part of a Lula government.

Indeed, the new president-elect's first postelection moves seem to indicate that he is genuinely committed to such a course-long foreshadowed by his approach over the course of the whole campaign season. His first public declaration reemphasized his intentions to respect Brazil's international obligations and exercise fiscal prudence, so as to keep inflationary pressures under control, as well as, fight hunger, create jobs, and seek a larger trade surplus. A largely technical team was thereafter appointed in response to President Cardoso's offer of unprecedented facilities to ensure a smooth transition. Lula's campaign manager-José Dirceu, who is also president of the PT-is now chairing a committee that will help to choose occupants for high-level executive posts, while simultaneously sewing together arrangements with other parties that will be necessary for the new government to operate effectively in Congress.

The PT has, of course, never exercised such prerogatives before. Reconciling the expectations of its constituencies for change with the moderation necessary to effectively govern Brazil's still highly fragmented political system will provide a real challenge. And an uncertain international environment can only add to the degree of difficulty. Once Lula's team and strategy are more clearly identified, a preliminary assessment of their prospects will be made in CSIS's final report on this year's general elections in Brazil.

About the Author

William Perry is a senior associate of the CSIS Americas Program and president of the Institute for the Study of the Americas and William Perry and Associates. Mr. Perry has an extensive track record of involvement in Colombian, Venezuelan, Argentine, Brazilian, and Southern Cone affairs, and the analysis of elections there and in other Latin American countries. He has also served as a senior Latin American specialist for the Senate Foreign Relations Committee and as director of Latin American affairs at the National Security Council.

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