Brazil

Five Phenomena and Three Scenarios

By Lauri Tähtinen

What the First Round Taught Us

Brazil heads into the second round of its general election on Sunday, October 30. This will include runoffs for the governorships in 12 of Brazil’s 26 states, including São Paulo, the most populous and wealthy state. However, most eyes are on the presidential race in which incumbent Jair Bolsonaro is seeking his second term in office and former president Luiz Inácio Lula da Silva is seeking his third. In the first round on Sunday, October 2, Lula received 48.4 percent of the vote and Bolsonaro received 43.2 percent.

This analysis paints three scenarios for Brazil’s election. The baseline for these scenarios is Lula’s narrow win, and a narrow win for Lula remains the most plausible outcome. If the trends prevalent in September have accelerated through October, Bolsonaro could win narrowly. Conversely, if the trends of September decelerate or even reverse in October, Lula could win handsomely. Based on the first-round results, earlier runoffs, and simple election math, a major Bolsonaro victory is not a realistic outcome.

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Furthermore, the size of a possible Bolsonaro victory is less crucial than the margin of a Lula victory; Lula’s broader coalition may take on more centrist or leftist shades depending on the mandate he receives and how many more governorships his coalition carries. In the first round, Lula’s Workers’ Party (PT) only won governorships in Brazil’s relatively impoverished northeast, its longtime base. The Brazilian Social Democratic Party (PSDB) of Lula’s running mate Geraldo Alckmin, colloquially known as the “Toucans,” did not secure any first-round victories and enter all four of their runoffs in second place. This election has already confirmed the relegation of PSDB, a centrist party and long-standing powerhouse of Brazilian politics, to the role of a supporting act.
Brazil has compulsory voting for literate citizens aged 18 to 70 and optional voting for 16- and 17-year-olds, those over 70, and the illiterate. While in practice the abstention rate is around one in five (79 percent voted on October 2) and some voters simply cast blank ballots (5.5 million out of 124 million on October 2), Brazil’s 1988 constitution guarantees an electorate that is just about as diverse as the country itself. While this paints a challenging picture for anyone trying to pin down their motivations, some background may help in doing so.

**Brazil’s Long Political Crisis through Five Phenomena**

Below are five phenomena of Brazil’s past decade or two, developments which will be top of mind for many voters or structure the way in which they see their decision. These five phenomena are (1) fallback, (2) corruption, (3) conservatism, (4) distrust, and (5) the environment. Two questions help encapsulate these phenomena: For what exactly should Lula’s first two terms as president from 2003 to 2010 be remembered? And how should observers understand Brazil’s long political crisis that started with the massive street protests in 2013?

1. **Fallback**

Exactly 20 years ago, when Lula was about to win the presidency for the first time, the key question was how financial markets would react to his election. Few knew the world was about to enter a commodities supercycle. Rising prices for Brazil’s exports allowed for the expansion of Brazil’s economy and brand as well as the rise of millions of Brazilians from poverty into a new middle class. Then, the supercycle ended, rapidly. Lula’s successor and the second PT president, Dilma Rousseff, had an approval rating of over 90 percent in early 2013; by 2016, she had been impeached from office and Brazil’s politics would never be the same. Similarly, millions of Brazilians, after enjoying improving social and economic status over the first 12 or 15 years of the twenty-first century, entered a period of stasis at a minimum but often outright decline.

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2. **Corruption**

Who should Brazilians blame? The stratospheric Operation Car Wash investigation began in early 2014, and related corruption trials ripped through the Brazilian elite. Eike Batista, who in 2012 had been Brazil’s richest person, worth $30 billion, was first sent to prison in 2017. The same year, Lula himself was convicted on corruption charges by Paraná federal judge Sérgio Moro, who is regarded as a hero among many Brazilians. Later, Moro would serve as Bolsonaro’s first justice minister, only to loudly depart from the administration only after a little over a year. Moro’s presence on the electoral platform in 2018 helped explain how Bolsonaro, a congressional deputy best known for his off-color commentary, could brand himself as the anti-corruption candidate. Bolsonaro’s election was also the moment when much of Brazil confirmed that they blamed PT corruption for their fallback that began in 2013 and accelerated thereafter.
3. CONSERVATISM
In the twenty-first century, Brazil, known as the country with the most Catholics in the world, has undergone a massive shift toward evangelical Protestantism. Its adherents now account for about a third of Brazilians, the vast majority of whom would be classified as evangelicals even outside the country, and some 70 percent of this population supported Bolsonaro in 2018. Even beyond this religious shift, Brazil is a notably conservative country, with large majorities against both the legalization of marijuana (68.5 percent against, 19.6 percent for) and abortion (60.8 percent against, 20.7 percent for). After the return to democracy in the 1980s, there was little room in Brazilian politics for openly or stridently conservative politics. The official party of opposition from the military era became today’s centrist Brazil’s Democratic Movement (MDB), and tellingly, formerly leftist intellectuals such as Fernando Henrique Cardoso, known as FHC, a PSDB social democrat, were viewed as a rightist alternative to PT.

4. DISTRUST
For many years, more conservative discourse was left to demagogues, not least Bolsonaro. This resulted not only in a lack of polish but also in an emmeshment with conspiracy theory. Social media has catalyzed the growth of distrust, including through WhatsApp and Telegram, breaking the monopoly of traditional media and allowing for the rapid spread of unverified and intentionally false information. This epidemic of distrust among Brazilians is itself also a function of the global Covid-19 pandemic that further divided Brazilian society by preventing the kind of socializing that helps keep the public sphere whole. As just one indicator, a country that used to boast near-universal vaccination rates—and boast about it—has now entered a phase in which vaccines are debatable, even if rates—between 80 and 90 percent—remain impressive by regional and global standards. Distrust has worsened further following Bolsonaro’s results in the first round, which were far better than projections presented by almost all Brazilian pollsters. In large part, this is because of the 2020 census delay due to Covid-19; effectively, pollsters were riding in the dark because of outdated demographic data.

5. ENVIRONMENT
Just as with the United States and its foreign policy, outsiders often assume that the environment is something that features prominently in Brazilian politics. For the longest time that assumption was simply wrong, but not any longer. In this election, the environment emerged as an issue on the campaign trail, partially because the smoke from forest fires has in recent years reached Brazil’s population centers, including the city of São Paulo. Bolsonaro’s disregard has also contributed, and much of enforcement has been dismantled, after already suffering funding shortages under conditions of the long political crisis. In fact, deforestation had reached a nadir in 2012, right at the end of the commodity supercycle and before the beginning of Brazil’s political and economic turmoil. Providing Brazilians with more opportunities beyond those involving the destruction of the rainforest is a crucial issue for the future of Brazil and its Amazonian region. It also suggests an internal rebalancing away from land-hungry agribusiness to other sectors of Brazil’s economy through the latter’s growth.

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Three Potential Scenarios

Below are three possible scenarios, beginning with the baseline scenario of a narrow Lula win, the accelerating trend-based outcome of a narrow Bolsonaro win, and the decelerating trend line of a major Lula win. There is not a probability attached to any of the scenarios, but each is treated as plausible and worthy of serious consideration. A major Bolsonaro win is highly unlikely—there are no trends or starting points that indicate it—so it is not considered here in detail. In any case, it would only magnify the outcomes already present in a narrow Bolsonaro victory.

SCENARIO 1: LULA WINS NARROWLY

This scenario is the most obvious interpretation of first-round voting, despite a rowdy October. It is also the scenario that has caused the most worry among both foreign and Brazilian observers of Brazilian democracy, as it leaves the most room for Bolsonaro to whip up his supporters in the aftermath of the election. What drivers might lead to this scenario?

Drivers

Consider the political, economic, and cultural drivers. Politically, the consolidation of left and center continues apace with Lula endorsements from FHC and other centrists, translating into sufficient votes. In terms of the economy, voters remember the good times of Lula’s first presidential terms and trust him to pick moderates for economy minister and other key appointments. Culturally, while the PT brand remains toxic in much of the country, Lula remains personally popular after having his own sentence procedurally annulled.

Transition

Bolsonaro attacks Brazil’s electronic voting, the very system that delivered him the presidency in 2018. Small-scale violence is observed, as has been seen in the run-up to the election. Bolsonaro does not accept the result and does not show up on January 1 for the transition.

Outcome

Political: The possibility of impeachment keeps Lula on his toes, as Brazil’s increasingly rightist Congress would prefer Alckmin as president, even if or especially because PSDB itself is greatly weakened. Lula governs from the middle, listening more closely to moderates and the great centrist bloc (Centrão) than his own leftist flank. Brazil’s voters become increasingly frustrated because of the heavy dose of nostalgia Lula sold them on the campaign trail.

Economic: Lula cannot replicate past economic performance because of the new role China plays, with lesser demand and more price competition. Central bank independence is guarded, and investors are listened to despite being spooked by news stories about violence in the streets. But Brazil’s streets are, alas, violent even without politics.

Cultural: Lula will work to demonstrate the extent to which he has been a victim, not a villain, of Brazilian politics. He remains the living embodiment of how it is possible to rise from working class roots to the pinnacle of power yet presents an even more refined profile than in his first and second terms. He’s the elder statesman who speaks to Brazil’s center and its aspirations.

Foreign: A honeymoon season commences; this honeymoon is likely to be short, however, as many reforms are no longer on the table. Lula makes sure to listen to businesspeople and friends of the United States. Europeans and Americans get a little less than they might have gotten from Bolsonaro but are domestically in a better position to take what Lula is offering.
SCENARIO 2: BOLSONARO WINS NARROWLY
This scenario would fulfill the earlier, post-1988 pattern of an incumbent winning reelection. This would speak to the refusal of many Bolsonaro supporters to express their support before it matters most. What drivers might lead to this scenario?

Drivers
Consider the political, economic, and cultural drivers. Politically, the rightward drift in Congress, evident in the first round, encourages even more Brazilians to back what they perceive as the winning horse. Economically, Bolsonaro circumvented Brazil’s constitution—with congressional support—to give welfare handouts in an election year yet managed to keep inflation under control. Culturally, an increasingly conservative Brazil closely associates Lula with the PT and associates the party with corruption and unsympathetic leftism.

Transition
There is no transition and therefore no rowdy handover either. Bolsonaro continues to ridicule polling and states that, all along, he had the Brazilian public on his side. A second-round win would allow Bolsonaro, with congressional support, to end the polling industry as it currently stands.

Outcome
Political: Brazil approximates unified (ideological) control between the presidency and Congress, something few onlookers would have expected to emerge regardless of who won the presidency. The new Direitão, the Great Right, will recruit from the Centrão.

Economic: Economy Minister Paulo Guedes pushes forward with the opening up of Brazil’s state companies, and development institutions do not recover the power that they have lost. Foreign investors and companies have new opportunities to explore the Brazilian market.

Cultural: Brazilian conservatism remains equated with Bolsonarismo and the persona of Bolsonaro. Other politicians adopt key elements of his style of constant culture war.

Foreign: The Biden administration gets burned because of its “wait for Lula” approach. Bolsonaro attempts to reset relations and convince not only the United States but also Europe that he and his style of politics are here to stay. If the polities of the North Atlantic seek Brazil’s natural resources, they will accommodate Bolsonaro and his administration’s wish for a strengthened major NATO non-ally status, a ratified Mercosur-EU deal, and Brazilian membership in the Organization for Economic Cooperation and Development (OECD).

SCENARIO 3: LULA WINS BIG
This scenario would fulfill the earlier pattern of whoever leads after the first round also wins in the runoff. It would also mirror Lula’s earlier margins of victory. What drivers might lead here?

Drivers
Consider the political, economic, and cultural drivers. In terms of politics, recent candidates, such as leftist Ciro Gomes and MDB standard-bearer Simone Tebet, successfully hand over their combined first-round vote of more than 7 percent as well as convince some blank votes or abstaining voters to support Lula. Economically, on-the-ground inflation sentiment deteriorates and promises harder times for poorer Brazilians, who are especially vulnerable. Culturally, Brazil’s silent majority coalesces around a unity ticket built around those who had fought for democracy in the 1980s.
Transition
Brazil awakens to gridlock. The country is full of governors and senators from the right but with a PT president with a strong mandate. Bolsonaro makes some noise but lacks the case and credibility to incite a serious attempt to overturn the election.

Outcome

Political: Lula is emboldened as the savior of Brazil’s democracy from Bolsonarismo in its Congress and states. This will result in incoherent political discourse in a country with a particularly powerful Congress and strong states. Lula tries to peel off enough of the Centrão to govern with a loud voice.

Economic: Lula sees an opening to reintroduce centralization to the economy through oil giant Petrobras and BNDES, the development bank. Private bidding for infrastructure or energy exploration projects is delayed and OECD accession is also shelved, or at least falls further down on the list of priorities.

Cultural: Brazil’s left recovers some of its ability to direct discourse; in Lula, it has the biggest mouthpiece of them all, even globally speaking, as he builds on his existing popularity. Even up against much opposition, Brazilians on the brink of poverty feel they have regained their voice.

Foreign: Lula does Lula. He praises the leaders of the People’s Republic of China and shrugs off Americans and Europeans after first listening to their praise and entreaties. Regionally, Lula rallies alongside leaders such as Mexico’s Andrés Manuel López Obrador (AMLO) and Colombia’s Gustavo Petro and provides support to the current leadership in Cuba, Nicaragua, and Venezuela. Expect a proliferation of new regional institutions while Lula and AMLO struggle for the heavyweight title of the most influential of the region’s leaders.

Conclusion
This is an election in which Brazilians choose between two candidates that both have their passionate followers and detractors. The good news is their differences allow observers to paint clear scenarios, even if predicting the outcome is not straightforward. On the night of October 30, the electoral outcome, and the resulting scenario, will be known, which is the advantage of Brazil’s efficient and reliable voting system. Then, policymakers and analysts alike can move to assessing whether the long political crisis may finally be coming to an end, and when and how that might happen. In doing so, they should also keep in mind the drivers behind the scenarios that did not come to pass as well as the phenomena that undergird them all.

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This report is made possible via general support to CSIS. No external sponsorship contributed to this report.

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