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Municipal Elections, Economic Crisis Cloud Future for Brazil's Lula

by LADB Staff

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The big winner of the Oct. 5 first round and Oct. 26 runoff of the 2008 municipal elections was neither the Partido dos Trabalhadores (PT) of President Luiz Inacio Lula da Silva nor the Partido da Social Democracia Brasileira (PSDB) of former President Fernando Henrique Cardoso (1995-2002); it was the Partido do Movimento Democratico Brasileiro (PMDB). Brazil's new political map is marked by a deep uncertainty regarding the future of President Lula's government and that of his successor, who will be elected in 2010.

The international economic crisis, which is beginning to have significant economic, political, and social consequences in Brazil and throughout the world, adds to the uncertainty. President Lula has accumulated important political capital, thanks to his high popularity. In a Dec. 5 story in the newspaper Folha de Sao Paulo, Lula was quoted as saying that 70% of Brazilians consider his government "excellent" or "good," compared with 55% in March 2008.

The positive economic performance, social projects such as Bolsa Familia, which gives more than 10 million of the country's poorest families a small monthly stipend (see NotiSur, 2006-07-14), and other factors such as the announcement of the discovery of oil reserves in the capa pre-sal (pre-salt layer), on the ocean floor in the Cuenca de Santos, have all contributed to the president's popularity.

On Sept. 29, a few days before the first round of the municipal elections, a poll by the Confederacao Nacional da Industria (CNI) and the Instituto Brasileiro de Opinio Publica e Estatística (IBOPE) confirmed Lula's assessment. His administration was considered "excellent" or "good" by 69% of respondents.

In the same poll, Lula had an 80% personal-approval rating. These numbers indicate that Lula's prestige may have been key for the performance of the PT in the municipal elections. The PT was hoping to elect at least 700 of the 5,550 mayoral posts in play, 411 more than in 2004. Although the PT's performance was better in 2008 than in 2004, it still did not meet the party's expectations, despite the president's high popularity.

PT does more poorly than expected

The PT had the second-highest number of votes (19,154,800) in the country in the first round, behind the PMDB with 28,659,924 votes. The PT captured 555 mayoralties, far fewer than the 1,201 contests won by the PMDB, which had elected 1,059 mayors in 2004. Coming in third in overall votes on Oct. 5 was the PSDB, the major opposition party, which received 17,551,132 votes and elected 786 mayors, compared with 871 in 2004.

The PT had fewer municipal victories than the PSDB, despite receiving the second-highest number of votes, because the PT's votes were more heavily concentrated in the larger cities. The PT won

20 of the 77 cities with a population of more than 200,000, including five state capitals. The PMDB elected mayors in 17 of the major cities, winning five capitals, including Rio de Janeiro, and the PSDB took 13 major cities, four of which were state capitals.

The PT's biggest defeat was in the city with the largest turnout, Sao Paulo, where its candidate Marta Suplicy lost. Sao Paulo is the largest city and has the highest number of voters in Brazil. Suplicy is a former mayor of Sao Paulo and had Lula's full support in the race, but that was not enough to defeat incumbent Gilberto Kassab, who was re-elected for the Democratas (DEM).

A conservative, Kassab had the backing of Sao Paulo Gov. Jose Serra of the PSDB, and his victory improves Serra's chances to succeed Lula in 2010. Thus, the PT grew compared with 2004, but less than it had hoped, and its loss in Sao Paulo does not bode well for its presidential possibilities in 2010.

Nevertheless, Gov. Serra, the present favorite to succeed Lula, must also keep in mind the significant showing of the PMDB, which will surely play an important role in the 2010 elections. The PSDB had expected to elect around 1,000 mayors, but won only 786 races, more than the PT but fewer than the 871 the PSDB won in 2004. The PMDB is the successor to the Movimento Democratico Brasileiro (MDB), which brought together all the opposition to the military regime between 1964 and 1984. Since the political opening and the return to civilian rule in 1985, both the PMDB and the PSDB have lost many of their principal executives and leaders. Nevertheless, since 1985, the PMDB has always been allied with the party in power, whether that was the PSDB or the PT, in power since 2003.

The PMDB still has various internal factions with different orientations, from the right to the left on the ideological spectrum. With strong bases throughout the country, confirmed by the 2008 elections, the PMDB is likely to retain its power, as it has for the last 23 years, although not as the party of the elected president. It could continue this role after the 2010 elections. Lula, who will likely still exert considerable influence in the next administration, cannot ignore the enormous consolidated political capital of the PMDB.

Another possibility, however, is that the PMDB will run its own candidate to succeed Lula, and one name that has surfaced is that of Gov. Aécio Neves of Minas Gerais, who now belongs to the PSDB. Grandson of PMDB politician Tancredo Neves, who was elected president in 1985 but died before taking office, Aécio Neves has dreams of running for president. But since Gov. Serra is the natural PSDB candidate, Neves could switch to the PMDB. In the short term, the PMDB is expected to have a larger role in the Lula administration, which it supports. "The PT grew and was consolidated, but none of the parties in its coalition, neither the PMDB, nor the PSDB, nor the PT, can say that it has hegemony. Alliances continue to be indispensable for guaranteeing governability," said political analyst Pedro Lemos Rocha, director of the social sciences department at the Pontificia Universidade Catolica de Campinas (PUC-Campinas).

Extreme-left parties lose influence

Another change in Brazil's political map after the 2008 municipal elections is the isolation of the extreme left, comprising principally those who became disaffected with the Lula government

following accusations of corruption that tainted the PT. The main far-left parties, the Partido Socialismo y Liberdade (P-SOL) and the Partido Socialista dos Trabalhadores Unificado (PSTU), won no mayoral posts in the recent elections. P-SOL is headed nationally by former senator Heloisa Helena, who became one of Lula's most vocal critics and who received 6.5 million votes in the 2006 presidential elections for the coalition Frente de Izquierda, made up of P-SOL, the PSTU, and the Partido Comunista Brasileiro (PCB).

In the last elections, Helena was elected to the city council in Maceio, capital of the state of Alagoas, with 29,516 votes, or 7.4% of all the valid votes cast in that city. Helena was among the council members with the largest percentage of votes in all of Brazil, but overall, P-SOL, as well as the other extreme-left parties, had a poorer showing than expected in 2008 and poorer than in the 2006 presidential elections.

Another leftist party, the Partido Comunista do Brasil (PCdoB), which supports the Lula government, elected 40 mayors in 2008, four times more than in 2004. The standing of the other major Brazilian parties was basically unchanged following the elections.

Impact of financial crisis on elections

Another important factor in determining the future of Lula's government, and the election of his successor in 2010, is the international economic crisis. Lula has made an effort to maintain a positive outlook regarding the future. "We are not going to wait for the crisis to bury the country. We will do our best to ensure that this crisis does not have the effects here that it is having in Japan and the United States, with millions of unemployed," said Lula on Dec. 29 on the popular radio program Coffee with the President.

Lula said that the government would announce new economic-growth measures on Jan. 20, 2009. Measures already taken by the government include changes in the income-tax rates, reducing and/or eliminating various other taxes, freeing up millions of dollars to stimulate consumption, and auctioning tens of millions of dollars on the financial markets to contain the slide of the real. For political analyst Pedro Lemos Rocha, the question is how the economic crisis will affect the sustainability of the Lula administration's social projects, on which the president's popularity with the lower and middle classes is based. "The political game will be more complex in light of the economic crisis.

In the future, the Lula government and its successor will be in large measure constrained by the way in which the crisis affects the social and economic indicators that have been positive," said Lemos. Osmair Martins, who left office on Dec. 31, was mayor of Itamogi, a small city in the southern state of Minas Gerais, from 1993 to 1996 and from 2001 to 2008, during the years Lula has been in office. With more than 11,000 inhabitants and an economy based principally on coffee, Itamogi is a microcosm of the changes that have taken place in Brazil in recent years. Social progress is evident in education (with an increase in spaces for children and adolescents), health (opening family health posts, among other actions), culture (the revitalization of historic patrimony), and environment (Itamogi was one of the first cities in Minas Gerais to open a recycling center).

"Continued development in the city is now in some way influenced by the evolution of the international crisis and its effects on Brazil," says Martins. The situation is similar throughout Brazil. The effects of the economic crisis on the people who live in these cities (more than 80% of which are small and medium-sized cities) will in large measure determine the remained of Lula's term and his influence on the election of his successor in 2010.

The PMDB, together with the PT and the PSDB, has, without a doubt, a decisive role in the immediate course the government will take as well as that of the next administration. "In any case, the political majority must continue to be the center, or perhaps slightly more center-left. There is no possibility of an adventure in the presidential election, of moving more to the right or to the left," said Rocha Lemos.

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