



The 2018 Elections in Brazil: Why are they so Important?

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The elections in Brazil¹ have generated much debate in the international community. The most popular candidate, former President Luiz Inácio Lula da Silva, is serving a prison sentence in connection with his role in the Petrobras corruption² case and is the first presidential candidate to be barred from running in the elections under a law that was passed under his Presidency. The 2010 “Clean Record” law prevents any candidate who has had a conviction upheld from running for office for eight years. One can draw some parallels between the elections in Brazil and the recently concluded elections in Pakistan. In both nations, popular and powerful former heads of governments have been barred by the judiciary from contesting elections on charges of corruption. While the circumstances and political situation in the two nations are vastly different, the growing role of the judiciary and the need for transparency has both been appreciated but also remains a contested features of the internal politics of the country.

The main issue in these elections is corruption within the government. The Brazilian judiciary has been steadfast in investigating corruption charges against its political leaders and business establishment. The court’s decisions have also effected the upcoming elections. Apart from former President Lula, President Temer announced he would not be contesting in the elections. Many analysts feel that given his unpopularity as well as corruption allegations against him, his party, the Brazilian Democratic Movement (MDB), picked Finance Minister Henrique Meirelles as its candidate. The Brazilian Supreme Court ordered that President Temer be investigated for his alleged role in gaining illicit elections funds for his party. The efforts were blocked by the National Congress.

The right wing candidate Mr. Jose Bolsonaro, who was recently attacked at an election rally, has called for a clean break from the past. He is running an anti-graft campaign with a focus on priority onlaw-and-order. On economy he has stated that he would support market friendly policy.

The second major issue for the voters is the rising rate of unemployment in the country. (According to the International Monetary Fund-Brazils unemployment rate, on an average, is 12 percent for 2018. It was the highest in March 2017 at 13 percent). Brazil has been in recession since 2014. This has resulted in growing inflation and decreasing investments. While the recession is officially over, the recovery is likely to take time. The government is attempting economic growth by injecting money into the economy through vast public investment, widespread subsidized credit and generous tax breaks.³ Nonetheless, it needs to be understood that aside from investments and government expenditure, families' consumption is another factor that could generate demand, boost production and put the country back on track for growth. But with almost half of the working-age population making less or no money at all, there is no consumption to help the recovery process.⁴ President Temer has passed a new labour law and a constitutional amendment to limit public spending⁵. Both have helped to stabilize Brazil's economic downturn but the reforms remain unpopular with the majority of the people.

Centre-right candidate former Sao Paulo governor Geraldo Alckmim has stressed the need for market reforms so that the economy can grow. Most of the other candidates have appealed to the people to vote against the corruption of the established parties and give them, the smaller parties, an opportunity to resolve the issues created by the ruling power elite. While all the candidates have stated that they are pro-business, they have not yet made clear their economic plans to restart the economy and generate jobs

Conclusion

The LAC region and Brazil are increasingly looking beyond the Western Hemisphere to build their political, economic and defence relationships. India shares close diplomatic ties with Brazil and is a strategic partners (since 2006). India would like these elections to bring political and economic stability to an important partner in the region. Brazil is part of various regional economic organisations such as MERCOSUR and UNASUR, which allow India an opportunity to reach out to a larger market in the region. As part of the BRICS and IBSA, the two nations can work on development projects in third countries, especially in Africa. The two nations are also partners in promoting renewable energy as part of the International Solar Alliance⁶ and the Biofuel Platform⁷.

This year's election is widely expected to be the most closely contested and unpredictable since 1989 when Brazil first held presidential elections after a two-decade military dictatorship. Various opinion polls suggest that voters are undecided and may likely abstain from voting. After years of recession and slow growth, there is disillusionment with the State. The

unpredictable nature of the voters has meant that major political parties are not confident of their margins. The new administration has to overcome the public polarisation and deliver on a building a robust economy. It would also have to work towards regaining the citizen's trust and support for political institutions marred by corruption scandals.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.*

Endnotes

¹ Brazil will hold the first round of the presidential election on 07th October. If no candidate wins over 50 percent of the vote there will be a second-round run-off on 28th October. The country will also elect all members of the lower house of Congress and two-thirds of the 81-seat senate, as well as governors and legislators for the 26 states.

² Petrobras scandal, Brazilian political corruption scandal beginning in 2014 that involved the indictment of dozens of high-level businesspeople and politicians as part of a widespread investigation alleging that many millions of dollars had been kicked back to officials of Petrobras, Brazil's huge majority-state-owned oil company, and to politicians by prominent Brazilian corporations in return for contracts with Petrobras.

³ Mario Braga, "Brazil's recession is over, but the crisis is not," <https://brazilian.report/money/2018/05/07/brazils-recession-crisis/>, Accessed on 11 September 2018.

⁴ Mario Braga, "Why isn't Brazil's economic recovery certain?," <https://brazilian.report/money/2018/05/08/brazil-economic-recovery-unemployment/>, Accessed on 09 September 2018.

⁵ In 2016, a spending cap bill was proposed by President Michel Temer and passed by the Senate. The constitutional amendment limits the increase of the federal budget to the inflation rate of the preceding year – for two decades. Changes can only be made in 10 years and would demand support from three-fifths of Congress. It was meant to show international markets that the country is committed to fiscal discipline and would be able to control the expansion of its public deficit – a clear response to the credit agencies' downgrades.

⁶ More information is available at <http://isolaralliance.org/>

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