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Children of Ana Paula dos Santos show their Bolsa Familia card. The program encourages the poor to keep children in school.

MARCELO SALINAS: FOR THE CHRONICLE



Sept. 28, 2006, 12:30AM

Hailed by poor, Brazil's Lula riding high

Leader expected to be re-elected despite scandals

By **JOHN OTIS**

South America Bureau

RECIFE, BRAZIL — Rather than sending her three children into the streets to work, beg or steal, Ana Paula dos Santos sees them off to school to learn math, science and history. She gets paid for it.

Dos Santos, who lives in a cavelike cinder-block hut by the water's edge in this Atlantic port, receives \$32 a month — about one fourth of her husband's income as a doorman — from a government program called *Bolsa Familia*. It encourages poor Brazilian parents to keep their children in class.

Not surprisingly, the fishermen, security guards and maids who live in dos Santos' Recife *favela* have plastered light poles and doorways of the slum with campaign posters for the man who launched the program, President Luiz Inacio Lula da Silva.

"Lula is marvelous," said dos Santos, 29, as she stood in her cramped, windowless kitchen and pointed to cereal, sardines and margarine purchased with government funds. "He is the first and only president who has helped us."

The support of dos Santos and other poor Brazilians who make up nearly a quarter of the nation's population helps explain why

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the president, who is widely known as Lula, seems on the verge of winning a second four-year term in the country's general election Sunday.

Recent polls give the left-wing Lula a lead of more than 20 points over a former Sao Paulo state governor, Geraldo Alckmin. Heloisa

Helena, a socialist and a former senator, is running third. The polls also suggest that Lula could win more than 50 percent of the vote on Sunday, allowing him to avoid a runoff.

"Poor people's lives have improved in the last few years, and they see Lula as someone who made this possible," said Rogerio Schmitt, an analyst at the Tendencias economic consulting firm in Sao Paulo, Brazil's industrial capital.

Apologized for scandal

Although Lula sits in the driver's seat as election day approaches, not long ago he found himself in the doghouse.

Last year, his government became mired in one of the worst corruption scandals in the country's history. His chief of staff and several top officials from the ruling Workers Party resigned after they were accused of running a campaign slush fund and paying millions of dollars to opposition members of congress to side with the government in key votes. At the time, Lula's re-election prospects looked dim. But he publicly apologized for the scandal, and investigators found no evidence directly linking him to any wrongdoing.

Meanwhile, Lula's advisers devised a media campaign to shift blame to the ruling Workers Party and distance him from the organization's backroom deal-making. "I will never betray you," he tells voters in one campaign commercial.

The effort helped stop the erosion of Lula's popularity, said Bolivar Lemounier, a writer and political analyst in Sao Paulo, who added that many Brazilians think that all politicians are crooked.

But dirty deals continue to haunt Lula. Last week Lula's campaign manager quit amid accusations that he was involved in a plot to smear an opposition politician.

To many critics, the scandals stand as further evidence that Lula has abandoned his roots.

Born in 1945 into a poor family near Recife, Lula dropped out of high school to work as a lathe operator. He became a union organizer and a political activist. In 1980, he helped found the leftist Workers Party.

After losing three campaigns, Lula was elected president in 2002. By then, he had shifted to the political center even though many longtime Workers Party members remained die-hard



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leftists. They wanted Lula to limit payments of the foreign debt, spend the extra money on education, health and jobs programs and redistribute vast tracts of land to peasant farmers.

Instead, Lula adopted relatively tight monetary policies favored by Wall Street.

Foreign investment and exports are booming, but some analysts contend that the government's decision to maintain a fiscal surplus and the world's highest interest rates has stifled economic growth. Under Lula, the economy has expanded by just 2.6 percent annually, one of the lowest rates in Latin America.

Opponent blasts Lula

Helena, the former senator, launched her presidential bid after she was expelled from the Workers Party for opposing Lula's policies. She claims that *Bolsa Familia* is little more than a band-aid for the down and out and that the overall thrust of the government's economic program favors big business.

"Lula governs for the rich," Helena said in a recent debate.

Still, annual inflation has dropped from 13 percent to 4 percent under Lula, which translates into a sharp rise in purchasing power for all Brazilians. Many crave low inflation because they remember the late 1980s and early 1990s when their savings evaporated amid hyperinflation.

Benefit program popular

An even bigger success story for the Lula government is *Bolsa Familia*, or "family fund."

Rather than making unconditional handouts, the program requires parents to vaccinate their children and keep them in school. It is designed to help future generations escape poverty. Parents receive green-and-yellow debit cards and can withdraw between \$7 and \$70 a month, depending on household income and the number of children in school.

The schools send attendance and vaccination information to the local governments, which monitor the program.

Bolsa Familia reaches about 25 percent of Brazil's 186 million people, making it the largest conditional cash-transfer program in the developing world, according to the World Bank.

Marcelo Neri, an expert at the Getulio Vargas Foundation business school in Rio de Janeiro who has studied the program, said it is the main reason why Brazil's poverty rate has fallen from 28 percent to 22 percent since Lula took office.

In a country with one of the widest gaps between rich and poor, *Bolsa Familia* has also helped make Brazil slightly more egalitarian. In the past five years, Neri said, the income of the poorest 10 percent of the population has jumped 23 percent.

During the same period, the income of the richest 10 percent has fallen 7.5 percent.

It means huge support for Lula among the poor.

"What Lula has given me is more than my mother and father ever gave me," said Maria Lucia Vanderlei, a mother of two teenagers who used to send them to school in Recife on empty

stomachs before signing up for *Bolsa Familia*. "My whole family will vote for Lula."

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