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Why Scandals Won't Stop Brazil Reelecting Lula

Sure, the president and his party have been a disappointment to his voters. But keeping his promise to feed the poor has almost guaranteed him another term

By ANDREW DOWNIE/RECIFE, BRAZIL

When Luiz Inacio Lula da Silva took over as Brazil's president four years ago, millions of citizens celebrated by splashing around in fountains, dancing on rooftops and waving red flags in the streets. They passionately believed the unlettered former shoeshine boy would make Brazil a safer, fairer and happier place, and he promised them one thing. Minutes after donning the presidential sash, he vowed: "If at the end of my mandate every Brazilian has the opportunity to eat breakfast, lunch and dinner, I will have accomplished my life's mission."

Today, at the end of a four-year term that will be remembered as much for corruption and cynicism as for economic stability or attempts to right the country's myriad social wrongs, those voters are no longer celebrating Lula. The optimism that marked his election has been replaced by unease, and the hope by resignation. Still, Lula is more popular than ever. His approval rating of 52 percent is the highest on record for a sitting president, and he is odds-on favorite to win a second four-year term when voters go to the polls on Oct. 1. Why? Because he kept his three-meals-a-day promise.

Lula's initial program to feed the poor was called Fome Zero, but after nine months of teething troubles and mismanagement it morphed into Bolsa Familia, a collection of programs centered around an existing scheme that paid mothers to ensure their kids stay in school. The Bolsa Familia gives households earning up to \$56 a month per head a monthly allowance of between \$7 and \$43. Families earning up to \$27 are entitled to \$21 more depending on the number of children, pregnant females or young mothers. To qualify, kids between the ages of 6 and 15 must attend at least 85% of classes and they must have all the vaccinations and pre-natal care on offer.

Overall, 11.1 million families, or around 45 million people, are supported by the program, at a monthly average of around \$30 per family. That's enough to ensure that everyone is fed — and also enough, experts say, to almost guarantee Lula's reelection.

"The redistribution of wealth to the poor has been the fundamental factor in explaining why Lula is ahead in the polls," says Carlos Ranulfo de Melo, a professor of politics and author of two books on Brazil's political parties. "There is more money around and it is reaching more people." The purchases made by those people, economists say, are helping breathe life into the economy, especially in the places where it was suffering. While retail sales in the south actually dropped 0.29% in the year ending May 2006, they rose 16% in the impoverished north and northeast thanks largely

to the injection of Bolsa Familia cash, says Marcelo Neri, director at a Rio business school and author of a recent report on inequality. "In some places that were so poor that money practically didn't exist, you greased the wheels," Neri said. "That's because of the Bolsa Familia, the rise in the minimum wage and other such programs. There is a clear link."

That is good news but Lula probably wasn't thinking of it when he launched the program. The project in fact, wasn't even his. Lula adapted an existing program and his masterstroke was to alter the way aid was disbursed. Previously, federal funds for similar programs were given to municipalities and were therefore subject to the vagaries of local powerbrokers. Lula gave the poor a cash card so they themselves could go to the bank and take out their monthly allowance. "The poor didn't always get the money," said Carlos Manhanelli, president of the Brazilian Association of Political Consultants. "Lula changed it. Today, the money that didn't always get there arrives and it is seen as coming from Lula."

Other programs such as those taking electricity to rural communities, water to desert hamlets, and nutritional information to schools have also boosted Lula's standing among the poor, as did a 23% increase in the minimum wage over the last two years. Together, these measures have contributed to a reversal of the seemingly endless trend of the poor getting poorer and the rich getting richer.

Since 2001, the income of the poorest 10 percent of Brazilians has risen 23 percent, while the income of the richest 10 percent fell by 7.5 percent, according to Neri. "The period since 2001 is one in which we've seen the biggest reduction in inequality in 36 years. I think this is a historic and important moment. We are changing Brazil."

Lula paid for the program by cutting spending during his first two years in office, but he has been handing out more money in the lead up to the election and he will have to tighten his belt again if he wins another term, economists agree. Growth is stunted — at an average of 2.6% over the last three years, it is around half the Latin American average and way behind rival emerging markets such as like China and India — but his success with the Bolsa Familia makes victory almost certain, in spite of his lack of action elsewhere. Although he failed to enact the political, union, labor, agrarian or tax reforms he promised, polls put him between 22 and 25 points ahead of nearest rival, Geraldo Alckmin, and within reach of the overall majority that would avoid a run-off on Oct. 29.

His personal popularity has even convinced many voters to overlook the corruption scandals that forced many of his closest advisors to resign and destroyed the credibility of his Workers' Party (PT). "Lula is no saint, he probably steals a little," said Silvana de Oliveira, an unemployed mother who gets \$30 a month from his government. "(But) without the Bolsa Familia I couldn't afford anything. It isn't a lot, but people in precarious situations like me count on it."

Lula denies being aware that his government paid legislators for Congressional support and says the PT's campaign finance violations were merely a continuation of long-standing practices. Just to be sure, he has distanced himself from his party and is running almost as an independent, lapping up the support of former enemies in some states and ignoring his own party's candidates in others. The accusations, nevertheless, have taken their toll. Almost a third of all Congressmen and women are implicated in one scandal or another and confidence in politicians is at an all-time low. That's another reason Lula is a shoo-in to win four more years. Having found a politician that keeps a campaign promise, Brazilians are loathe to

ditch him.

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