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Scandal adds spice to Brazil poll

 By **Steve Kingstone**

BBC News, Sao Paulo

Just two weeks ago this election looked like a foregone conclusion.

The polls were predicting a comfortable first-round victory for President Luiz Inacio Lula da Silva, while the main opposition party was struggling with internal divisions and charisma issues on the part of its candidate, Geraldo Alckmin.

As one pundit put it to me: "Lula can only lose this election if he's found in bed with a dead woman or a live man."

There have been no revelations from between the sheets, but another late-breaking scandal has added spice to the campaign.

A fortnight ago the Sao Paulo police arrested two men with close links to Lula's Workers Party (PT). They were in possession of nearly \$800,000 (£420,000) in cash, which detectives believe was to have paid for a dossier of corruption allegations against Mr Alckmin and other senior figures from his Brazilian Social Democracy Party (PSDB).

As the extent of the PT's involvement with the dossier became evident, several key party figures resigned from campaign posts. The biggest domino to fall was the PT president Ricardo Berzoini, who was replaced as Lula's campaign manager despite claiming ignorance of the dossier's contents.

Opponents' hope

Lula himself denies ever engaging in smear tactics, but now faces an uncomfortable investigation by Brazil's federal electoral court (TSE).

Not surprisingly, the affair has given renewed hope to the opposition. Mr Alckmin's campaign is demanding to know the origins of the \$800,000, while the far-left presidential candidate, Heloisa Helena (Socialism and Liberty Party,



Economic growth has helped to keep voters on Lula's side

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PSOL), has voiced suspicions that the cash might have come from drug-trafficking or organised crime.

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No evidence has emerged to support that claim, but in what is suddenly open season on the PT, Lula's poll lead has narrowed.

However, as he faces the voters the president still has huge advantages. Crucially, he can boast that Brazilians are becoming better off. Recently released figures show a rise in average incomes and falling levels of poverty.



Mr Alckmin's best hope is to force the president to a second round

According to the respected Getulio Vargas Foundation, a think tank, Brazil has already met the United Nations' first Millennium Goal of halving by 2015 the number of people living in extreme poverty.

Such successes are by no means all down to Lula. But by increasing the minimum wage well above inflation, and by broadening state help to the poorest families, the president can reasonably claim to be reversing Brazil's historic inequality.

The Bolsa Familia programme, which amalgamated several smaller welfare benefits, is worth up to \$45 (£23) a month to 11 million families. Half are in Brazil's impoverished north-east - by no coincidence, the region where Lula's support is the strongest.

Could the dossier affair cause a last-minute turnaround? Barring new revelations directly implicating Lula, probably not. For many voters, the details of the case are wearily complex, and the TSE will only announce its findings after Sunday's first round of voting.

Second-round concern

But what the dossier has done is re-awaken the sense of disillusionment that many voters felt a year ago, when the PT was engulfed by a cash-for-votes scandal. In what was the most serious Brazilian corruption case in a decade, the party admitted funnelling millions of dollars illegally to lawmakers who joined its governing coalition.

Then, as now, Lula claimed to have been let down by PT colleagues. "At a table of 12, even Jesus was betrayed," he said recently.

The best hope for Lula's rivals is that the double-dose of corruption is enough to make



Brazilians think twice about voting for a president whose halo has slipped.

Heloisa Helena could erode Lula's vote from the left

If opposition candidates can together win 50% of valid votes on Sunday, the contest would move on to a second round on 29 October, with Mr Alckmin most likely to go head-to-head with Lula.

The final opinion polls show Mr Alckmin closing, but Lula still with a big enough lead to secure outright victory.

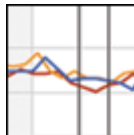
The president insists he has nothing to fear from a second-round run-off, but his once steady campaign has begun to look shaky.

You can bet he will want to finish the job on Sunday.

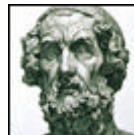
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