

The Big Read Brazil

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## Lula's legacy of working-class gains at risk in Brazil's election

Corruption and the country's worst recession has devastated mainstream parties



Joe Leahy and Andres Schipani in Caetés, Pernambuco 12 HOURS AGO

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A ruined wattle-and-daub hut sits outside of Caetés, in Brazil's northeastern state of Pernambuco, surrounded by small farms. The bucolic scene belies the area's history of harsh droughts.

It was here that former president [Luiz Inácio Lula da Silva](#) grew up until the age of seven, when he left for São Paulo thousands of kilometres away with his family on the [back of a truck](#). Decades later, he rose through Brazil's union movement to become the first labour president of Latin America's largest country, presiding over a period of rapid economic growth between 2003 and 2010 fuelled by a China-led commodities boom.

"The situation before Lula became president was difficult, no one had a car, no one had any land, no one had anything," says Gilberto Ferreira, a farmer who is a cousin of the former president and lives nearby. He points to his granddaughter, Jacqueline Ferreira, who did a government-funded exchange study programme in Canada and now teaches English, something that would have been highly unusual before Lula.

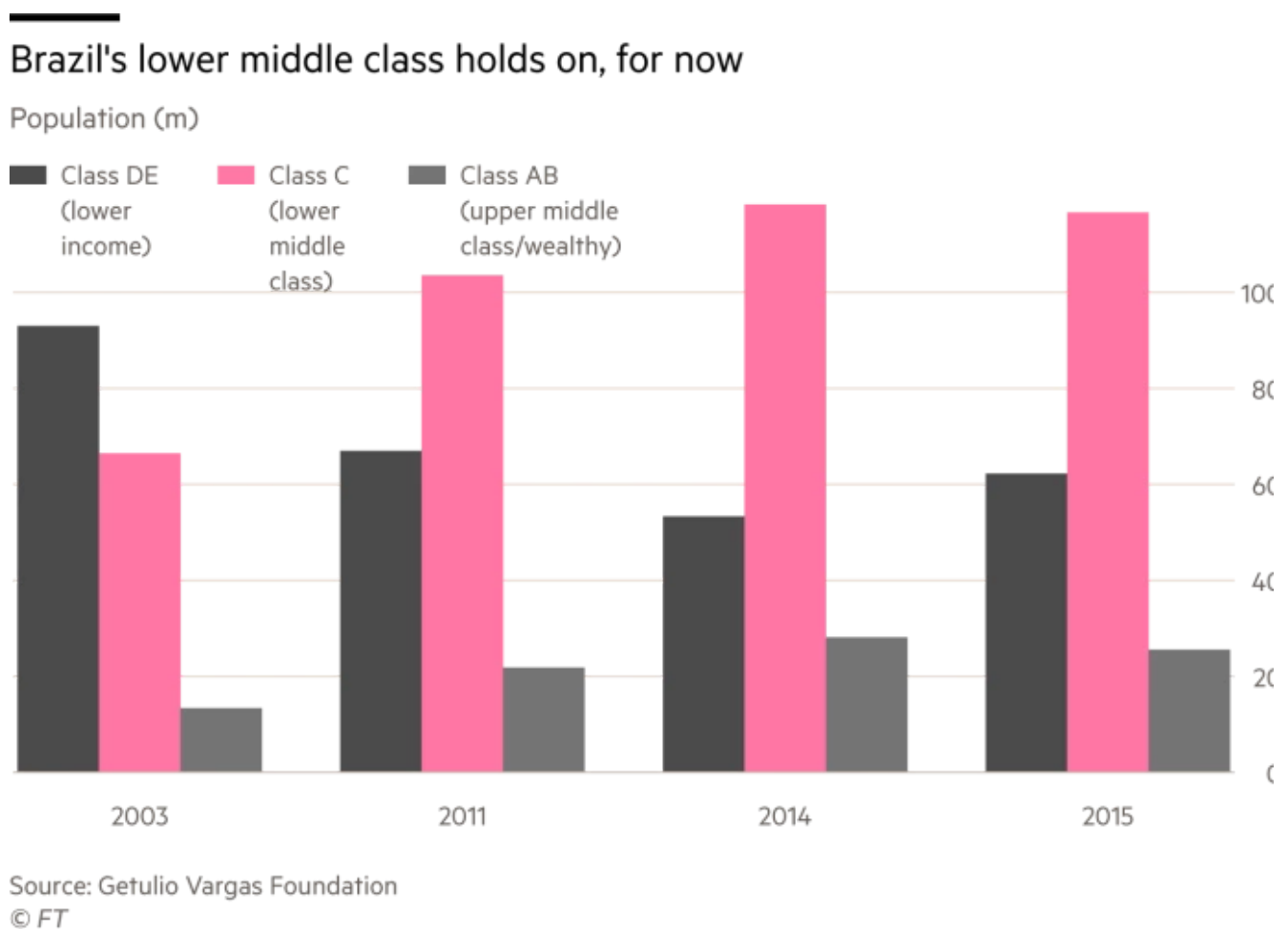
Eight years on Lula da Silva is in prison on graft charges, his leftist Workers' party (PT) in tatters amid corruption scandals, and the economy, despite a recent bounce, is still struggling. That is the backdrop against which [elections](#) in October will be fought, with analysts predicting that the vote will be decided by the Ferreris and millions like them in Brazil's huge [new lower middle class](#).

During Lula da Silva's eight years in power and under his successor, former president Dilma Rousseff, who was [impeached](#) in 2016, Brazil's lower middle class grew dramatically. Higher minimum wages, monthly stipends and cheap public housing helped, by its peak in 2014, pull 67m people into the middle and upper classes — roughly the equivalent of the population of France,

according to figures from **Marcelo Neri**, economist with the Getulio Vargas Foundation, and a former minister of strategic affairs under Ms Rousseff.

But today this legacy is in danger of crumbling. Battered by the country's worst recession in history over the past few years, which many believe was largely self-inflicted by the PT-led government, many in the lower middle class, known as the "C-class", are fighting to hold on to what they have gained.

"These voters have become more critical of politics including the PT and the Dilma government especially because they started to lose their recent gains following the end of the Lula government," says Mauro Paulino, director-general of pollster Datafolha.



**It is this traumatic** change in fortunes that lies behind the turbulent political environment. While some remain sympathetic to the former president, support for the PT is fragmenting.

At the same time, all the mainstream parties, including the PT, the Brazilian Democratic Movement, or MDB, of current President [Michel Temer](#) and the Brazilian Social Democracy party, or PSDB, led by presidential contender [Geraldo Alckmin](#), have been devastated by [Lava Jato \(Car Wash\)](#), a vast investigation originally centred on bribery at state-owned oil company [Petrobras](#). Lula da Silva — who was expected to stand — was sentenced to 12 years last month under Car Wash, leaving the path open to more unconventional figures.

Far-right, populist politician [Jair Bolsonaro](#) is leading in the polls followed by centre-left environmentalist [Marina Silva](#), and leftist [Ciro Gomes](#). In a [poll](#) released on May 14, Mr Bolsonaro had 18.3 per cent of voters' intentions, Ms Silva 11.2 per cent, Mr Gomes 9 per cent and Mr Alckmin 5.3 per cent.



Jair Bolsonaro, Marina da Silva, Ciro Gomes and Geraldo Alckmin © Getty Images

## Brazil's election: selected presidential candidates

### Marina Silva

#### SUSTAINABILITY NETWORK (REDE) PARTY

A former minister and presidential candidate, this daughter of a humble family of rubber tappers affiliated with the Sustainability Network (Rede) party is running on a social/environmental platform with a liberal economic bias. She is polling around 11.2 per cent.

### Ciro Gomes

#### DEMOCRATIC LABOUR PARTY

A former minister, state governor, congressman and mayor, this veteran politician of the Democratic Labour party is looking to take over the leftist vote following the imprisonment of its flag-bearer, former president Luiz Inácio Lula da Silva. He had 9 per cent support in the poll.

### Jair Bolsonaro

#### SOCIAL LIBERAL PARTY

A long-time member of Congress, the far-right politician is a supporter of Brazil's former military dictatorship (his trademark gesture is a finger gun) and is known for comments considered offensive to women, gay people and black people. Affiliated with the Social Liberal party, he wants to crack down on crime and to implement liberal economic reforms. He received 18 per cent of

intended votes in a recent poll. But with 45 per cent of voters undecided, the race is still wide open.

## Geraldo Alckmin

### SOCIAL DEMOCRACY PARTY

Having stood down as governor of the state of São Paulo to contest the presidential race, this leader of Brazil's pro-business Brazilian Social Democracy party, or PSDB, is considered the best hope for economic reform. But as a traditional politician lacking in charisma, he is trailing in the polls with only 5 per cent.

This year promised to be Brazil's election of fear and loathing, says Mr Paulino. "Fear" because of a crime wave sweeping the country, and "loathing" because of the disgust voters felt for a political class they believed stole at the expense of public services, particularly health and education.

At stake is the future of Latin America's largest economy. Brazil has pulled out of the freefall of 2015-16, but it is still fragile. Many economists believe that if the next president is unwilling or unable to take steps to rein in public spending, the country could slip into another period of low growth and internecine political conflict.

"This election will be especially interesting, occurring in an environment in which there are various crises all coming together — the economic crisis and the crisis affecting public security and services — which is very dramatic," Mr Paulino says.



The Jardim Peri neighbourhood of São Paulo. The gains made by ordinary people have halted due to Brazil's recession © AP

**In a new low-income** housing project in Pindamonhangaba, in the interior of Brazil's richest state, São Paulo, Júlio César Pedrozo, an unemployed security guard, prints off more résumés. This industrial town on the highway between Rio de Janeiro and São Paulo is the birthplace of two of the 2018 election candidates — the PSDB's Mr Alckmin and Mr Gomes of the Democratic Labour party or PDT. Mr Pedrozo has been seeking work for five months, he says, a victim of Brazil's



severe recession in which gross domestic product shrank by more than 7 per cent in 2015-16. While a weak recovery is under way now, Mr Pedrozo says jobs remain scarce.

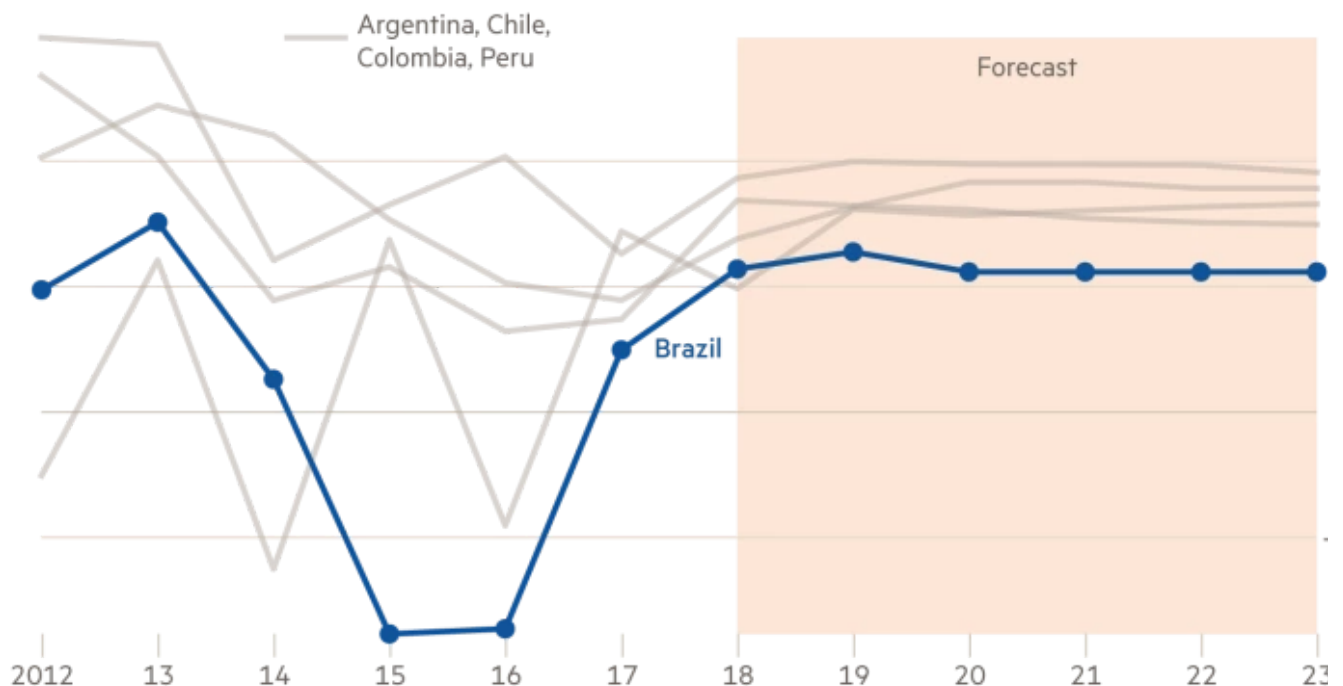
“If you go back eight years, it was easier to leave a job because you’d get another straight away, today you have to think hard about it,” he says.

Formerly earning R\$1,800 (\$486) a month as a security guard, while his wife made another R\$800 as a baker, Mr Pedrozo’s household used to fall into what many Brazilian economists define as the lower middle class. **FGV’s Mr Neri** says that at its peak in 2014 the C-class earned between R\$2,005 and R\$8,640 per family and grew from 66.5m people in 2003 to 116.7m people in 2015 — the most recent figure available — in a country of more than 200m.

Since then, median real income has fallen a net 14.3 per cent. Despite that there are indications the population of the lower middle class remained relatively stable, partly because of people from the higher income bracket losing their jobs and slipping down the social ladder.

## Brazil is lagging behind its neighbours

Annual growth in gross domestic product (%)



Source: IMF  
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“Just in the first year of the crisis in 2015, 6m fell into poverty, there was a strong downward adjustment,” he says. However, he added that the recession had not entirely wiped out the gains from the preceding decade of prosperity, with many of those who lost jobs starting their own businesses.

“The crisis was big but the previous gains were even greater,” says **Mr Neri**.

The question now is whether the next government will be able to undertake the reforms necessary to create lasting growth, including an overhaul of Brazil's costly pension system, and reduce unsustainable budget deficits, say analysts. "Brazil has a very delicate fiscal situation," says Alejandro Werner, director, western hemisphere department, of the IMF.

Despite his poor performance in early polls, markets regard Mr Alckmin as the most likely candidate to be able to push through reform. With his long record as former governor of São Paulo state, Brazil's economic powerhouse, they see him as having the negotiating skills to deal with the pork-loving Congress, which is populated by nearly 30 parties.

Espedita de Lima, a single mother in her fifties living in the Pindamonhangaba housing project, says she would vote for Mr Alckmin. Having only recently moved in, she is surviving with two plastic chairs and a television that blares out daytime celebrity programmes. Pindamonhangaba, she says, is suffering from violence and drugs.

But like many Brazilians, Ms de Lima is disgusted with Brazil's political class and would dump Mr Alckmin if he was convicted of corruption. He is under investigation in an illegal campaign finance case. "This thing in which someone [a politician] says he 'steals but gets things done'. Hang on, they earn a very good salary not to steal, right?" she says.



Former president Luiz Inácio Lula da Silva oversaw unprecedented expansion, but this has been overshadowed by corruption scandals © AFP

**Thousands of kilometres away** in Campo Verde, a farming town in Brazil's central grain-growing state of Mato Grosso, voters are turning towards the far-right's Mr Bolsonaro. Infamous for once [telling](#) a PT congresswoman that she was too ugly to "deserve" being raped, Mr Bolsonaro speaks fondly of the former military dictatorship and wants to arm the citizenry against crime. He is also courting the powerful farmers' lobby in Congress and the giant evangelical movement, having recently rebaptised himself in the Jordan River.

His message on crime appeals to rural populations, who have begun to suffer the kind of armed assaults once reserved for the big cities.

"The *bandido* [criminal] enters your house, robs you, beats up your wife and child, and nothing happens," complains Edson Campos, a farmer with 1,700 hectares of crops and 5,000 cattle. He

believes many people would support a military intervention, saying: “The police do not have the conditions to provide security. We need the army.”

Mr Bolsonaro is tapping into the “fear factor”, says Datafolha’s Mr Paulino. Of his supporters, 60 per cent were relatively affluent middle-class voters aged under 34 — the group hardest hit by the recession, analysts say.



A still from a YouTube video of Jair Bolsonaro being baptised in the River Jordan

There are signs that Mr Bolsonaro is also attracting some of the lower middle class male youth vote too. “He’s an extremist, he’s for the death penalty, but at the moment he’s the best option,” says Lucas de Lima Pereira Santos, 22, the son of Ms de Lima. He too is unemployed after being dismissed as a labourer. If a robber “kills, he should pay in the same currency”, he says.

Analysts caution that the electoral map in Brazil is still very fluid. Official campaigning will only start in late August. In Brazil, parties traditionally form grand coalitions to campaign together in order to gain the right to more time on television under electoral rules. This would benefit mainstream candidates, such as Mr Alckmin, or Mr Gomes, who will look to take over the Lula da Silva base on the left.

Mr Bolsonaro’s small Social Liberal party, or PSL, might struggle to build coalitions. While social media — one of its key campaigning tools — is becoming more important, many Brazilians still do not have smartphones or easy access to the internet. And more than 60 per cent of the electorate remain undecided, according to Datafolha.

## Recommended

“This is a moment of transition, in which the old electoral parameters have yet to be completely dismantled and the new yet to fully emerge. That’s

why it is so difficult to read,” says Ricardo Sennes a director of Prospectiva, a consultancy.

More than anything else, this election will be a battle for the hearts and minds of the lower middle classes, analysts say.

Even the left cannot be completely written off. Although some still believe Lula da Silva, who is appealing against his conviction, could make a comeback, the prospect seems increasingly unlikely. Whoever he gives his backing to could draw about 20 per cent of the vote. After all, some Brazilians still see him as a hero, particularly in the poverty-stricken north-east.

“I really want him to go free. If he returned to the presidential race, I would vote for him, we would all vote for Lula here,” says Rosangela da Silva dos Santos, a small farmer and shop-owner and mother of four in Belo Jardim in Pernambuco. “If he does not come back, we will vote for someone else he supports, that is the truth.”

## Crime Bolsonaro plays on security fears

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In the Complexo da Maré, a sprawling favela in Rio de Janeiro, a city where infighting between drug gangs and police killings are commonplace, violence is souring the political mood. Some Brazilian states, like Rio, have seen a deterioration in public security, and with roughly 60,000 people murdered in Brazil last year, there is a growing sense that the violence is spinning out of control.

Opinion polls show that security is a major priority ahead of October's election. This is playing into the hands of far-right presidential candidate Jair Bolsonaro, the only candidate putting security at the heart of his campaign.

The former army captain-turned-congressman from Rio, has been gaining ground in the polls with his pledge to declare open season on criminals. “With Brazil in the hands of a military man, the murder rate will certainly drop, many things will improve,” says Adriano Ribeiro, a 23-year-old newspaper delivery man, who voted for the Worker's party in 2014.

But André Soares, a local sociologist, says some favela residents should be careful what they wish for. Mr Bolsonaro, he says, “is speaking of protecting them, but in a violent city when he says that ‘every citizen has to have a weapon’, he is not talking to me, the guy from Maré . . . He is talking to another guy, from another social class”.

The Brazilian Public Security Forum and the Igarapé Institute, two think-tanks, paired up to gauge the “fear” of homicide: 52 per cent of Brazilians said they knew someone who had been a victim of a homicide or a fatal robbery.

“Unsurprisingly, over 80 per cent of them fear they could be a victim of homicide in the next 12 months,” says Robert Muggah, a director at the Igarapé Institute. He adds that these people are more easily seduced by populists promising “tough on crime” responses, like Mr Bolsonaro.

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