

LATIN AMERICA BRAZILIAN ELECTION

Brazil's next president faces juggling act of austerity demands versus poverty

Next leader will have to help drag 23 million people out of poverty, while tackling three major economic challenges.

Whoever wins Brazil's presidential election on October 7 will have their work cut out juggling market pressure to implement austerity measures while trying to drag 23 million people out of poverty.

According to a World Bank report presented to the 13 candidates, Latin America's biggest economy is facing "three main challenges: a major fiscal imbalance... a lack of sustainable growth in productivity... [and] the state's ever increasing difficulty in providing basic public services."

In Brazil, "part of the population still lives in the 19th century and the other part is already in the 21st century," says Marcelo Neri, an economist at the socioeconomic think tank Getúlio Vargas Foundation.

Neri says millions of Brazilians have a poor education, live without access to water and sanitation, and are confronted by "levels of violence worthy of a war."

As for the economy, it's struggling. Public debt hit 77 percent of gross domestic product in July, up from 56 percent in 2014.

The World Bank says it won't stabilise unless Brazil manages an unlikely four percent annual growth through to 2030. Without deep structural reforms, the debt could reach 140 percent of GDP, the World

Bank warns.

While hugely unpopular outgoing President Michel Temer has frozen public spending, he has left hanging the delicate question of pension reform, considered by the markets as a cornerstone to fiscal consolidation.

Six million more people live in poverty than in 2014, the Getúlio Vargas Foundation says.

PENSIONS AND PUBLIC DEFICIT

Most presidential candidates are proposing pension reform and a programme to reduce the public deficit, but without going into specifics on the figures for fear of losing votes.

Right-wing frontrunner Jair Bolsonaro has proposed a transition towards a system of funded pensions and a 20 percent reduction in the public debt through "privatisation and sales."

His closest rival, the leftist Fernando Haddad, is offering the opposite: "an end to privatisation" while he intends to "increase employment" and "battle tax dodging" in order to balance the public books.

Former São Paulo state governor Geraldo Alckmin has made an ambitious promise to

wipe out the public debt "in two years" through privatisation and a simplified tax system.

The problem is that while candidates focus on trying to win votes, they might ignore the most pressing issues affecting those most in need.

Neri says the country needs social "inclusion policies" but fears that "the elections aren't heading in that direction."

Six million (33 percent) more people live in poverty than in 2014, the Getúlio Vargas Foundation says.

There are also 13 million people unemployed in a country with a population of 208 million that ranks ninth in the world in terms of social inequality.

Marcos Lisboa, president of teaching and research institute, Insper, is concerned that all the candidates are travelling a worryingly well-trodden road.

"The worry is that debates on the most urgent problems are ditched in favour of proposals that either reproduce the disaster the country went through these last few years, or that promise the moon," says Lisboa.

Brazil needs to choose the "middle path," says Neri, between those who advocate austerity after two years of recession followed by two more of weak growth, and those who believe that such a policy would finish off the sick patient.

- TIMES



Brazilian Diane Batista, 35, washes dishes at the Maua building, which is occupied by squatters, in downtown São Paulo.

THE CANDIDATES AT A GLANCE

JAIR BOLSONARO: OUTSPOKEN EX-MILITARY MAN

Former Army captain Jair Bolsonaro, 63, is often called Brazil's Donald Trump. He not only gets away with saying the outrageous but uses the attention to bolster his claim of being an outsider combatting the corrupt, incompetent elite. Among his regular targets are gays, women and torture victims under the 1964-85 military dictatorship.

Despite the fresh image, boosted by enthusiastic use of social media, Bolsonaro is actually a long-serving member of Congress. The right-winger is not being probed for corruption – a real plus in a political system where every party and much of the government are riddled with graft scandals.

Since Lula was ruled out of the running due to Brazil's "clean slate" laws, Bolsonaro has led in the polls, carried by his market-friendly and tough-on-crime policies. The injuries he suffered in a knife-attack a month ago also turned him into a victim, further boosting his popularity.

He is with the Social Liberal Party, which despite its name is conservative.

FERNANDO HADDAD: LULA'S REPLACEMENT

It's been barely three weeks since Fernando Haddad, 55, was picked to replace Lula as the leftist Workers' Party (PT) candidate, although it had been in the pipeline for months.

His first difficulty was to build a profile once the all-enveloping shadow of Lula was lifted. Despite previously having held the post of mayor of São Paulo, he was a virtual unknown outside Brazil's biggest city.

The son of a Lebanese immigrant, he's a political science professor at São Paulo University and during Lula's government worked as Minister for Education. He's surged into second place in the polls since Lula was dropped from the ballot, boosted by a transfer of PT loyalists switching their allegiance to him.

But like the jailed icon Lula and his hand-picked successor as president, Dilma Rousseff, Haddad has faced corruption accusations linked to his campaign during municipal elections in 2012. And if there's one thing Brazilians are fed up with, it's corruption.

CIRO GOMES: FIERY LEFTIST

Some saw Ciro Gomes, who has also made two failed presidential attempts in the past, as someone capable of capturing the country's huge leftist vote in the place of the imprisoned Lula.

Gomes, 60, is running with the Democratic Labour Party but has failed to garner coalition support from other leftist parties, leaving him isolated. He is seen as a volatile personality with a history of lashing out in colourful language at everyone from Lula and Temer to the country's police.

He has also failed to attract many of Lula's supporters, leaving him a distant third behind Haddad and set to miss out on the top job once again.

GERALDO ALCKMIN: 'NOT A SHOWMAN'

In a country exhausted by scandal and economic disarray, former São Paulo governor Geraldo Alckmin, 65, bills himself as the adult in the room. "I am not a showman," he says proudly.

From the big centrist Brazilian Social Democratic Party (PSDB), Alckmin is hardly the outsider that pollsters believe Brazilians are looking for in this election. He was expected to gather strength after securing in July the backing of the multiple-party, centre-right alliance that dominates Congress.

That made him the key establishment candidate and, among other advantages, entitled him to an especially large slice of TV and radio advertising time. But that didn't translate into voter intentions and he is stuck on single-digit poll numbers.

MARINA SILVA: THE SURVIVOR

She's black, once worked as a maid and has never been charged with corruption: meet Marina Silva, one of Brazil's least typical politicians.

Silva, 60, overcame a harsh childhood in the Amazon to become a courageous environmental campaigner, before bursting into the heavily male-dominated world of national politics and serving as environment minister under Lula.

The centre-leftist made two strong bids for the presidency in 2010 and 2014, so she is hardly unknown. Running with her own REDE party, she had been battling Bolsonaro for second place behind Lula in earlier polls but since her former