

# Brazil's next president faces tough juggling act

omanobserver.com/brazils-next-president-faces-tough-juggling-act

Oman Observer

October 1, 2018

Jorge Svartzman –

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 Getulio 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 per cent of gross domestic product in July, up from 56 per cent in 2014. The World Bank says it won't stabilise unless Brazil manages an unlikely 4 per cent annual growth through to 2030.

While 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.

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-per cent 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" in order to balance the public books.

Former Sao 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 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 per cent) more people live in poverty than in 2014, the Getulio Vargas foundation says.— AFP