THE 2014 ELECTIONS

Brazil’s third way

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THE DRAMATIC EVENTS OF the past few weeks warrant a slight change to the title of last month’s column, Brazil’s third way? The tragic passing of Eduardo Campos and his replacement by Marina Silva adds more uncertainty to the presidential race and certainly raises the odds of a third party success, which would splinter the two-decade-old hegemony of the Workers’ Party (PT) and the Brazilian Social Democratic Party (PSDB). Last month’s title, then, could very well stand without a question mark.

The Marina Silva candidacy of the Brazilian Socialist Party (PSB) undoubtedly represents a significant inflexion point in Brazil’s political landscape. As she transitions from a protest vote candidate to someone who could prove to be a leader, Silva brings to the center of the campaign the diffuse sentiment for change that has swept Brazilian cities since last year’s protests. The transition, however, is far from trivial: some of the attributes needed to gain trust from broader segments of society may clash with those that make her somewhat of an archetype of the “new politics” she advocates.

Silva’s green credentials, for example, have generated significant animosity within the agribusiness sector in the past and also raised industry concerns about more rigid environmental licensing for infrastructure projects. Her decision to invite Beto Albuquerque (PSB) to be the vice-presidential candidate is a good sign. He has ties with agribusiness, and her advisers are clearly seeking to make a statement that her government would look to the private sector to boost investments. Nevertheless, she has a long track record of endorsing stringent environmental licensing to the detriment of such investment projects as hydropower in the Amazon, which raises questions about whether she can fully win over the industrial sector.

Additional dilemmas became clear after the release of her platform. The platform did give clear indications that if she is elected,
Silva’s economic team will be market-friendly and look to manage the economy better. The document signals the return to the three legs of macroeconomic management implemented by Fernando Henrique Cardoso and continued through most of Luiz Inacio Lula da Silva’s two terms in office: fiscal discipline, inflation targeting, and a free-floating exchange rate.

But ambitious promises to expand social programs raise questions about fiscal policy under a Silva administration. The fiscal cost of these programs certainly suggests that if elected, she will have to roll back many of these commitments. The promises suggest two possibilities: Either her campaign allowed some of the proposals to be made public without due vetting by her economic advisors. Or her own commitment to fiscal austerity doesn’t run that deep. At a minimum, the fact that Silva is making specific promises in sectors like health and education, subjects on which legislators are highly organized, means she is creating a potential political problem for her administration after the election.

It is in the political realm, in fact, that Silva’s greatest liabilities lie. The same features that make her a very competitive candidate make her a potentially dangerous president. By listing “High Intensity Democracy” as its first pillar to tackle, her platform reinforces the perception that she is convinced of the need to “renew” politics and establish governance on new grounds. In practice, that means she is opposed to engaging in the traditional means of constructing congressional majorities in Brazil’s multi-party presidential democracy by distributing cabinet posts to parties in Congress to lock in support.

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The platform, moreover, suggests that political reform will be front and center on her agenda after the election. She would eliminate the ability of elected executive office holders to run for reelection, extend the 4-year presidential term to 5 years, introduce public funding of campaigns, and generally implement reforms that could weaken political parties. The platform is also heavy on introducing elements of “direct” democracy, such as more frequent use of plebiscites and referendum.

Needless to say, the odds that her administration will become mired in a difficult political reform with low chances of approval loom very large. Given her unwillingness to negotiate support with parties in the “traditional” way, at a time when difficult economic adjustments should come, getting reforms through without a disciplined congressional base of support won’t be easy. Even though Silva is calling for tax reform, placing a premium on political reform makes the former unlikely to make headway.

The last two presidents who attempted to ignore or change the rules of the game of coalition-building were either impeached (Fernando Collor in 1992) or faced a major political crisis (Lula’s first-term vote-buying scandal).