

# THINKING BRAZIL

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A Newsletter of BRAZIL @ THE WILSON CENTER

## Brazilian Presidential Race, 2002

*Will Lula clear the hurdles ahead?*

On June 17th, 2002 Brazil @ The Wilson Center held a Working Group meeting with **Lourdes Sola** from the University of Sao Paulo and **Riordan Roett** from Johns Hopkins, SAIS to discuss the upcoming election.

For the first time in the Brazilian history, the effects of a presidential election have been felt in the international financial sector. Brazil's credit rating was recently downgraded on forecasts of economic turbulence that many consider related to the strong poll performance of Luis Inácio da Silva (Lula), presidential candidate for the leftist Workers Party (PT).

**Lourdes Sola** discussed the identification and weighting of factors for reliable predictions (the relevance of polling and market instability), the relative importance of the incumbent party candidate José Serra's electoral strategies, and the challenges that a government under Lula would face.

She emphasized that although Lula is ahead by a considerable margin in the polls, the electoral scene is still characterized by a high degree of uncertainty. This ambiguity is due to the fact that the legally mandated period of television exposure is about to begin, which has always had a tremendous influence on previous elections.

Nevertheless, Dr. Sola believes that the polls still have limited predictive value.

Although Lula was able to overcome his traditional preference threshold (35%), his votes cannot be considered consolidated and still could be transferred to other candidates. In addition, the party conventions, which represent the official launch of candidacies and coalitions, are being held this month. Finally, it should be noted that this presidential race has two clear stages: the current preliminary stage is winding down and the second, which will be underway by the end of the July, promises to be more competitive than in the elections of 1994

and 1998. There is no unifying issue such as the Real Plan and focus on economic concerns will make this a more technical race.

Dr. Sola believes that Serra will soon be in a better position to face Lula. The designation of Rita Camata as the candidate for Vice-President on Serra's ticket



Lourdes Sola

brought extraordinary leverage to Serra's campaign as it consolidates the alliance between the *Partido Social Democrática Brasileiro* (PSDB) and the *Partido do Movimento Democrática Brasileiro* (PMDB). Lula's candidacy is facing additional difficulties as the target of hostility and concern from the international community. In contrast Serra is perceived to be better equipped to handle the domestic and international challenges of the office.

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L to R: Robert Kaufman, Lincoln Gordon, Riordan Roett, Lourdes Sola, Rubens Barbosa, Albert Fishlow, Paulo Roberto Almeida and others during the presentations.

**Riordan Roett**, of Johns Hopkins/SAIS, emphasized the importance of the Brazilian electoral process, which given its transparency, should be considered representative of the consolidation of democratic institutions in Brazil. He underlined the significance of this

election as it will influence

Brazil's foreign policy

on sensitive hemi-

spheric issues

such as

bilateral relations with the U.S.,

the FTAA, Mercosul, the

Doha Round and the Argentine crisis.

Dr. Roett also acknowledged the economic turbulence but expressed doubts about the longevity of such concerns. Serra recently invited current Central Bank President Arminio Fraga to remain on if he were to be elected, but Lula has yet to announce anything regarding

his intended economic policy or team.<sup>1</sup> Dr. Roett believes it would be in the interest of both candidates to offer clear indications of their economic intentions and respective plans for government not only to improve their positions in the polls, but also to reduce overall uncertainty. Indeed despite current efforts to stabilize the economy he emphasized the importance of managing expectations until October.



<sup>1</sup> On June 24th, 2002 Lula published an open letter promising to honor Brazil's contracts and debts, in an effort to calm the markets.



## News From Brazil @ The Wilson Center

### — Research —

We are pleased to announce the arrival of the Brazilian Ministry of Culture's Public Policy Scholars for 2002. *Paulo Lucena de Menezes*, *Diva Moreira*, and *Rosana Heringer* will conduct research related to the current theme of "Racial Relations: A Comparison between Brazil and the United States". The results of their research will be published in a forthcoming Working Paper.

*Thinking Brazil* is a publication of **Brazil @ the Wilson Center**. This project is founded on the conviction that Brazil and the U.S.-Brazilian relationship deserve to receive better attention in Washington. Brazil's population, size, and economy, as well as its unique position as a regional leader and global player fully justify this interest. In response, and in keeping with the Center's mission to bridge scholarly research and public action, **Brazil @ the Wilson Center** sponsor activities designed to create a "presence" for Brazil in Washington that captures the attention of the policymaking community. **Brazil @ the Wilson Center** is grateful for the support of the Ministry of Culture of Brazil, ADM, Cargill, Chevron-Texaco, FMC, and GE Fund.

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