

# Brazil and Venezuela: Two Turning Point Elections this Fall

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## Introduction

Two elections in Latin America this fall will have decisive importance in the direction of economic and foreign policy for the coming decade.

Venezuelan legislative elections on September 26 will determine whether President Chavez can secure the two-thirds majority needed to proceed with his democratic socialist agenda without the procedural obstructionism of an increasingly hardline Right.

Brazil the most powerful and dynamic industrial and agro-export economy in the region, faces Presidential elections on October 3rd.

In both countries, the electorate is highly polarized, though in Brazil not along a socialist-capitalist axis.

In Venezuela the Rightwing is aiming to block the further advance of public ownership of strategic industries, foment destabilization by encouraging non-compliance or sabotage of local community based policy initiatives and to impose constraints on budgetary expenditures for social programs and public investments. The strategic aim of the Right is to enhance institutional penetration by US military, intelligence and "aid" agencies, in order to weaken President Chavez's independent foreign policy initiatives and pressure his government to make concessions to the White House, especially by dampening his support for Iran, Palestine and most important the independent Latin American political-economic formations that exclude Washington (MERCOSUR, ALBA, UNASUR).

## Presidential Elections: Brazil

In Brazil, the Presidential elections pit the Workers Party candidate Dilma Rousseff backed by outgoing President Lula Da Silva against the former governor of Sao Paulo State and standard bearer of the Brazilian Social Democratic Party Jose Serra. The party labels are irrelevant, as both candidates have pursued and are proposing to continue free trade, export-led, agro-mineral development policies and both draw financial backing from business and banking elites.

Despite their ties to the business elites and eschewing any radical (or even moderate) changes in Brazil's highly unequal income distribution and land tenure system, there are crucial differences which will affect:

(1) the balance of power in the hemisphere;

- (2) the capacity of Brazilian social movements to freely articulate their demands;
- (3) the future of center-left regimes in neighboring countries (especially Bolivia, Venezuela and Argentina);
- (4) and the public-private joint ventures in the massive newly discovered offshore oil fields.

Serra will shift Brazil's foreign policy toward greater accommodation with the US, lessening or breaking ties with Iran and reducing or even cancelling joint investment programs with Venezuela and Bolivia. However, Serra will not change foreign trade and investment policies with regard to Asia. Serra will continue Lula's free trade policies, looking to diversify markets (except where the US defines geo-political "threats" or military interests), promoting agro-business and mineral-energy exports. He will continue Lula's policy of budget surpluses and tight fiscal and income policies. Serra's social policies will likely deepen and expand Lula's cuts in public pensions and follow his policy of wage constraints, while reducing public spending especially for education, health and poverty programs. In the crucial area of the exploitation of the new massive oil and gas fields, Serra will downgrade the role of the state (and its share of revenues, profits and ownership) for private foreign oil companies.

Serra is less likely to co-opt trade union leaders and resort to greater reliance on 'legal' repression of strikes and greater criminalization of rural social movements, especially of the land occupations of the Rural Landless Movement (MST). Diplomatically Serra will move closer to the US and its militarist policies, without overt support for direct military intervention. An indication of Serra's embrace of Washington's agenda was his calling Bolivia's reform government a "narco-state" echoing Hilary Clinton's rhetoric, in contrast to the friendly ties between the two countries under Lula. No doubt, Serra will reject any independent diplomatic initiatives which conflict with US military ambitions. Rousseff's campaign essentially promises a continuation of Lula's economic and diplomatic policies, including majority public ownership of the new oil and gas fields, the promotion of poverty programs and a margin of tolerance - though not backing - for social movements like the MST and the trade unions.

In other words the choice is between a step backward toward the repressive, conformist, policies of the 1990's, or the status quo of free markets, an independent foreign policy, poverty programs and greater Latin American integration.

If Serra wins, the balance of power in Latin America will shift toward the Right and with it, a re-assertion of US influence and leverage on all of Brazil's center-left neighbors. Serra will largely follow Lula's footsteps in domestic policy, administering poverty programs via his functionaries while ensuring that Lula's social movement supports are weakened. With these limited options, the major business associations of Sao Paulo are backing Serra (with individual business people contributing to both candidates) while the major trade unions are in Rousseff's camp; the social movements like the MST who feel betrayed by Lula's broken promise of land reform are campaigning "against Serra" - indirectly supporting Rousseff. The saying "which way goes Brazil goes Latin America" has more than a grain of truth especially if we are discussing Latin America's economic future and prospects for deeper integration.

### **Legislative Elections: Venezuela**

Venezuela under Chavez is the key to prospects for progressive social change in Latin America. The democratic socialist government backs reform regimes in Latin America and

the Caribbean and through its public spending has established path breaking gains in health, education and food subsidies for 60% of the poorest sectors of the population.

Despite Chavez immense popularity over the decade and the innovative redistributive programs and progressive structural changes, there is a clear and imminent danger that the Right will make significant gains in the forthcoming legislative elections.

The United Venezuela Socialist Party (PSUV) led by President Chavez, has to its credit six years of high growth, rising incomes and declining unemployment. Against that is the current 18 month recession, high inflation and crime with budgetary constraints limiting new programs.

According to official US aid agency documents, Washington has poured over \$50 million dollars into the coffers of opposition controlled NGO's and political "fronts" which promote US interests in the run up to the elections, focusing on unifying the squabbling opposition factions, subsidizing the 70% private mass media and financing opposition controlled community groups in middle and lower class neighborhoods. Unlike the US, Venezuela does not require recipients of overseas funds acting on behalf of a foreign power to register as foreign agents.

The Rightwing campaign focuses on government corruption and drug trafficking, a line echoed by the White House and the New York Times, forgetting to mention that Venezuela's Attorney General announced the prosecution of 2,700 cases of individual corruption and 17,000 cases of drug trafficking. The opposition and the Washington Post cite the case of the state distribution system (PDVAL) failing to deliver several thousand tons of food, causing it to rot and go to waste but they failed to mention that the three former directors are in jail and that the food ministry provides one-third of staple food consumption in the country at prices up to one-half lower than the private supermarkets.

The Right will undoubtedly make significant gains in the legislative elections, simply because they start from a low base point, ground zero, since they boycotted the last elections. Their anti-corruption campaign is not likely to overwhelm Chavez's majoritarian constituency, since their previous standard bearer, ex President Carlos Andres Perez was convicted of multi-million dollar fraud and pillage of the public treasury. Local opposition governors and majors have also been indicted for fraud and malfeasance of funds and are holed up in Miami. Nevertheless, while Chavez is perceived by most voters as honest and untainted, the same cannot be said for some of the incumbents running for office. The question is whether the voters will re-elect them despite their record in order to back Chavez or whether they will abstain. Abstention based on disenchantment and not a switch to the Right, is the greatest threat to a decisive PSUV victory.

In the run-up to the legislative elections the PSUV ran primaries in which many community councils elected popular local candidates against those chosen by the official establishment. It will be revealing to see if the candidates from the grass roots perform better than those selected from the "top". A victory of the former will strengthen the socialist as opposed to the moderate sectors of the PSUV.

The electoral process is highly polarized along class lines; with the majority of the lower class backing the PSUV and the middle and upper class almost uniformly supporting the Right. Nevertheless, there is a significant sector of the poor and trade unions which is undecided and not motivated to vote. They can decide the outcome in crucial voting

districts and that is where campaigning is fierce. Key to a PSUV electoral victory is whether the trade unions, the worker managed factory committees and communal councils will make a major effort to turn out reticent voters and elect leftist candidates. Even militant trade unionists and worker based management groups have been notoriously focused on “local” and “economistic” (wage issues) overlooking or ignoring the larger political issues. Their vote and activity as opinion leaders in pointing out the “big picture” is crucial to overcoming political inertia and even their disenchantment with some of PSUV candidates.

### **Conclusion:**

The coming elections in Brazil and Venezuela will have a decisive impact on Latin American politics, economic policy and relations with the US throughout the second decade of this century. If Brazil “goes Right”, it will immeasurably strengthen US influence in the region, and eliminate an independent voice. Even as neither candidate will put a foot forward toward greater social justice, the election of Lula’s preferred candidate Dilma Rousseff will proceed toward greater Latin American integration and a relatively independent foreign economic policy. Her election will not open the door to any consequential structural changes.

A victory for the Venezuelan Socialists will strengthen Chavez’s resolve and ability to continue his social welfare policies and his anti-imperialist and pro-integration policies. Chavez’s strong stance in opposing US militarization, including the coup in Honduras and the military bases in Colombia, embolden center-left regimes to adopt a somewhat more moderate but principled position opposing militarization. Chavez’s socialist reforms in Venezuela serve as a pressure on center-left regimes to legislate social reforms, promote poverty programs and joint ventures, instead of following the neo-liberal policies of the pro-US hard Right. In Brazil the question is voting for the lesser evil, in Venezuela it is a question of voting for the greater good.

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