
Bolsonaro steers a course through multiple crises: the Lula effect, COVID-19, a cabinet reshuffle and maintaining the trust of the armed forces

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Theme

This analysis examines recent political events in Brazil: the trial of Sergio Moro for bias, the failure to bring COVID-19 under control, a cabinet reshuffle and tensions with the armed forces.

Summary

Despite his government lurching from crisis to crisis, the Brazilian President Jair Bolsonaro is showing an unexpected instinct for survival and adaptation. The quashing of the convictions of former President Lula da Silva, record numbers of deaths from COVID-19 and simmering discontent among the country's economic establishment should all be rocking the government to its core. Instead, Bolsonaro has once again confounded critics, responding to the crisis with an unexpected cabinet reshuffle, severing ties with problematic Ministers and disloyal military figures, and adopting a pro-vaccination stance. Bolsonaro is walking a tightrope between radical and modern politics, between appeasing the markets and the traditional political classes and surrounding himself with loyalists. Yet –at least for the time being– this delicate balancing act has allowed him to survive.

Analysis

The Lula effect

On 23 March 2021, the Supreme Court of Brazil ruled that the former judge Sergio Moro had shown bias in the trials of former President Lula da Silva. The court overturned all the latter's convictions arising from an anticorruption investigation codenamed *Operation Carwash* (*Operação Lava Jato*). The court admitted the *habeas corpus* tendered by Lula's lawyers based on accusations of bias, which were allegedly proved by hacked conversations between Moro and the prosecutors of Operation Carwash published in the online newspaper *The Intercept*. In a widely publicised trial, the magistrates tabled a series of accusations against Moro, epitomised by judge Gilmar Mendes' argument that 'you can't fight crime by committing crime'. Three of the five judges were left in no doubt that the Federal Court of Curitiba, which had convicted Lula, had violated the basic principle of impartiality.

The ruling exonerated the former President of all charges, citing the ‘political persecution’ denounced by the Workers’ Party (*Partido dos Trabalhadores*), paving the way for him to run in Brazil’s 2022 presidential elections. It also ended the career of Sergio Moro: after depicting himself as the country’s saviour during the turbulent years of Operation Carwash, the former judge has been ostracised from the judiciary and the Ministry of Justice. While the ruling only concerned the convictions against Lula, it nonetheless creates a precedent for the other figures convicted in Operation Carwash, who may also claim *habeas corpus* in an attempt to clear their names. The episode marks the end of the largest and most wide-reaching anticorruption investigation in Brazilian history.

One of the direct consequences of the Supreme Court’s decision was largely unexpected. Now a potential candidate for 2022, Lula took advantage of his first speech after the clearing of his name to position himself not just as the only contender able to defeat Bolsonaro but also as the country’s main defender of the COVID-19 vaccine in the face of the President’s denial and the only figure able to unite a divided Brazil and restore political and economic normality. In doing so, he has sought to cast himself in the mould of President Biden in the wake of hurricane Trump. Despite sidestepping demands to confirm his intention to run as the candidate for the Workers’ Party in the 2022 elections in the flurry of interviews he has given since being exonerated, opinion polls have fuelled speculation, testing the waters for a potential second round between Lula and Bolsonaro. The prestigious polling firm XP/Ipespe suggests that Bolsonaro would win 27% of the vote in the first round and Lula 25%. The second round would result in a technical draw, with 41% and 40%, respectively. Nonetheless, Lula’s arrival on the 2022 electoral stage throws the contest up in the air and has relegated the other contenders to the background.

The wrath of the markets

In parallel to the Moro trial, the upper echelons of Congress –primarily the *Centrão*, a voting bloc that has historically sought to obtain positions in the government, allowing it access to public resources (both legal and illegal) that are used to enrich the bloc and expand its political influence– have been involved in a number of encounters with powerful business figures and representatives from the financial sector. The markets wanted the Presidents of the Chamber of Deputies and the Senate, Arthur Lira and Rodrigo Pacheco, to assert control over Bolsonaro’s actions and sought the resignation of the Minister of Foreign Affairs, Ernesto Araújo, and the Minister of the Environment, Ricardo Salles. Representatives of this private initiative argued that the former was an impediment to crucial relations with China and India and the environmental policies of the latter had turned Brazil into an international pariah, blocking potential agreements, such as the deal between Mercosur and the EU or a closer relationship with the Biden Administration.

The meetings with the Presidents of the two houses of Congress were attended by numerous representatives of Brazil’s economic and business elite, including Luiz Carlos Trabuco (chairman of Banco Bradesco), André Esteves (senior partner at BGT Pactual), Abílio Diniz (chairman of BRF, one of the world’s largest food companies) and Flavio Rocha (owner of the Riachuelo chain of department stores). Leaders of the *Centrão* also met with Milton Maluhy Filho (CEO of Banco Itaú), Octavio de Lazari Jr. (CEO of Banco

Bradesco) and Roberto Sallouti (CEO of BGT Pactual), as well as other members of the Brazilian Federation of Banks (FEBRABAN), the Federation of Industries of the State of São Paulo (FIESP) and Rubens Menin (owner of the construction firm MRV and CNN Brazil). Lira and Pacheco had also been in contact with Sergio Rial (chairman of Santander Brasil) and Luiz Antônio França (chairman of the Brazilian Association of Incorporated Real Estate Agencies), representing the country's biggest construction firms.

The discussions culminated in 200 Brazilian economists and business figures (including former Ministers of the Economy and former presidents of the Brazilian Central Bank) signing an open letter to Bolsonaro demanding a national vaccination and economic recovery plan. Not only are the Brazilian elite incensed with the government, they are also displeased by the incompetence of the Minister of the Economy, Paulo Guedes, and the fact that administrative and tax reforms have slipped from the immediate agenda. The very markets that backed Bolsonaro in 2018 seemed to be turning against him. The implications of the letter were summarised by Luis Stuhlberger (Brazil's largest fund manager and head of Verde Asset Management, which is responsible for €10 billion of funds) in an interview with the newspaper *Estadão*. After voting for Bolsonaro and placing his trust in him, Stuhlberger remarked that the situation is becoming unsustainable. The fund manager now believes the markets are pricing in a run-off between Lula and Bolsonaro and is extremely concerned by the prospect. While a third way would be the most desirable alternative, Stuhlberger notes that a lack of consensus and the fragmentation of the right and centre-right as obstacles to fielding a credible candidate. The result is that the markets are seeking to assert control over Bolsonaro without pushing voters into the hands of Lula.

Over 300,000 deaths

Brazil has seen record numbers affected by the pandemic, reaching daily tallies of over 4,000 deaths and 100,000 cases at the end of March and start of April. Polling has consistently pointed to Bolsonaro's dismissal of the virus and his ill-fated national vaccination plan as one of the most poorly evaluated aspects of his government. However, within hours of the results of the Moro trial, Bolsonaro appeared on national television to defend his government's fight against the pandemic, stunning viewers by declaring himself in charge of Brazil's vaccination programme. There was no sign of the President who never wore a mask, referred to COVID-19 as 'a little flu' and even criticised people for complaining about too many deaths.

Prompted by Lula, who gave his first speech wearing a mask and stressed the importance of getting vaccinated and following the advice of doctors and scientists, Bolsonaro's message was clear: 'it's not just Lula who can look after Brazil and handle this crisis, I can too'. On 15 March Bolsonaro sacked his controversial Minister of Health, General Pazuella, and appointed Marcelo Queiroga in his place, a pro-Bolsonaro doctor who is at least not a COVID denier. This was classic Bolsonaro: dispensing with controversial Ministers, whose polarising positions sap his support, and replacing them with more moderate figures that do not cause problems and can be kept under control. While vote-winning controversy is welcome, polemics that cost Bolsonaro his support cannot be tolerated. COVID denial belongs firmly to the latter category. Queiroga will

manage the health crisis with less flamboyancy than Pazuello but will not confront Bolsonaro.

A cabinet reshuffle

On 30 March, the President once again surprised the country with another move to ensure his survival. The press published stories of impending resignations and ministerial replacements as part of what appeared to be an unprecedented government reshuffle. Once again, Bolsonaro was playing his hand with one eye on the present and another on the elections in 2022. The first victim was the controversial Minister of Foreign Relations, Ernesto Araújo, famous for his beliefs in a 'worldwide globalist communist threat' and for referring to COVID-19 as the 'communavirus'. Araújo was replaced by the diplomat Carlos Alberto Franco França, a relatively obscure figure who has never held a major position but is well known as a moderate and mediator. França will bring about a break from the hard-line ideology of Araújo while toeing the presidential line in Brazil's foreign relations. The move allows Bolsonaro to deal with a troublesome figure, free himself of some pressure and appease the market, all the while ensuring the continuity of his international agenda.

In another concession to the traditional political establishment, Bolsonaro appointed Flavia Arruda to the key position of Secretary of Government. Arruda is also a relatively obscure member of the house of deputies, whose only credential appears to be her status as wife of the former governor of Brasília, José Roberto Arruda. It is worth noting that her husband, an example of Brazil's traditional pragmatic politics of selling oneself to the highest bidder (the *Centrão* political bloc that represents the Presidents of both chambers), is currently in jail for corruption. Bolsonaro also appointed a trusted ally and a member of the police force, Anderson Torres, to head the Ministry of Justice and Public Security. This appointment served two purposes: first, it brings the police bodies, which are politically important in Brazil, due to the power of the so-called 'Bank of Bullets' (*Bancada da Bala*) lobby, comprising members of the security forces in Congress, closer to Bolsonaro; secondly, it can be read as an attempt by the President to shore up his position in the face of the accusations of corruption swirling around his children. In short, the reshuffle meets Bolsonaro's twin goals of quelling discontent from the markets and traditional politics and surrounding himself with allies. As Tomasi di Lampedusa remarks in *The Leopard*, 'everything must change for everything to remain the same'.

As well as pacifying political and economic institutions, Bolsonaro has also sought to garner public support. Polling has shown his political base remains unchanged at 30% of the electorate. The fact that this support remains loyal at this stage in the game means it is unlikely to desert him now. The average Bolsonaro supporter is a white evangelical man with low to average education and income. Knowing he can trust this base, Bolsonaro is now seeking institutional peace and to win back more moderate and swing voters who are tiring of instability.

To do so, the President has dispensed with flamboyant and controversial characters who have cost him votes, such as the Minister of Foreign Relations, while retaining other colourful figures able to boost his support, including the fundamentalist evangelical preacher Damares Alves, Minister of Families, Women and Human Rights. One of the

reasons for leaving Paulo Guedes in his post is that despite his incompetence, his continued presence provides some stability for the markets and is emblematic of the meritocratic rhetoric that has been key to Bolsonaro's success. This is even true of suburban neighbourhoods, where the discourse on entrepreneurship has wide support. Finally, another round of emergency financial support will commence on 16 April, with a payment of around €60 a month for almost 46 million people. It is the poorest Brazilians who are most likely to vote for Lula, recalling his paternalistic figure and social programmes. For Bolsonaro, the payment is a way of tempting the votes of disenfranchised Brazilians from the former president.

The military

Having partially placated the markets and the political classes, Bolsonaro has sought to surround himself with his closest allies and weed out figures who do not show unswerving loyalty. The former Minister of Defence and reserve general [Fernando Azevedo e Silva](#) was asked to tender his resignation after attempting to ensure the armed forces would abstain from any authoritarian adventures. His resignation was accompanied by those of the commanders of the Brazilian army (General Edson Pujol), the navy (Admiral Ilques Barbosa) and the air force (Lieutenant-Brigadier Antônio Carlos Bermudez). These changes created tensions in both the armed forces and the political sphere, precipitating the most serious military crisis since 1977 (during the military dictatorship of 1964-85).

Yet military support for Bolsonaro remains largely unaffected by these differences. Military salaries are the only public salaries to be increased in 2021 and the armed forces are one of the few groups to benefit from the 2019 pensions reform. Similarly, the budget for 2021 includes a 22% allocation for the Ministry of Defence, while the budgets of other ministries have seen cuts. Moreover, it should not be forgotten that in addition to the generals who serve as Ministers, over 6,000 military figures hold posts that are either directly or indirectly related to the of Brazil's public administration. In short, the armed forces remain in an enviable position, with a status and financial perks that have not been enjoyed by other groups, giving them all the benefits with minimal drawbacks. All this means that, in stark contrast to the speculation of certain analysts, the prospect of a military sponsored coup at this point in time remains a remote possibility.

Bolsonaro insisted on the appointment of loyal reserve General Braga Netto for the defence portfolio (a figure who previously served as Chief of Staff). While the President may have been unable to appoint his closest Generals as new military commanders (as doing so would fail to respect seniority) the appointments are not expected to cause him any problems. As his Chief of Staff, head of the key body that leads coordination of the government and handles appointments, he has appointed a fiercely loyal childhood friend from Preparatory School for Army Cadets (EsPCEX), reserve General Luiz Eduardo Ramos.

In Brazil the lack of civil democratic control over the military and the absence of political management means that the armed forces will always be coveted from the political sphere, including the left. Indeed, while the relationship with this latter group may be more tense, the left has also ceded to pressure from the armed forces. The 2018

elections, when all presidential favourites were invited to private meetings with the commander of the army, General Villas Bôas for his scrutiny, are a case in point. Villas Bôas was seeking assurances that the armed forces would be well looked after, regardless of the outcome of the elections. Historically, the Brazilian army has dominated the armed forces. This phenomenon can be traced back to the military coup that founded the Republic in the 19th century. More recently, all the Presidents during the country's last authoritarian cycle were army Generals and the country's land forces currently have double the number of troops of the air force and navy combined.

While outside observers might expect different factions within the armed forces or interpret the recent crisis as a manifestation of these groupings, they are in fact surprisingly unified, operating in the mould of what Alan Rouquié has termed a 'military party'. Despite recent events, the military remains united in its support for Bolsonaro. To reinforce this perception, on 2 April the Brazilian army posted a photo on social media showing its new commander, General Paulo Sérgio Nogueira de Oliveira looking relaxed and on friendly terms with his predecessors, Generals Pujol and Villas Bôas. The photo was captioned: 'former, current and future commanders of the Army of Caxias: unbreakable bonds of respect, camaraderie and loyalty. Brazilian Army: Strong arm – friendly hand'. It was a clear message of unity. Moreover, it should not be forgotten that this unity is even stronger at the foundations and in the middle levels of the military pyramid, where Bolsonaro enjoys unshakeable support.

Conclusions

The Brazilian President is playing a double hand, moderate and radical at the same time, trying to keep everyone on side. It is a delicate and complex political balancing act that is always one step away from the abyss. Yet those who underestimated Bolsonaro's ability to adapt, saying he would never win the elections or survive his first year as President, or would even be impeached as a result of the pandemic, would do well to remember that the President's political career is still very much alive, despite over 300,000 deaths, the end of Operation Carwash and the wrath of the markets. Bolsonaro has a crucial factor in his favour: fear of the Workers' Party.

Many Brazilians would stop at nothing to prevent the party from returning to power, especially under the control of Lula. Paradoxically, despite having the greatest vote-winning potential in 2022, Lula is also a hugely unpopular figure. Despite the quashing of his convictions, Operation Carwash has irrevocably tainted the Workers' Party and Lula –its head– with corruption. The lack of a third way, a moderate right candidate beyond the binary choice of Bolsonaro or Lula, would be the best thing that could happen to Bolsonaro. Without someone who is able to tap into the discontent among conservative and right-wing voters, who will never vote for the Workers' Party, the far-right leader remains the only choice. The Governor of São Paulo, João Doria, of the Brazilian Social Democracy Party (*Partido da Social Democracia Brasileira*), who has spearheaded the country's largest vaccination campaign and –aside from Lula– is the political leader currently best placed to lead the charge against Bolsonaro, would be the natural choice for the centre-right.

However, Doria has been unable to transform his success in handling the pandemic into votes, above all among the working classes, who see him as representing the traditional families of the São Paulo elite. He is also facing a major crisis inside his party, which has refused to accept him as the sole candidate for 2022 and will run primaries in October. Doria will face off against the other potential candidate, Eduardo Leite, the young Governor of Rio Grande do Sul, who, despite his success, is still relatively unknown on the national stage. As is always the case in politics, absences always work to someone's advantage.

On 31 March a letter in defence of democracy was published, signed by the six presidential candidates from the right and centre-right: João Doria and Eduardo Leite, Ciro Gomes, the presenter Luciano Huck (from the Social Democracy Party), João Amoedo (of the liberal Partido Novo) and the former Minister of Health Henrique Mandetta. The joint letter has been interpreted as a sign of a potential unity candidate but for now this remains speculation.

The government may be walking a tightrope between successive crises but Bolsonaro is showing a much greater capacity for survival than initially thought. The coming months will be crucial for the government in light of poor figures on the pandemic and dissatisfaction from various sectors. While Bolsonaro may be in a fragile position, he is favoured by the fact that there is still no end in sight for the main task currently dominating Brazilian politics and, when all is said and done, he is still the alternative in the polarising prospect of a Lula-Bolsonaro run-off.