

S P E Y S I D E

C O R P O R A T E R E L A T I O N S

Brazil: a rocky road, prone to landslides, towards the uplands of a settled presidency

April 2016

Whether you were watching in a bar, on twitter or in one of the hundreds of pro- or anti-Dilma demonstrations around the country, the circus of Brazil's lower house impeachment vote, this past Sunday, was hardly a mirror of classical Athens at its best. It threw a global arc-lamp on the flaws, hypocrisy and chaos of the Brazilian republic.

I was at a speech the next day given by former president, and one of Brazil's few truly respected politicians, [Fernando Henrique Cardoso](#). Even he – while supporting impeachment as necessary for the country – couldn't hide his disgust at the shenanigans in the lower house, describing the Congressmen of today as “lower class and uneducated. All the good quality of their generation went into finance or business.”

Well here we are! Well, where exactly are we?

Brazil's constitution is complex and some international media reporting has been quite sloppy as to the detail (especially out of the USA) of the impeachment process in Brazil.

Losing the lower house vote was politically a disaster for Dilma; but she remains president and fully in office today. It was a political victory for Vice President Temer and his ‘constitutional coup’, as some put it, but it is a very risky road for Temer and by no means certain whether he will succeed in wresting the presidency from Dilma. **Here are three areas to watch in coming weeks:**

The Senate won't be as accommodating as the lower house

The next stage in the tortuous Brazilian process is the Senate, which has to vote by simple majority (at least 41 out of 81 Senate seats), to accept the lower house's impeachment and hold a full trial of president Rousseff.

All the indications are that a simple majority will be met. And, at that point, the president is suspended from office for up to 180 days, while the Senate holds its trial. She is allowed to remain staying in the residence though, in a nicely symbolic recognition that she is still president, albeit in-suspension. During this time Vice President Temer will become acting president. He can fire ministers; appoint his own; and change policies and introduce new laws to Congress.

To convict Dilma (within the 180 days' suspension) requires not a simple majority again, as in the case to start proceedings and her suspension, but a two thirds majority. This is however a tough call. There are signs, that if the vote was held today, Temer would not achieve the two thirds he needs. In that case, Dilma is acquitted and returns to office unencumbered.

Temer is going to need time to build a government and a program to recapture political, let alone popular, support to nudge senators over the line to give him the presidency. He is going to need every one of those 180 days as acting president.

"Slow, slow, quick, quick, slow"

Constitutional coups are like the foxtrot: the dance has a particular rhythm of its own and is as noticeable for the slow parts as well as the faster ones...

Vice President Temer would like a vote to take place as fast as possible so that a Senate trial is held (simple majority needed; easy gotten; Dilma suspended for 180 days; Temer sits as acting president); and then proceedings of the trial to drag the full 180 days as he aligns his new government; program and Senate votes.

The current leader, or president, of the Brazilian Senate is [Renan Calheiros](#). He is politically and personally closer to Dilma than to Temer. His body and actual language on the weekend suggests he is not going to make things easy for Temer to oust Dilma and gain the presidency. Possibly quite the opposite. Like many Brazilians, quite aside from the idea of Temer assuming office without a democratic mandate, he is horrified at the idea of the current Speaker of the lower house, [Eduardo Cunha](#), becoming vice president (moving one up the order of succession): a man facing his own corruption charges just a heartbeat from the Brazilian presidency.

As things stand – and they could change any and every day – we expect a Senate Commission to study the lower house's impeachment of the president by the end of April. We expect it to report and make a recommendation, and for a Senate vote to suspend her and hold a formal trial, by the middle of May. **Calheiros may try to string this out. He then might also try to rush the full trial, giving Temer not enough time, as acting president, to set the 'mood music' to garner the two thirds majority needed in the Senate.**

Brazilian politics is full of machinations. Another person might be more accommodating as Senate leader for Temer's needs: don't be surprised if there are moves to oust Calheiros.

"Events, dear boy, events"

Laconic, Beetles-era (just) British Prime Minister, Harold McMillan, when asked what was the most difficult part of being Prime Minister, famously said: “events, dear boys, events.”

Over and above the issues set out, there are two areas that could derail Temer’s road to the presidency:

The LavoJato investigations continue. Temercould be implicated further at any time; making those Senate votes look increasingly elusive.

Dilma’s political party, the PT (and Dilma herself) have accepted she is mortally-wounded, politically, in Brazil. She is no longer the master of her own destiny even within her party. It looks increasingly likely PT, and its former leader Lula da Silva, will ‘throw her under a bus’, politically.

We believe it likely, that the PT will announce this week, a proposal to set a constitutional measure to bring forward presidential elections to October this year (when there are also critical regional council and mayoral elections), so as to assuage the people’s need to remove the current president, but to democratically elect a new one.

PT would love this (ish). Lula would expect to be their candidate. He polls ‘top’ at about 20% of the electorate. The opposition haven’t really got a solidly viable candidate against him. If this idea got legs, it would leapfrog the Senate impeachment process (which would kick it into the long grass); allowing Dilma to leave office with at least a shred of dignity and preserve a sense of legitimacy in the occupant of the Planalto palace. But it is a long shot. Tectonic plates have moved towards a Temer presidency that are hard to un-move; and a lack of viable candidates for October suggests it might be difficult for PT to get traction with this idea amongst enough other parties in Congress.

Also, there is a camp in PT that thinks Lula may have passed his ‘sell-by’ date (quite aside from his own Lava Jato challenges). He has clearly lost his magic touch with Congress, as this weekend’s events show; has been looking very tired and ill recently – not quite energetic and presidential – and it is doubtful whether there is much chance of him improving on that 20% vote; as many would back, in a run-off, the anyone but Lula candidate.

All that said, the PT plan, to bring forward presidential elections to October, might get traction in the streets. And a bit of political street violence might make all the difference. The streets overwhelmingly wanted Dilma out, but they now don’t seem to want Temer in. This weekend the lower house ignored them. As we get closer to October, and the potential prospect of the larger pro-Temer parties suffering in the regional elections, the tectonic plates might move again.