

Latin America's largest economy and the fourth largest democracy in the world has chosen a leader from the far right as its next president. Former Army Captain, Jair Bolsonaro defeated Fernando Haddad by a 10 percent margin on 28 October 2018 and will serve through to 2022. The victory is a circuit breaker for Brazilian politics that will usher in a new era for a country that has suffered from crime, corruption and stagnation in the past five years. The size of the victory and the momentum of popular support he garnered during the campaign will enable the congressman from Rio de Janeiro to command a clear mandate to enact the promises (and threats) he has made during a campaign that involved an assassination attempt and cultivated fears of a return to a military dictatorship.

The almost 20-year dictatorship was a constant theme throughout the campaign; Bolsonaro characterised the period as a golden age for Brazil that brought security through authority. The fissures that the regime enabled have again hardened as the rhetoric used by both sets of supporters has a feel reminiscent of the Cold War, with Bolsonaro's first public pronouncements after his victory centring around stamping out Communism. Bolsonaro offered the electorate a change from the status quo and an opportunity to punish the Workers Party (PT) who are engulfed in corruption scandals. The leader of the PT, former President Luiz Inácio Lula da Silva (Lula) is currently serving a 12-year jail sentence for the 'Car Wash' scandal (one of the largest corruption cases in history, centred around money laundering and corruption by state owned energy giant Petrobras and the political class). He is still incredibly popular and hand-picked Fernando Haddad, the former Mayor of São Paulo, to be his candidate.

Bolsonaro managed to gain support from influential groups such as the increasingly powerful evangelical church (now a third of Brazil's population), the military and police, having positioned himself as an anti-gay, pro-gun and anti-immigration candidate. Ultimately, Bolsonaro was elected to reduce crime and corruption and improve the state of the Brazilian economy. There were 60,000 homicides recorded in 2017 and the economy has shrunk 10 percent on a per-capita basis since 2014. If he can make real progress on these issues, Bolsonaro's extreme views on many matters will be ignored. This is evidenced with the rise in the MSCI Brazil and Petrobras shares to 16.8 percent and 30 percent respectively as Bolsonaro's victory became evident.

Who Bolsonaro chooses to support him on these issues will be critical in sending the right message to the electorate (and international markets). It will provide an understanding to whether Bolsonaro will seek to unite a fractured populace through economic reforms and the imposition of the rule of law or continue the cronyism that has blighted Brazil for the last decade.

The Sons

For outsiders who rail against the political class and a bloated bureaucracy, the Bolsonaro family clan has done quite well on the public purse. Three of his four sons work in government; eldest Flavio is a state legislator in Rio, Carlos a city councilman, and Eduardo, a federal congressman for São Paulo. The Bolsonaro boys have conducted themselves similarly to the Trump family; attacking critics, airing 'half-truths' and stirring up the base through Twitter and beyond. Flavio has sought to explain some of his father's more extreme positions - arguing that while torture should not be state policy, certain circumstances require different approaches (in one hypothetical involving his daughter, Flavio volunteered his services) and that Bolsonaro was not against gays, but against the LGBT 'agenda'.

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While his sons will wield enormous influence in his administration, Bolsonaro is not averse to publicly absconding them if they go too far (at least in the public's mind). This was apparent when Eduardo (who shares an office with his father) threatened to use the Army to shut down the Supreme Court if it stripped his father of the presidency. Bolsonaro told 'his boy' to apologise for his 'absurd' answer. It may be that this is a strategy for the family, in which a son states an argument and Bolsonaro waits to see the public reaction before acting.

Economy

Freely admitting ignorance in fiscal policy, Bolsonaro has sought to augment any deficiencies by appointing market-friendly figures such as Paulo Guedes, a University-trained economist. Guedes, now 'Super-Minister' of finance, trade and planning, plus the secretariat for public investment, is an arch disciple of his Alma Mater and has promised to cut Brazil's public debt by 20 percent through wholesale privatisations, including giant Electrobras. Bolsonaro will also be expected to simplify the overly complex tax system and finally address the third rail of Brazilian politics, pension benefits

Passing pension is notoriously difficult with reform requiring 308 votes in the 513-member House before it moves to a more amenable Senate. Bolsonaro has urged the current Temer administration to revive its proposed pension overhaul before his inauguration. President Temer proposes eliminating perks that allow public servants to retire in their mid-50s, often with a full salary for life, as part of an effort to narrow a \$73 billion annual social-security deficit - a third of all government expenditure.

If Bolsonaro is able to finally address the pension issue and pass some type of legislation that would bring Brazil in line with the rest of the region (or west), he may be emboldened to move forward with some privatisation of state assets. However, Bolsonaro will be up against a fragmented and hostile Congress with 30 different political parties all seeking to win. This is a major point of difference with Trump: Bolsonaro will need to form coalitions to action his agenda and will need to compromise much more than he has in the past.

Debate exists as to the extent of Bolsonaro's buy into a neo-liberal approach or if he has recruited Guedes simply to placate international markets. Bolsonaro, the theory goes, is too single-minded to be dictated to by Guedes and will revert to his natural populist tendencies. This is after all the man who called for President Fernando Henrique Cardoso to be shot for privatisation policies in 1999 and recently claimed that 'China would buy Brazil' through privatisation. While he has given mixed messages about privatisation, pension reform and austerity cuts, Brazil's economy requires urgent attention. If Guedes can establish a persuasive argument from within the administration and win some early battles Bolsonaro may relinquish a large portion of power to Guedes.

Military

Bolsonaro has surprised none with his preference for military men to lead his ministries. While this may seem obvious, it is important to note that Bolsonaro has had to convince the upper echelons of Brazil's military class as he has traditionally been viewed as an impious distraction. Captain Bolsonaro was arrested for publicly complaining about low army salaries, with his superiors viewing Bolsonaro at the time as harbouring excessive financial ambition and lacking logic, rationality and balance. As such, he commands more support from the lower ranks than that of the top brass. The closer he has come to winning, the more the military has overlooked his deficiencies and chose to work with and influence a leader who mirrors their perception of society. However, this is a potential area of friction with Bolsonaro that will be monitored, particularly if he attempts to overreach his constitutional prerogative.

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Judiciary

Perhaps the most controversial (and surprising) addition so far, Sérgio Moro is the judge who sentenced ex-President Lula to a nine-year prison sentence on grounds of corruption and money-laundering (stemming from the 'Car Wash' scandal). Bolsonaro has said Moro will guide the Bolsonaro Administration through his 'anti-corruption and anti-crime agenda, as well as [through] his respect for the constitution and the laws'.

The appointment is problematic as a large portion of the population believe that Bolsonaro was only able to win the presidency due to Lula serving time. Now the man who sentenced him to jail is the Justice Minister. It seems that Moro is aware of this and has accepted the role with the intention of sacrificing the good will of the public in order to prosecute crime and corruption and protect the judiciary from executive overreach. Much like Guedes, Bolsonaro is attracting strong personalities to his cabinet, hoping to augment his lack of experience (and interest) and reassure international investors. Moro and Guedes must also be aware that Bolsonaro has never been a man to sit back and let others tell him what to do, especially when antagonised.

Foreign Policy

It is in foreign policy that Bolsonaro and Trump are most closely aligned. Likely Foreign Minister Ernesto Fraga Araújo, who is currently the head of the United States section at Brazil's foreign ministry, has said as much in his weekly blog post "Against Globalism". In it, the presumed Foreign Minister argues that Trump is saving Western Christian civilisation from radical Islam and "globalist cultural Marxism" by standing up for national identity, family values and the Christian faith - in stark contrast to Europe.

Playing to his evangelical base, Bolsonaro has indicated that he will follow Trump in moving the Brazilian Embassy to Jerusalem. He will take it one unnecessary step further however, by closing the Palestinian Embassy in Brasilia, as 'Palestine is not a country'. Trump has further reason to welcome Bolsonaro's addition to the 'strong leader club' as it throws into question the longevity of the Brazilian Russia India China and South Africa (BRICS) alliance. This bloc gained prominence in large part due to Brazil's increased diplomatic and trade relationships with the four allied nations. One current and one former communist country, as well as two 'southern' markets, do not seem to be the ideal partners for a leader already railing against Chinese intentions on the continent.

The Chinese Government have been watching the Brazilian election closely, in part due to President Xi Jinping's scheduled visit in 2019 for the 11th BRICS Presidential Summit. Those within the Chinese Government expect Bolsonaro to follow Argentina's Macri in being more pragmatic to Chinese investment once in office. This is particularly when China investment into Brazil was estimated at over \$20 billion between 2016 and 2017 and Brazil's exports to China stand at around \$47 billion – more than twice as much as to the United States. In addition to Bolsonaro's concerns over Chinese FDI, he has been vocal on the diplomatic front, making a point to support Taiwan against 'communist regimes.'

Again, like Trump, Bolsonaro is seen as an isolationist that understands the importance of bilateral trade agreements but likely sees the international system as nasty, brutish and short. He has railed (with some justification) on the inefficiencies of Mercosur (an economic alliance of Brazil, Argentina, Uruguay and Paraguay) and will likely seek to push for greater freedoms for members to bargain for individual agreements amongst each other and abroad.

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Outlook

Bolsonaro has gained power railing against the status quo and striking a cord of dissatisfaction with democracy in Brazil (the lowest of any country in Latin America). Bolsonaro has been able to form a coalition of Brazil's wealthiest, best-educated voters - an evangelical movement that is growing in influence - and those who have been let down by a moribund economy and ingrained corruption in the political elite.

Many see Bolsonaro as 'Trumpinho', who will ride the wave of dissatisfaction and enact change in the system (good or bad). A large part of the optimism has come from the vote of approval by international agencies who have provided much more optimistic ratings for the country. However, Brazil's political system is not the same as the US and whilst Bolsonaro has been able to 'hijack' a party and bend it to his will, it is one party of 30 (rather than Trump's one of two). If Bolsonaro can provide a clear strategy to open up Brazil's economy without making things worse for his voters then he may well be a success. If, however, he is distracted by fights with the judiciary and legislature, overreaches with the military by utilising as a policing force (Mexico can illustrate the dangers of this temptation) and does not seek to address the structural flaws within the Brazilian economy, Bolsonaro will only likely become more extreme. And for a leader on the far right, there is not much further he can go.



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