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'Shoeshine President' scuffed by scandal

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By Simon Hooper for CNN

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(CNN) -- Four years ago Brazilian president Lula Ignacio de Silva was swept to power by a landslide election success and a groundswell of goodwill that seemed to herald a new political dawn in the world's fifth largest country.

But following his narrow failure to achieve the 50 percent figure he needed to secure his re-election on Sunday, having appeared on course for a comfortable majority just days ago, Lula's future appears to be on shakier ground.

Brazil's first working class leader is still favorite to win the second round of voting on October 29, which will pitch him in a head-to-head contest with Brazilian Social Democracy Party (PSDB) candidate Geraldo Alckmin, who polled 41.6 percent to Lula's 48.6 percent.

But the reputation and standing of a politician known affectionately as the "Shoeshine President" has been scuffed by four years in government and, in particular, by a series of corruption scandals involving his ruling Worker's Party (PT) and close political allies, though not, as yet, Lula directly.

The former firebrand trade unionist has also emerged as a more pragmatic, politically compromised figure than anyone had anticipated four years ago, to the disappointment of many supporters and former supporters.

The man who once called for Brazil to renege on its international debts, proved in government to be a model pupil of neo-liberal economic policy, imposing strict restraints on public spending, keeping inflation in check and even paying off a \$15 billion International Monetary Fund loan in its entirety.

"With Lula, people wanted a new logic of politics," Professor Arthur Ituassu of the Pontificia Universidade Catolica in Rio de Janeiro told CNN. "The economy is very stable and he's kept inflation down, which he is credited with, but it's not what was expected from him."

But while Lula's pro-business administration may have cost him support among the ranks of the rigidly ideological workers movement where he started his political career, he can also point to an impressive record on tackling poverty as evidence that he has not forgotten his roots among the poor and disadvantaged in one of the most unequal societies on earth.

In just four years Lula's government claims to have lifted eight million Brazilians out of poverty, raising the minimum wage and pumping around \$325 million a month into the "Bolsa Familia" program, which provides direct cash to some 11 million of the country's poorest families.

With the PT's reputation at an all-time low following the recent exposure that party members had sought to buy a dossier discrediting Lula's main election rival -- costing campaign manager Ricardo Berzoini his job -- Ituassu says it has been the success of Lula's social programmes that have ensured he remains on course for a second term.

"Lula was very effective in dissociating himself from these scandals. Basically Berzoini was sacrificed to save him," he said. "What has changed since the last election is that now Lula is very popular with the very poor people living in poverty. They are his platform for re-election.

While Alckmin performed strongly in the prosperous industrialized states of southern Brazil, Lula dominated in the poor regions in the northeast of the country.

"He's still a popular figure. People say he didn't have enough time; that the system was corrupt, the structure was difficult and the politicians were not very good. He is still the main political character of recent times. He still represents a way of doing politics in a different way."

Having established the trust of banks and business as a safe pair of economic hands, Ituassu said the main challenge Lula would face in an expected second term would be to move beyond direct handouts to poor families towards improvements in public healthcare, education and security.

But he warned that Lula would face tough opposition as voters reacted against corruption within the PT by turning against the party in elections for state governorships and congressional and senate seats.

"Giving out money is good but it doesn't transform the society," he said. "It's now time to change this logic to give people access to opportunities, education, healthcare, public justice and security. Without these basic things deep divisions will remain."

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