

Brazil Leader Wins Support for Reforms

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SÃO PAULO—President Dilma Rousseff on Thursday won support from key allies for a far-reaching proposal to reform a much-criticized political system, while protests continued to rock cities around the country in a sign there was still deep-rooted skepticism about the extent of the political response.

In a speech earlier this week, Ms. Rousseff promised a national vote on whether to reform the country's political structure, but initially met with resistance from Congress. Politicians in Brazil are widely seen as unaccountable and disconnected from everyday life, unable to provide solutions for deteriorating government services and sometimes shadowed by corruption allegations.

After the meeting with leaders from the political parties that make up the governing coalition, Justice Minister José Eduardo Cardozo said the president believed a referendum was the fastest way to give Brazilians a say in how the political system should be shaped. The president is expected to talk to opposition leaders in the next few days.

The Rousseff administration wants to do the referendum in mid-August. There is pressure to hold the vote quickly because Congress has only until Oct. 5 to pass any changes to the laws guiding Brazilian elections. That's because any such changes must be approved at least a year before an election to be valid for that election, and Brazil's next presidential election is set for Oct. 5, 2014.

One of the key points of negotiation between the Rousseff government and Congress will be the kind and number of referendum questions on the ballot. The government is pushing two key issues: Ending corporate donations to campaigns, and creating district by district voting for representatives. Under the current system, representatives aren't selected by specific voting districts. Instead, they are picked by their party's leadership.

Congress has won some limited praise for passing key reform legislation this week on other issues, including allocating some of the country's future oil wealth to education and health care. The quick reaction was seen as an attempt to satisfy the waves of protests that have brought hundreds of thousands of Brazilians onto the streets of more than a hundred cities across the nation. Some of the protests have been marred by violence, including looting and vandalism by demonstrators and allegations of police brutality. At least six people have died so far in the demonstrations, according to police.

"Congress acted fast due to the tremendous popular pressure," said Carlos Melo, a political scientist at the Insper institute of education and research. "I think there's a crisis in the Brazilian political system. The relationship between politics and the people has been lost."

Clashes erupted again Thursday in the northeastern city of Fortaleza during a Confederations Cup soccer match between Italy and Spain. Press reports said 6,000 protesters tried to force their way past police barriers more than a mile from the stadium. Reports said protesters threw rocks and set a car ablaze. Police responded with tear gas, dispersing the demonstrators. There were also smaller protests in Rio de Janeiro and a number of other cities. A large protest is planned to coincide with the Confederations Cup final on Sunday in Rio de Janeiro.

Troubling news on the economy underscored the difficult times Brazilians are facing. The central bank on Thursday said it expected economic growth to be slower and inflation faster than previously forecast. Consequently, economists predicted the Brazilian Central Bank will continue raising interest rates, which could choke off an already sluggish recovery. Despite record low unemployment in this nation of around 190 million, many people complain they struggle to make ends meet.

"I think the biggest complaint by Brazilians today is the high cost of living," said Matusalem Santos, owner of a newsstand in downtown Belo Horizonte, a city rocked by protests Wednesday night. The second biggest complaint is high taxes, Mr. Santos added.

As well as the national vote on the political structure, the president also called for more spending on transportation, and a plan to import doctors from Cuba and other countries to serve remote regions of Brazil. In a plan with far reaching implications for the economy, she asked for legislation to earmark Brazil's oil revenue for education.

The unrest began after major cities raised public transportation fares at the beginning of June. Many Brazilians spend hours traveling in overcrowded, old buses and trains every day, while many of the major cities are clogged by traffic jams. As the protest grew, the concerns mushroomed, encompassing a much wider variety of issues including education, health care and politics.

Heavy spending on soccer stadiums for the Confederations Cup, occurring this month in Brazil, and for the 2014 World Cup, both hosted by Brazil, also has been a main focus of demonstrators, who argue the money could have been better used on schools and hospitals.

Political risk analyst Cristiano Noronha, of Brasília-based Arko Advice, agreed: "Protestors could be back on the streets for the soccer World Cup next year." Indeed, this week's swift congressional response to demonstrations is itself one of the reasons protests could be revived in the future. "People are seeing that demonstrations get results," said Mr. Noronha.

Although poverty is widespread in Brazil, the government's viewpoint has been that part of the problem is the management of rising expectations among a population which has seen a big jump in real incomes over the past 10 years. Some 30 million Brazilians have ascended into what scholars are calling "the new middle class" in the last decade.

"We've grown a lot, but from a very low level," said Marcelo Neri, president of the Applied Economics Institute, which advises the Brazilian Planning Ministry. "Before, Brazilians thought education was good when it was really poor. Now, they're at least aware of what the real state of education is in the country."

—*Luciana Magalhaes in São Paulo, Jeff Fick in Rio de Janeiro and Rogerio Jelmayer in Belo Horizonte contributed to this article.*