

BRAZIL: Securing necessary votes on pension reform looking more difficult

As previously signaled, an increasing distance between President Jair Bolsonaro and Congress was making it easier for House Speaker Rodrigo Maia to champion singlehandedly the pension reform cause. However, pro-Bolsonaro and pro-reform demonstrations on 26 May, coupled with an apparent truce across hitherto feuding branches of government, have shortened that distance and, paradoxically, may have made the effort to secure votes more difficult. Ultimately, legislators need to be convinced that the president can renege on being himself – a very tall order indeed. The “Bolsonaro risk”, albeit reduced in the last few days, should not be discarded just yet, particularly as last-minute potentially deal-breaking components of the reform run into impasses.

Chief among those is the extension of the pension overhaul to states and municipalities. Governors and mayors around the country prefer to have their states and cities included in the purview of the federal reform – as opposed to having to pay the political price of pushing for the same locally. Governors and mayors would much rather save political capital for other necessary battles in their backyards. Federal legislators, however, would much rather see their state and city-level counterparts being associated with an unpopular reform – and thus preserve their chances of re-election, as opposed to paving the way for those counterparts, or others, to take their place.

Other divisive issues emanate from the various anti-reform interest groups represented in Congress such as former civil servants (from all ideological tendencies) and the military (aligned with Bolsonaro). Educators, who have taken to the streets more than once in the last month to protest against cuts and government incompetence, may also require adjustments to the original reform proposal. The government has already had to concede on contributions by rural workers and assistance to senior citizens and persons with disabilities (the so-called “continuous benefit” or BPC) but may have to make more concessions. The government’s insistence on a minimum of BRL 1tn in savings also serves to irritate and alienate legislators who feel unduly pressured.

The takeaway is that Bolsonaro continues to run a disorganized operation in Congress (failing to approve crucial flagship measures such as an executive order on public sanitation), which augurs badly for near-future convergence on unfinished business in the pension reform. The president has calmed somewhat, but many legislators feel they cannot trust him. This translates into an increasingly fragmented line-up leading up to the necessary decisive votes. Maia’s intention to submit the reform to a vote only when he feels he has secured the necessary support for it is increasingly unfeasible. No one will know until the votes are cast whether support was there or not in the first place. In that scenario, it is unlikely that the reform clears the House before recess on 15 July since the speaker may prefer to delay matters rather than take a chance of being blamed for a defeat. This is where the president needs to step in and do what he can to diminish the risk of failure – but so far, it does not look like he is committed to doing so.

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