



Bolsonaro More Than Just a Myth

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September 28, 2017

Takeaways:

- *We held a very lively and rich conversation with Mr. Bolsonaro of about 2 hours and half yesterday. The main takeaways were:*
 - *His presidential candidacy is unlikely to be as easily destructed as many may think. He is actually laying out a well thought over strategy to keep his poll ratings, despite his lacking of political infrastructure.*
 - *His economic agenda is still taking shape, but one can spot many traits of a center-right agenda.*
 - *He still misses a convincing strategy to coalesce with political establishment in order to deliver, should he be chosen the next President.*
- *Overall, he looks more prepared to the campaign than depicted by many press' accounts, thus supporting the idea that his candidacy is not necessarily a passing fad.*

1. Main Points

Mr. Bolsonaro is no passing fad. Mr. Bolsonaro has a well thought over plan to keep his candidacy competitive throughout the Presidential context. He is aware he will be subjected to intense fire, and his weaknesses - as in the case of any other leading candidate - will be explored by his opponents. Nonetheless, he doesn't want to be such an easy target and, according to his own words, he is controlling his exposure to the media and the public at large in order to safeguard his position on the polls, that he believes is solid.

As an example, during our conversation, he stood up a couple at times and went to the Lower House' floor in order to vote. He is aware the press is on him, and he doesn't want to be dubbed shirker in case he miss a single voting session by accident.

Social media will continue to be a key vehicle to communicate with sympathizers, who were piling in front of his office at Congress during our conversation. His temper and debating skills, however, haven't yet been tested and remain as major question marks ahead of the presidential context, in our view.

Mr. Bolsonaro is working to be taken as credibly alternative. He is gradually augmenting his exposure to a variety of business groups that still reckon him as an outsider. This is not only the case of the financial market's participants, but also of industrial and agricultural leaderships. In addition, he isn't shying away from meeting with foreign investors either, but he seems careful enough to mitigate any risks that such exposure may have on his ratings. In sum, he plans to ramp up his efforts on this front, but always carefully.



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Mr. Bolsonaro's economic agenda is still taking shape, but signals indicate it gravitates somewhere on the center-right. More concretely, he believes the State ought to be rationalized, with privatizations included. He also understands that the social security system calls for some type of reform, albeit through gradual steps in order to grant its approval by the Congress. He welcomes the discussion over Central Bank and regulatory agency's independence, but acknowledges he is unlikely to raise themes such as these during the election process due to their political sensitivity.

More broadly, he visited many topics without getting necessarily too deep in many of them. He admits that his ideas are still taking shape, but acknowledges the need to discuss matters with field specialties in order to sharpen his thoughts, economics included. In one field, however, he was more self-assured: public safety. He believes it is due time to amend the legal code in order to improve the rule of law and individuals' rights.

Mr. Bolsonaro still misses a clear strategy to strike deals with the political establishment. He is aware that, should he be elected the next President, he will need a strategy to negotiate policies with the Congress. In this respect, his always watchful son and Deputy from São Paulo State, Mr. Eduardo Bolsonaro, was quick to say that the next Congress is more likely to have stronger right-wing leanings, and should thus be more sympathetic to his father's agenda.

Mr. Bolsonaro himself believes he can speak directly to political groups - not necessarily political parties, such as the Congress' religious representatives, and bring them on board. Ourselves, we are not totally convinced it can work, since bypassing party leaderships may be disastrous. Perhaps, this is one of his weakest spots if one considers what he could deliver, were he chosen the next President of the country.

Net/net. While Mr. Bolsonaro's rhetoric attracts sympathizers farther to the right, his economic ideas (still taking shape, for sure) reinforce the thesis that the next Presidential cycle is more likely to give continuation to a market-friendly agenda than otherwise. Nonetheless, should this really be the case, it remains to be seen how the next President will strike a deal with the political establishment in order to push such an agenda forward, once, in one way or another, he/she should face similar challenges on this front as President Temer has been facing throughout.



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