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Brazil's da Silva Becomes
Victim of High Expectations

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RIO DE JANEIRO -- Just 16 months into a presidency that promised to remake Brazil with a tropical-style New Deal, Luiz Inacio Lula da Silva finds himself besieged on all fronts and with very few answers.

The Brazilian president is wrestling with an agonizingly slow economic recovery, a festering corruption scandal and now a security crisis that has forced police to mount a military-style blitz against drug traffickers here in the scenic hills of this tourist capital. While the problems are virtually as old as Brazil itself, Mr. da Silva is a victim of the high expectations he himself created with his extravagant rhetoric and the inspiring example of his own rise from poverty to the presidency.

Mr. da Silva's election in late 2002 "represented the biggest hope of change through democratic means in Latin America in the past decades," says Jorge Eduardo Saavedra Durao, president of the Brazilian Association of Non-Government Organizations.

Now, however, more and more Brazilians are feeling let down. For the first time, Brazilian opinion leaders are broaching the idea that Mr. da Silva won't be re-elected to a second term in 2006. His approval ratings have lately fallen to 53%, seven points below those of his predecessor, Fernando Henrique Cardoso, at the same point in his presidency and 16 points below Mr. da Silva's own rating as recently as December.

Yesterday, J.P. Morgan added to Brazil's woes by downgrading the country's debt to marketweight from overweight. The bank said the government "has missed an important window of opportunity to launch a more positive reform agenda."

Notes Brazilian political pollster Ricardo Guedes: "Overall, it is not a positive picture. People don't think Brazil will grow [much] this year, they think violence is rising, that poverty is rising and the number of people who think incomes will grow has diminished."

Because working-class Brazilians feel such an emotional connection with Mr. da Silva, they look to him for personal accountability. Earlier this week, a

30-year-old unemployed man set himself on fire in front of the presidential palace, saying he had been frustrated in an effort to meet with the president.

Mr. da Silva started promisingly last year, stemming a speculative attack on the currency with stern monetary and fiscal policy and an aggressive package of congressional reforms.

The president has touted his success in stabilizing the economy. "If you take the macroeconomic numbers, you will see that finances are in order, that we are rapidly reducing distortions provoked by state spending in a manner that no other government has managed to do in so little time," he said recently.

But this year his administration seems to have been paralyzed, first by squabbling over economic policy within Mr. da Silva's own leftist Workers Party and then by a scandal involving an aide to chief of staff Jose Dirceu.

"When you're on a soccer team and have a good bench, you take out one and put in another, take out two or three and shake up the team," said Jorge Bornhausen, president of the conservative Liberal Front Party. "The president doesn't have a bench, the government doesn't have plans and the team is weak."

Administrative disarray has also undercut a much-ballyhooed antipoverty program that Mr. da Silva launched to take the sting out of the rigidly orthodox economic policy. "Lula was elected for social policies," says Maurice Costin, a director of the Federation of Industries in Sao Paulo. "But those ministries have been inoperative."

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