Not (yet) a political crisis

Is President Rousseff facing a governability crisis with her coalition allies? Probably not, at least not yet. Though the Senate rejected one of her nominations and a very small political party pulled out of the coalition, the problems are more symbolic than real. With approval ratings and economic indicators on her side, President Rousseff is retaining political capital. But for how long?

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Since February, President Dilma Rousseff has suffered two important setbacks in Congress. On March 8 the Senate rejected her proposal that Bernardo Figueiredo continue as head of the National Land Transportation Agency (ANTT), the autonomous regulatory agency tasked with overseeing the government's transportation infrastructure strategy. The setback sparked a decision from President Rousseff to replace the government's leaders in both the Senate and the Chamber of Deputies. Then, on March 14 the Party of the Republic (PR) announced that it was leaving the governing coalition in the Senate.

Many media pundits are suggesting that Rousseff may be facing a governability crisis with her coalition allies, but that appraisal is premature. The rejection of Figueiredo and the PR's defection were certainly setbacks, but their impact on governability should be kept in perspective.

In numerical terms, departure of the PR hardly changes the balance of power between the government and the opposition in Congress. Not only will President Rousseff still enjoy a comfortable majority in the Senate (without the PR the government still has 51 seats out of 81), but it is also doubtful, despite the formal defection, that the seven PR senators will close ranks with the opposition. The PR left the coalition because Rousseff would not allow them to nominate the replacement Minister of Transport, but the party is open to supporting the government case by case. This could allow the government to reestablish the relationship, or at least mitigate the risk of overt opposition.

As for the Figueiredo rejection, although it does not signal a full-fledged political crisis, it does highlight the government's relatively deficient coalition management.

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The main driver behind the rejection was dissatisfaction among Rousseff's allies, mainly the Brazilian Democratic Movement Party (PMDB), the largest party in the coalition, with the lack of space in the administration (i.e., its influence on government appointments). PMDB leaders feel that the party should control the more important ministries, or at least that it should have full control of the ministries it currently holds. But ever since last year's corruption scandals that affected several ministries, President Rousseff has taken a much more hands-on approach, which includes vetting second-tier positions in the cabinet.

So far the president has handled dissatisfaction within her coalition without difficulty. High approval ratings, sound economic indicators, and a severely weakened opposition have given her the political capital to squeeze her allies without compromising the government's reform agenda. In fact, the PMDB purposefully chose a not very crucial vote on which to manifest its dissatisfaction. Rousseff's response to the threat, however, was to reshuffle the leadership in both houses of Congress—an unusual maneuver when a legislature is in mid-session. Some believe her move was meant to punish the rebellion, which could ultimately backfire. But it is more likely that the strategy was meant to recalibrate her political coordination strategy and team, which further concessions on her part could confirm. The point is that these events should be viewed as mere grumblings within a governing coalition where the president still retains significant political capital, and all the conditions necessary to hold the coalition together are intact.

To protect itself from an eventual full-fledged political crisis, the administration sooner or later should rethink the way it is managing the government coalition.

Ultimately, the impact on the near-term reform agenda should be limited to slowing the speed of legislative activity. Since there is a window of opportunity until the July recess and local elections will dominate the second half of the year, the government is likely to keep pushing for its reform agenda through the next few months.

Nevertheless, to protect itself from an eventual full-fledged political crisis, the administration sooner or later should rethink the way it is managing the government coalition. With approval ratings and economic indicators on her side, President Rousseff is retaining political capital and ignoring the basic rules of coalitional presidentialism, that is, to share power and financial control. If those numbers change, it will be another story.