Brazilians enter the final month of the 2026 presidential campaign wearing a familiar face: polarized, indebted and cynical, with few illusions that the election will dislodge the political caste that has presided over decades of persistent poverty, low growth and social fragmentation. The future will resemble the past because the structure that produced it remains intact.
The roots are old and lie in a political system that rewards dependence rather than independence. Leaders perpetuate themselves through electoral funds, patronage and family networks, while access to power requires accommodation with those who control party organizations, campaign resources and public appointments. Citizens choose among candidates only after the system has determined who possesses the money and machinery required to compete. From municipalities to Brasília, public employment, procurement, services and budget amendments become instruments of political loyalty, binding local machines to state governments and state governments to national coalitions.

Corruption persists not because every participant is corrupt, but because the system rewards conformity, punishes independence and converts personal access into political capital. Honest officials operate inside institutions shaped by entrenched interests, productive businesses compete against firms more adept at securing favourable regulation, subsidized credit and public contracts, and citizens learn that relationships often succeed where formal rules fail. Impunity transforms these lessons into a governing principle. The judiciary, which should provide a barrier against this deterioration, increasingly functions as another centre of concentrated and weakly accountable authority.

A more sinister force has entered the spaces abandoned by public authority. Violent criminal organizations convert their control over neighbourhoods, transport routes, communications and illicit markets into money, coercion, information and electoral influence. Once territorial power acquires political representation, crime begins to shape public expenditure, law enforcement and the selection of those responsible for governing.

Society has adapted by separating itself from the state. The privileged purchase security, health care, education, legal expertise and political access, while the poor encounter government through precarious services, bureaucratic delay and coercive policing. People living under such different conditions cease to experience the same country or expect equal treatment from its institutions, weakening social cohesion and eroding the willingness to accept collective sacrifice. This institutional decay creates a wider structural weakness. Brazil's territory, resources and geographical position increase its strategic value, but inept governance restricts its ability to defend, project or monetize that value. Abundant land, freshwater, biodiversity, agricultural strength, energy reserves, critical minerals, a large consumer market and a commanding Atlantic position should provide the foundations of national power, yet these advantages remain trapped within a state unable to organize them around a durable purpose. Geography confronts weak governance with direct border exposure and risk. Brazil must control thousands of kilometres of land borders, the Amazon frontier, the Atlantic energy basins and distant mining districts. Abundance without direction invites capture, while continental scale without effective command enlarges the territory over which public authority must compete with foreign powers and criminal interests.

The risks are evident as rivalry among the United States, China and Russia extends across technology, energy, food, minerals, infrastructure and information. China is Brazil's largest trading partner, Russia remains its principal source of imported fertilizers, and the United States is central to finance and security.

Candidates respond by alternating between declarations of autonomy and gestures of alignment, without connecting diplomacy to strategic interests, industrial capacity to military power, or fiscal and financial strength to regional order. They speak the language of sovereignty while allowing the institutions required to exercise it to deteriorate. Brazil remains sovereign in law, yet increasingly fragmented in its ability to control territory, enforce rules and protect strategic resources.

Markets largely disregard this deterioration because asset prices respond to short-term political expectations long before institutions produce results. Brazilian equities, bonds and currency rise when hopes of reform gain ground, as though alternation in power were sufficient to deliver competent government and as though the Left and Right did not drink from the same political source. Investors price a reformist administration despite knowing how little room exists for reform, anticipate fiscal discipline even as austerity disappears from the political agenda, and routinely place a favourable commodity cycle at the centre of their forecasts. Far less attention is devoted to the foundations of political power, the concessions required to govern and the durability of the expected returns.

Electoral hope can attract foreign capital, strengthen the real and create a temporary appearance of national renewal, but once the ballots have been counted, expectations must confront the same people, parties, obligations and entrenched interests that frustrated reform in the past.

Markets can reprice Brazil within days, its institutions cannot be rebuilt within an electoral cycle. The fiscal inheritance will rapidly narrow the distance between expectation and reality. The IMF projects general government gross debt rising from 93.3 per cent of GDP in 2025 to 97.8 per cent in 2026, while interest costs exceeding economic growth keep the ratio on an upward path. The predominance of domestic, local currency debt reduces the danger of the external ruptures experienced in the past, but makes a prolonged internal adjustment more likely. Brazil must ultimately choose among austerity, default and inflation: it can reduce expenditure and raise taxes, restructure obligations openly or through financial repression, or erode their real value through depreciation and rising prices. The adjustment may combine all three and proceed under more acceptable names, but its cost will fall on taxpayers, creditors and holders of the local currency.

A sure to come transactional government will distribute that burden through exemptions, privileges and political bargains, protecting the strongest constituencies while transferring the adjustment to the wider population. Frustration will follow because the appearance of political change will once again conceal the preservation of the underlying order.

The result will be, election after election, the quiet disappearance of Brazil as a strategic project. The country will continue to vote, conduct business, export and matter greatly to the powers competing for its resources and allegiance, yet it will continue losing the capacity to determine what its territory, institutions and national wealth are for. The central risk of the 2026 election is not simply that the wrong candidate will win and markets will fall, but that either candidate will preserve the decaying structure that has made meaningful change impossible.