Dilma Rousseff Not Backed by Brazil’s Business Elite

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Brazil’s financial leaders are delighted to see a slight dip in voter preferences for Dilma Rousseff, although the incumbent president is still running neck and neck with opposition candidate Marina Silva in the race that will be decided next October 26.

The state of the economy has become a major campaign issue. Her opponents blame her for ruining it, yet supporters claim she is not responsible for the slowdown.

When former President Luiz Inacio Lula da Silva left office in 2010, the GDP had hit a spectacular 7.5 percent per year. Growth for this year is forecast at a mere 0.3 percent, however, and after two quarters of negative growth, the economy is officially in recession.

Rousseff, however, has blamed the slowdown on the global economic crisis and points to a number of positive aspects, including strong consumer spending, near full employment and rising wages.

After her 2011 presidential victory, Rousseff opposed the central bank's autonomy for setting interest rates, bringing rates down to cheapen credit and stimulate consumer spending. That, in turn, fueled price rises, and 12-monthly inflation is now running at the 6.5 percent official ceiling. The central bank responded to inflationary pressures by lifting interest rates to try to keep them in check.

Rousseff’s government tried to encourage growth across several sectors by cutting taxes, but

analysts do not consider this to be a long-term solution.

Critics also point to too much government intervention in state oil giant Petrobras and on energy prices, which were cut following a severe drought.

Despite the poor growth outlook, however, unemployment has remained low at 4.9 percent on the most recent April data.

Wages have been rising and domestic demand is higher, due to the government's welfare programs that have lifted 40 million people out of poverty over the past decade. Rousseff cites a United Nations report removing Brazil for the first time from the World Hunger Map, proud of the fact that “we are one of 37 countries in the world who don't suffer from this profound evil of hunger."

Not all businessmen are opposed to Rousseff. ”During this government's tenure the lower class has become an emerging one," said Aquiles Meneses, a businessman in the construction industry who plans to vote for Rousseff. "Before, only the elite built a house. Now, there are more opportunities," the 32-year-old said.

Andre Cesar of consultants Prospective says a cautious electorate may agree, explaining "It's hard to swap what you know for what you don't. They have a job, a TV, a car..."