
Why Dilma Rousseff could win Brazil's presidential election

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When challenger [Marina Silva pulled ahead of incumbent Brazilian president Dilma Rousseff](#) in the polls a few weeks ago there was a lot of excitement in the US business press, and Brazilian financial markets.

Rousseff's Workers' party (PT) has been in power for 12 years, and a lot of rich and powerful people were ready for a change. Fortune seemed to favour them: the Brazilian economy, having slowed considerably over the past few years, [officially went into recession this year](#) – something that would spell the end for many incumbent presidents. Before that, there were [street protests over the rising cost of public transport](#) and [government spending on the World Cup](#), and the event itself ended in disaster with a humiliating 7-1 defeat for the national team at the hands of Germany.

Yet Rousseff has bounced back from every blow, and now looks poised to come out on top in both the first and second rounds of the election. How did this happen? If she is re-elected, it could be because the majority of Brazilians are looking at her party's 12-year record and, for those old or literate enough to remember, comparing this to the past. For the vast majority, the [changes are quite striking](#).

Despite the slowdown of the past few years, and the 2009 world recession, Brazil's GDP per person grew by an average of 2.5% annually from 2003 to 2014. This was more than three times the growth rate during the preceding two terms of [President Fernando Henrique Cardoso](#), who implemented "[Washington Consensus](#)" policies and remains a much-preferred statesman

in the US capital. Before Cardoso there was a decade-and-a-half of even worse economic failure, and income per person actually fell.

This return to growth, plus the government's use of increased revenues to boost social spending, has reduced Brazil's poverty rate by 55% and extreme poverty by 65%. For those in extreme poverty, the government's internationally renowned conditional cash transfer programme – [Bolsa Familia](#) – provided 60% of their income in 2011, up from 10% in 2003. [A hefty increase in the minimum wage](#) – 84% since 2003 after adjusting for inflation – also helped quite a bit.

[Unemployment has fallen to a record low of 4.9%](#); it was 12.3% when Lula da Silva took office in 2003. The quality of jobs has also increased: the percentage of workers stuck in the informal sector of the economy shrank from 22% to 13%.

Brazil's income distribution remains one of the more unequal in the world, [but there was significant progress here too](#). From 2003 to 2012, the 40% of the population just below the median nearly doubled their share of the country's income gains, as compared to the prior decade. This came at the expense of the richest 10%. The poor have most obviously benefited from this transformation of the Brazilian economy, [and this is reflected in the polls](#). But it is not just the poor who improved their wellbeing: with a median household income of only about \$800, the vast majority of Brazilians were set to gain from the rising wages, shrinking unemployment and significantly increased pensions that the past decade had brought.

From the elites' point of view, these gains that ordinary workers have made are not such good news. A law requiring full-time domestic workers – of which there are a lot in Brazil, thanks to its crushing inequality – to be [treated as formal employees](#), with maximum work hours, minimum wages and social security, was another recent annoyance for the “haves”.

A counter-narrative that the country under the PT is on the road to ruin has filled the media in Brazil, [which is mostly against the government](#), and the international press. In this view, the economy has slowed because the government is not sufficiently friendly to business. Inflation, [currently at the top of the target range at 6.5%](#), is too high, fuelled by a labour market that is seen to be too tight, and the government, it is argued, needs to cut spending. Another opposition theme in the last election, which has been recently resurrected, is that [Brazil should be more friendly to the US](#) and its highly unpopular foreign policy in the region.

The reality around Brazil's economic policy is that the government, since the end of 2010, has listened to “big finance” a bit too much, raising interest rates and cutting spending when the economy was too weak. Hopefully these mistakes will not be repeated.

If Rousseff wins, it will be because the majority of Brazilians got a lot of what they voted for. They may want more, and they should – but they are unlikely to opt for a return to the past.